

HOUSING AUTHORITY OF THE
BOROUGH OF BELMAR
Belmar, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
September 30, 2022 and 2021

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Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2022

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A - Financial Highlights

- 1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,023,958 (net position) as opposed to \$932,332 for the prior fiscal year.
- 2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of \$552,168.
- 3 – The Authority's cash and cash equivalents balance (including tenant security deposits) at September 30, 2022 was \$326,680 representing an increase of \$175,952 from the prior fiscal year.
- 4 – The Authority had Total Operating Revenues of \$468,264 and Total Operating Expenses of \$434,832 (including depreciation expense of \$52,715) for the year ended September 30, 2022.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

2 – General Purpose Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of The Comparative Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows.

The Comparative Statements of Net Position present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Comparative Statements of Revenues, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2022

B – Using the Annual Report (Continued)

3 – Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found in this report after the financial statements.

C – The Authority as a Whole

The Authority's Net Position increased \$91,626 during the current fiscal year as detailed below. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives HUD subsidies each month based on a pre-approved amount. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

D – Budgetary Highlights

For the year ended September 30, 2022, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E – Capital Assets and Debt Administration

Capital Assets

As of September 30, 2022 the Authority's investments in capital assets for its Proprietary Fund was \$470,968 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress. \$22,500 of capital assets were purchased during the current fiscal year from Capital Grants. Additional information on the Authority's capital assets can be found in Note 3 to the Financial Statements which is included in this report.

Long Term Debt

During the fiscal year ended September 30, 2004, the Authority participated in a Capital Fund Leveraging Pool, through which the New Jersey Housing and Mortgage Finance Agency issued bonds and the funds were distributed to participating housing authorities. In December 2004, the Authority received \$194,514 to be used for capital improvements to its buildings. The outstanding debt is paid from a portion of the Authority's current capital fund grants. Further details can be found in the Notes to the financial statements. At September 30, 2022 the outstanding balance on this obligation totaled \$35,000; \$10,000 of which is included in current liabilities.

Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2022

F – Summary of significant changes from September 30, 2021 to September 30, 2022

Cash and other current assets increased \$175,952 because cash provided by operating activities increased \$175,841 during the fiscal year ended September 30, 2022.

Net capital assets decreased \$30,215. The Authority purchased \$22,500 of fixed assets and incurred \$52,715 of depreciation expense during the current fiscal year.

Net pension liability decreased by \$17,167, deferred inflows decreased \$10,384 and deferred outflows of resources decreased by \$3,340 based on the most recent pension liability actuarial report which is provided by the State of New Jersey.

Total operating expenses increased by \$13,556 or 3.2%. The primary reason for this increase is during the current fiscal utility costs increased; mainly the price of gas went up significantly during the current fiscal year.

Prior period adjustments increased \$34,485. During the current fiscal year ended September 30, 2022 a prior period adjustment of \$24,211 was made to adjust the pension liability per the most recent actuarial valuation. During the prior fiscal year ended September 30, 2021 a prior period adjustment was made to adjust construction in process by \$10,274.

G – Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2023.

- 1 – The state of economy, including its impact on tenant income.
- 2 – Continued anticipated increases in health care insurance and other employee benefit costs.
- 3 – The use of the Authority's unrestricted net position to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants. The Authority's unrestricted net position appears sufficient to cover any potential shortfall.

Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2022

H – Contacting the Authority’s Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Borough of Belmar, 710 8th Avenue, Belmar, New Jersey 07719, or call (732) 681-1795.

Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2022

Composition of Net Position is as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>Sep 30, 2022</u>	<u>Sep 30, 2021</u>		
Cash and Other Current Assets	\$ 707,271	\$ 634,459	\$ 72,812	11.5%
Capital Assets - Net	505,968	536,183	(30,215)	-5.6%
Deferred Outflows of Resources	3,978	7,318	(3,340)	-45.6%
Total Assets and Deferred Outflow of Resources	<u>1,217,217</u>	<u>1,177,960</u>	<u>39,257</u>	<u>3.3%</u>
Less: Total Liabilities	151,726	193,711	(41,985)	-21.7%
Deferred Inflows of Resources	41,533	51,917	(10,384)	-20.0%
Net Position	<u>\$ 1,023,958</u>	<u>\$ 932,332</u>	<u>91,626</u>	<u>9.8%</u>
Net Investment in Capital Assets	470,968	491,183	(20,215)	-4.1%
Restricted Net Position	822	814	8	1.0%
Unrestricted Net Position	552,168	440,335	111,833	25.4%
Total Net Position	<u>\$ 1,023,958</u>	<u>\$ 932,332</u>	<u>\$ 91,626</u>	<u>9.8%</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>Sep 30, 2022</u>	<u>Sep 30, 2021</u>		
<u>Revenues</u>				
Tenant Revenues	\$ 239,379	\$ 225,458	\$ 13,921	6.2%
HUD Operating Grants	221,896	174,125	47,771	27.4%
Other	6,989	8,769	(1,780)	-20.3%
Total Operating Revenues	<u>468,264</u>	<u>408,352</u>	<u>59,912</u>	<u>14.7%</u>
<u>Expenses</u>				
Total Operating Expenses	382,119	366,856	15,263	4.2%
Depreciation and Amortization Expense	52,715	54,412	(1,697)	-3.1%
Total Operating Expenses	<u>434,834</u>	<u>421,268</u>	<u>13,566</u>	<u>3.2%</u>
Excess/(Deficiency) of Operating Revenues Over Expenses	33,430	(12,916)	46,346	-358.8%
<u>Non-Operating Income/(Expenses)</u>				
Interest on Investments	1,485	2,050	(565)	-27.6%
Excess of Revenues over Expenses Before Capital Grant Received	34,915	(10,866)	45,781	-421.3%
HUD Capital Grants	32,500	106,800	(74,300)	-69.6%
Excess/(Deficiency) of Revenues Over Expenses	67,415	95,934	(28,519)	-29.7%
Net Position - Beginning Balance	<u>932,332</u>	<u>846,672</u>	<u>85,660</u>	<u>10.1%</u>
Prior Period Adjustment	24,211	(10,274)	34,485	-335.7%
Net Position - Ending Balance	<u>\$ 1,023,958</u>	<u>\$ 932,332</u>	<u>\$ 91,626</u>	<u>9.8%</u>



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Belmar
Belmar, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Housing Authority of the Borough of Belmar, as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Belmar's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of September 30, 2022 and 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Borough of Belmar and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Borough of Belmar's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Borough of Belmar's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Borough of Belmar's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1–5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Borough of Belmar's basic financial statements. The accompanying schedule of expenditures of federal awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule and supporting schedules of the Authority's portion of the Public Employees Retirement Systems (PERS) and Other Post-Employment Benefits (OPEB) liabilities are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the financial data schedule, and the statement and certification of completed modernization grants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023 on our consideration of the Housing Authority of the Borough of Belmar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Borough of Belmar's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Borough of Belmar's internal control over financial reporting and compliance.

Polcari & Company, CPAs

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 16, 2023

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
Belmar, New Jersey

COMPARATIVE STATEMENTS OF NET POSITION

At September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 326,680	\$ 150,728
Cash - Restricted	822	814
Cash - Tenant Security Deposit	31,860	32,450
Investments	238,325	236,959
Accounts Receivable - Tenants (Net of Allowance)	12,570	4,008
Accounts Receivable - HUD	77,889	190,171
Prepaid Expenses	19,125	19,329
Total Current Assets	<u>707,271</u>	<u>634,459</u>
<u>CAPITAL ASSETS</u>		
Land	70,125	70,125
Buildings	2,810,305	2,734,262
Furniture, Equipment and Machinery - Admin	24,983	24,983
Leasehold Improvements	133,370	101,120
Construction in Progress	23,597	109,390
Capital Assets at Cost	3,062,380	3,039,880
Less: Accumulated Depreciation	(2,556,412)	(2,503,697)
Net Capital Assets	<u>505,968</u>	<u>536,183</u>
Total Assets	1,213,239	1,170,642
Deferred Outflows of Resources	3,978	7,318
Total Assets and Deferred Outflows of Resources	<u>\$ 1,217,217</u>	<u>\$ 1,177,960</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 18,486	\$ 4,035
Others	2,714	2,806
Tenant Security Deposits	31,860	32,450
Accrued Interest Payable	685	881
Payment in Lieu of Taxes	11,060	11,331
Deferred Revenue - Tenant Prepaid Rents	1,485	1,301
Other Current Liabilities	-	28,304
Current Portion Long Term Debt	10,000	10,000
Total Current Liabilities	<u>76,290</u>	<u>91,108</u>
<u>LONG TERM LIABILITIES</u>		
Long Term Debt	25,000	35,000
Net Pension Liability	50,436	67,603
Total Long Term Liabilities	<u>75,436</u>	<u>102,603</u>
Total Liabilities	151,726	193,711
Deferred Inflows of Resources	41,533	51,917
Total Liabilities and Deferred Inflows of Resources	<u>193,259</u>	<u>245,628</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	470,968	491,183
Restricted Net Position	822	814
Unrestricted Net Position	552,168	440,335
Total Net Position	<u>\$ 1,023,958</u>	<u>\$ 932,332</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
 Belmar, New Jersey
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>OPERATING REVENUES</u>		
Dwelling Rentals	\$ 239,379	\$ 225,458
HUD Operating Grants	221,896	174,125
Other	6,989	8,769
Total Operating Revenues	468,264	408,352
<u>OPERATING EXPENSES</u>		
Administration	94,862	98,076
Tenant Services	345	3,670
Utilities	128,780	112,352
Ordinary Maintenance & Operations	111,857	103,132
General Expense	44,278	47,158
Interest on Notes Payable	1,997	2,468
Depreciation and Amortization Expense	52,715	54,412
Total Operating Expenses	434,834	421,268
 EXCESS OF OPERATING REVENUE OVER EXPENSES	 33,430	 (12,916)
Non Operating Revenues/(Expenses):		
Interest Income	1,485	2,050
 Income/(Loss) Before Contributions and Transfers	 34,915	 (10,866)
Capital Grants	32,500	106,800
 CHANGE IN NET POSITION	 67,415	 95,934
Beginning Net Position	932,332	846,672
Prior Period Adjustments	24,211	(10,274)
 Ending Net Position	 \$ 1,023,958	 \$ 932,332

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
Belmar, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 231,001	\$ 223,056
From Government Agencies for Operating Grants	334,178	134,004
For Other Operating Revenues	6,989	8,769
Cash Paid:		
To Employees for Operations	(94,884)	(91,811)
To Suppliers for Operations	(301,443)	(269,057)
Net Cash Provided/(Used) by Operating Activities	<u>175,841</u>	<u>4,961</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	32,500	106,800
Repayment of Long Term Debt	(10,000)	(10,000)
Acquisition of Property & Equipment	(22,500)	(96,800)
Net Cash Provided/(Used) by Financing Activities	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	1,485	2,050
Decrease/(Increase) in Investments	(1,366)	(1,835)
Receipt of Tenant Security Deposits	(590)	3,817
Net Cash Provided/(Used) by Investing Activities	<u>(471)</u>	<u>4,032</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	175,370	8,993
Cash and Equivalents at Beginning of Period	<u>183,992</u>	<u>174,999</u>
Cash and Equivalents at End of Period	<u>\$ 359,362</u>	<u>\$ 183,992</u>
<u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED)</u>		
<u>IN OPERATIONS</u>		
Operating Income/(Loss)	\$ 33,430	\$ (12,916)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation	52,715	54,412
Decrease/(Increase) in Assets		
Accounts Receivable - Tenants	(8,562)	(395)
Accounts Receivable HUD	112,282	(40,121)
Prepaid Expenses	204	(1,460)
Deferred Outflow of Resources	3,340	-
Increase/(Decrease) in Liabilities		
Accounts Payable	14,451	(13,384)
Accrued Wages & Related Taxes	(92)	107
Accrued Interest Payable	(196)	(196)
PILOT Payable	(271)	(1,003)
Deferred Revenues	184	(2,007)
Other Current Liabilities	(28,304)	21,924
Deferred Inflow of Resources	(10,384)	-
Pension Liability	7,044	-
Net Cash Provided by Operating Activities	<u>\$ 175,841</u>	<u>\$ 4,961</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies:

A. Organization – The Housing Authority of the Borough of Belmar (The Authority) is a governmental, public corporation created under the laws of the state of New Jersey to provide housing for qualified individuals in accordance with rules and regulations prescribed by the United States Department of Housing and Urban Development. The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the New Jersey Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Borough of Belmar. Operating and modernization subsidies are provided to the Authority by the federal government.

B. Activities – The combined financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any Governmental "reporting entity" since its board members, while they are appointed primarily by the mayor, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

C. Significant Accounting Policies

a. Basis of Accounting – The accrual basis of accounting is used for measuring financial position and operating results of Proprietary Fund Types. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Proprietary Fund revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Thus, for example, proprietary funds recognize revenue in the period in which a service is provided, regardless of how long after the end of the period the revenue is expected to be collected.

Using the accrual basis of accounting is consistent with the proprietary fund focus on measuring all the costs of providing goods or services for the period and matching those costs with the revenues earned during the period by providing the goods or services.

b. Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Position and Unrestricted Net Position. These classifications are defined as follows:

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

**NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies
(Continued):**

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Invested in Capital Assets, Net Investment in Capital Assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position – This component includes net assets subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net assets that do not meet the definition of Restricted Net Position or Invested in Net Investment in Capital Assets.

The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

Significant Accounting Policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.

Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line method.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

6 – Operating subsidies received from HUD are recorded as income when earned.

7 – The costs of accumulated unpaid compensated absences, including fringe benefits, are reported in the period earned rather than in the period paid.

8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies (Continued):

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 – The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles, Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of September 30, 2022 and 2021, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

15 - The Authority implemented GASB Statement No. 65. Under GASB 65, debt issuance costs are expensed in the period incurred. This represents a significant change from the previous practice which was to record these costs as assets and amortize them over the life of the related debt.

c. Budgetary Policy Control – The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Authority's Board of Commissioners. Once adopted, the Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name.

Cash and Cash Equivalents of \$359,362 at September 30, 2022 and \$183,992 at September 30, 2021, consisted of the following:

	<u>Sep. 30, 2022</u>	<u>Sep. 30, 2021</u>
Checking Accounts	\$ 326,630	\$ 150,678
Security Deposits	31,860	32,450
CFP Leveraging Trust Accounts	822	814
Petty Cash	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 359,362</u>	<u>\$ 183,992</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at financial institutions as of September 30, 2022 was \$359,362 and the bank balances were \$362,358. Of the bank balances, all \$250,822 was covered by FDIC insurance.

NOTE 3 – Capital Assets

Capital assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost less accumulated depreciation. The following is a summary of the changes in capital assets for the years ended September 30, 2022 and 2021.

	<u>Sep. 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Sep. 30, 2022</u>
Land	\$ 70,125	\$ -	\$ -	\$ -	\$ 70,125
Buildings	2,734,262	-	-	76,043	2,810,305
Furniture and Equipment	24,983	-	-	-	24,983
Leasehold Improvements	101,120	-	-	32,250	133,370
Construction in Progress	109,389	22,500	-	(108,293)	23,596
Total Capital Assets	3,039,879	22,500	-	-	3,062,379
Accumulated Depreciation	(2,503,697)	(52,715)	-	-	(2,556,412)
Net Capital Assets	<u>\$ 536,182</u>	<u>\$ (30,215)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,967</u>

	<u>Sep. 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Sep. 30, 2021</u>
Land	\$ 70,125	\$ -	\$ -	\$ -	\$ 70,125
Buildings	2,719,412	-	-	14,850	2,734,262
Furniture and Equipment	23,043	-	-	1,940	24,983
Leasehold Improvements	101,120	-	-	-	101,120
Construction in Progress	39,653	86,526	-	(16,790)	109,389
Total Capital Assets	2,953,353	86,526	-	-	3,039,879
Accumulated Depreciation	(2,449,285)	(54,412)	-	-	(2,503,697)
Net Capital Assets	<u>\$ 504,068</u>	<u>\$ 32,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,182</u>

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under that policy assets purchased or constructed at a cost not to exceed \$1,000 are expensed when incurred.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - Capital Assets (Continued)

Depreciation of Capital Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	40
Components	20
Site Improvements	20
Furniture	5
Equipment	5
Vehicles	5
Computers	3

NOTE 4 – Investments

The Authority's investments include a certificate of deposit with a maturity of one year from the date of purchase that is stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis. Realized gains or losses on the sale of investments are calculated using the specific-identification method. Unrealized gains and losses represent the change in fair value of the individual investments for the year, or since the date of acquisition, if acquired during the year. The Authority's investment balances at September 30, 2022 and 2021 were \$238,325 and \$236,959, respectively.

NOTE 5 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Borough of Belmar. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended September 30, 2022 and September 30, 2021, PILOT expense of \$11,060 and \$11,331, respectively, was accrued.

NOTE 6 – Accrued Compensated Absences

Accrued compensated absences represents amounts to which employees are entitled to be paid for accumulated leave earned in accordance with the authority's Personnel Policy. The housing authority policy states that employees may carry forward unused vacation to the next succeeding year only, while sick leave may be accumulated not to exceed 120 days. Employees may be compensated for unused vacation leave at the time of separation but may not be compensated for accrued sick leave at retirement or termination. There is no accrual for unused vacation leave at September 30, 2022 or 2021 because there are no eligible employees per the of Authority's Personnel Policy.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 7 – Long Term Debt

During the fiscal year ended September 30, 2006, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A. The Authority's share of the funds from the bond issue pool amounted to \$200,000. The net funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund Budget within four years. At September 30, 2022 and 2021, \$822 and \$814, respectively, of restricted cash related to these borrowings was held by the Authority, and is included in restricted cash and restricted net assets in the Comparative Statements of Net Position.

Repayment of the funds leveraged shall be budgeted from Capital Fund Allocations received by the Authority from the Department of Housing and Urban Development.

The following is a schedule of required principal payments for the next five years:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	10,000	1,528	11,528
2024	10,000	1,058	11,058
2025	10,000	588	10,588
2026	5,000	118	5,118
2027	-	-	-
	<u>\$ 35,000</u>	<u>\$ 3,292</u>	<u>\$ 38,292</u>

NOTE 8 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to assets, errors and omissions, and natural disasters for which the Authority carries commercial insurance. During the years ended September 30, 2022 and September 30, 2021 the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public officials' errors and omissions. The Authority conducts an annual physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 9 – Construction Commitments

At September 30, 2022 and September 30, 2021 the authority's outstanding construction commitments pertaining to its capital fund were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the authority by the U.S. Department of Housing and Urban Development.

NOTE 10 – Economic Dependency

For the year ended September 30, 2022 and September 30, 2021 a substantial portion of the Authority's revenues were received from the U.S. Dept. Housing & Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 11 – Pension

General Information about the Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/terasury/pensions/annrpts.shtml.

Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

- Tier 1 – Members who were enrolled by July 1, 2007.
- Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
- Tier 3 – Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
- Tier 4 – Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
- Tier 5 – Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

NOTE 11 – Pension (Continued)

years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At the June 30, 2022 and June 30, 2021 measurement dates, the Authority reported \$50,436 and \$67,603, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2022 and June 30, 2021 were 0.000426% and 0.000414%, respectively.

The components of the Authority's net pension liability as of June 30, 2022 and 2021, the most recent evaluation dates, are as follows:

	<u>2022</u>	<u>2021</u>
Total Pension Liability	\$ 171,932	\$ 163,252
Plan Fiduciary Net Position	<u>121,496</u>	<u>95,648</u>
Net Pension Liability	<u>\$ 50,436</u>	<u>\$ 67,603</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The total pension liability as of June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation Rate		
Price		2.75%
Wage		3.25%
Salary Increases		
Through 2026		2.00-6.00%
		based on years of service
Thereafter		3.00-7.00%
		based on years of service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 11 – Pension (Continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
US Equities	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 11 – Pension (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the Authority as of June 30, 2022 and June 30, 2021, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% <u>Decrease</u>	At June 30 Discount <u>Rate</u>	At 1% <u>Increase</u>
2022	\$ 69,457	\$ 50,436	\$ 35,344
2021	\$ 85,656	\$ 67,603	\$ 53,099

At June 30, 2022 and 2021, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Changes of assumptions	\$ 263	\$ 17,956	\$ 2,193	\$ 28,306
Differences between expected and actual experience	795	361	1,231	239
Net differences between projected and actual earnings on plan investments	-	13,286	2,311	-
Changes in proportion	2,920	9,930	1,583	23,372
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 3,978</u>	<u>\$ 41,533</u>	<u>\$ 7,318</u>	<u>\$ 51,917</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 for the years 2021, 2020, 2019, 2018, 2017 and 2016 respectively

Year ended June 30:	
2022	\$ 15,446
2023	14,082
2024	8,047
2025	3,254
2026	704
Total	<u>\$ 41,533</u>

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 12 – Prior Period Adjustments

The \$24,211 prior period adjustment recorded in the current fiscal year ended September 30, 2022 was to adjust the pension liability per the most recent state actuarial valuation. The \$10,274 prior period adjustment recorded in the prior fiscal year ended September 30, 2021 was to adjust prior year costs recorded in construction in process that should have been recorded as maintenance expense.

NOTE 13– Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through June 16, 2023 the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
Belmar, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA # 14.850)	\$ -	\$ 200,965	\$ 200,965	\$ -
Capital Fund Program (CFDA # 14.872)	\$ -	34,624	34,624	\$ -
Public Housing CARES Act Funding (14.PHC)	<u>\$ -</u>	<u>18,807</u>	<u>18,807</u>	<u>\$ -</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ -</u>	<u>\$ 254,396</u>	<u>\$ 254,396</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.

Belmar Housing Authority (NJ057)

BELMAR, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 9/30/22

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$326,680		\$326,680	\$326,680
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$822		\$822	\$822
114 Cash - Tenant Security Deposits	\$31,860		\$31,860	\$31,860
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$359,362	\$0	\$359,362	\$359,362
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$77,889		\$77,889	\$77,889
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$25,139		\$25,139	\$25,139
126.1 Allowance for Doubtful Accounts - Tenants	-\$12,569		-\$12,569	-\$12,569
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$90,459	\$0	\$90,459	\$90,459
131 Investments - Unrestricted	\$238,325		\$238,325	\$238,325
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$19,125		\$19,125	\$19,125
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$707,271	\$0	\$707,271	\$707,271
161 Land	\$70,125		\$70,125	\$70,125
162 Buildings	\$2,810,305		\$2,810,305	\$2,810,305
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$24,983		\$24,983	\$24,983
165 Leasehold Improvements	\$133,370		\$133,370	\$133,370
166 Accumulated Depreciation	-\$2,556,412		-\$2,556,412	-\$2,556,412
167 Construction in Progress	\$23,597		\$23,597	\$23,597
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$505,968	\$0	\$505,968	\$505,968
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$505,968	\$0	\$505,968	\$505,968
200 Deferred Outflow of Resources	\$3,978		\$3,978	\$3,978
290 Total Assels and Deferred Outflow of Resources	\$1,217,217	\$0	\$1,217,217	\$1,217,217

Belmar Housing Authority (NJ057)

BELMAR, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 9/30/22

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$18,486		\$18,486	\$18,486
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,714		\$2,714	\$2,714
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable	\$685		\$685	\$685
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$11,060		\$11,060	\$11,060
341 Tenant Security Deposits	\$31,860		\$31,860	\$31,860
342 Unearned Revenue	\$1,485		\$1,485	\$1,485
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$10,000		\$10,000	\$10,000
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$76,290	\$0	\$76,290	\$76,290
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$25,000		\$25,000	\$25,000
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$50,436		\$50,436	\$50,436
350 Total Non-Current Liabilities	\$75,436	\$0	\$75,436	\$75,436
300 Total Liabilities	\$151,726	\$0	\$151,726	\$151,726
400 Deferred Inflow of Resources	\$41,533		\$41,533	\$41,533
508.4 Net Investment in Capital Assets	\$470,968		\$470,968	\$470,968
511.4 Restricted Net Position	\$822		\$822	\$822
512.4 Unrestricted Net Position	\$552,168	\$0	\$552,168	\$552,168
513 Total Equity - Net Assets / Position	\$1,023,958	\$0	\$1,023,958	\$1,023,958
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,217,217	\$0	\$1,217,217	\$1,217,217

Belmar Housing Authority (NJ057)
 BELMAR, NJ
 Entity Wide Revenue and Expense Summary
 Submission Type: Audited/Non Single Audit Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$237,669		\$237,669	\$237,669
70400 Tenant Revenue - Other	\$1,710		\$1,710	\$1,710
70500 Total Tenant Revenue	\$239,379	\$0	\$239,379	\$239,379
70600 HUD PHA Operating Grants	\$203,089	\$18,807	\$221,896	\$221,896
70610 Capital Grants	\$32,500		\$32,500	\$32,500
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,479		\$1,479	\$1,479
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$6,989		\$6,989	\$6,989
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$4		\$4	\$4
70000 Total Revenue	\$483,440	\$18,807	\$502,247	\$502,247
91100 Administrative Salaries	\$41,131	\$18,807	\$59,938	\$59,938
91200 Auditing Fees	\$8,100		\$8,100	\$8,100
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$8,667		\$8,667	\$8,667
91600 Office Expenses	\$6,155		\$6,155	\$6,155
91700 Legal Expense				
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$12,000		\$12,000	\$12,000
91000 Total Operating - Administrative	\$76,053	\$18,807	\$94,860	\$94,860
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$345		\$345	\$345
92500 Total Tenant Services	\$345	\$0	\$345	\$345
93100 Water	\$21,137		\$21,137	\$21,137
93200 Electricity	\$32,934		\$32,934	\$32,934
93300 Gas	\$74,709		\$74,709	\$74,709
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$128,780	\$0	\$128,780	\$128,780

Belmar Housing Authority (NJ057)
 BELMAR, NJ
 Entity Wide Revenue and Expense Summary
 Submission Type: Audited/Non Single Audit Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$34,946		\$34,946	\$34,946
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,111		\$8,111	\$8,111
94300 Ordinary Maintenance and Operations Contracts	\$60,708		\$60,708	\$60,708
94500 Employee Benefit Contributions - Ordinary Maintenance	\$8,092		\$8,092	\$8,092
94000 Total Maintenance	\$111,857	\$0	\$111,857	\$111,857
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$17,133		\$17,133	\$17,133
96120 Liability Insurance	\$7,255		\$7,255	\$7,255
96130 Workmen's Compensation	\$5,875		\$5,875	\$5,875
96140 All Other Insurance	\$46		\$46	\$46
96100 Total Insurance Premiums	\$30,309	\$0	\$30,309	\$30,309
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$11,060		\$11,060	\$11,060
96400 Bad debt - Tenant Rents	\$2,909		\$2,909	\$2,909
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$13,969	\$0	\$13,969	\$13,969
96710 Interest of Mortgage (or Bonds) Payable	\$1,997		\$1,997	\$1,997
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$1,997	\$0	\$1,997	\$1,997
96900 Total Operating Expenses	\$363,310	\$18,807	\$382,117	\$382,117
97000 Excess of Operating Revenue over Operating Expenses	\$120,130	\$0	\$120,130	\$120,130
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$52,715		\$52,715	\$52,715
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$416,025	\$18,807	\$434,832	\$434,832
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				

Belmar Housing Authority (NJ057)

BELMAR, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$67,415	\$0	\$67,415	\$67,415
11020 Required Annual Debt Principal Payments	\$10,000	\$0	\$10,000	\$10,000
11030 Beginning Equity	\$932,332	\$0	\$932,332	\$932,332
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$24,211		\$24,211	\$24,211
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	588		588	588
11210 Number of Unit Months Leased	587		587	587
11270 Excess Cash	\$580,936		\$580,936	\$580,936
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$22,500		\$22,500	\$22,500
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$12,125		\$12,125	\$12,125
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

Housing Authority of the Borough of Belmar
 Schedule of Proportionate Share of the Net Pension Liability
 of the Public Employees Retirement System (PERS)
 For the Year Ended September 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Housing Authority's Proportion of the Net Pension Liability	0.000426%	0.000414%	0.000414%	0.000485%	0.000483%	0.000474%	0.000471%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 50,436	\$ 67,603	\$ 67,603	\$ 87,675	\$ 95,035	\$ 110,538	\$ 139,553
Housing Authority's Covered Employee Payroll	\$ 94,884	\$ 91,811	\$ 89,385	\$ 86,593	\$ 92,729	\$ 83,162	\$ 84,096
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	53.16%	73.63%	75.63%	101.25%	102.49%	132.92%	165.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.63%	42.51%	42.51%	56.27%	53.60%	48.10%	40.14%

The amounts determined for each fiscal year were determined as of June 30.

Housing Authority of the Borough of Belmar
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended September 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 4,986	\$ 4,535	\$ 4,535	\$ 4,733	\$ 4,801	\$ 4,399	\$ 4,186
Contribution in Relation to the Contractually Required Contribution	\$ (4,986)	\$ (4,535)	\$ (4,535)	\$ (4,733)	\$ (4,801)	\$ (4,399)	\$ (4,186)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$94,884	\$91,811	\$89,385	\$86,593	\$92,729	\$83,162	\$84,096
Contribution as a Percentage of Covered Employee Payroll	5.25%	4.94%	5.07%	5.47%	5.18%	5.29%	4.98%

The amounts determined for each fiscal year were determined as of June 30



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the Borough of Belmar
Belmar, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Authority of the Borough of Belmar ("the Authority") as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Belmar's basic financial statements and have issued our report thereon dated June 16, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the Borough of Belmar financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Polcari & Company, CPAs

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 16, 2023

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
Belmar, New Jersey
September 30, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PRIOR AUDIT FINDINGS

The prior audit contained no findings.

CURRENT AUDIT FINDINGS

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Housing Authority of the Borough of Belmar.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Housing Authority of the Borough of Belmar's financial statements for the year ended September 30, 2022.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the Borough of Belmar were disclosed during the audit.
4. The Housing Authority of the Borough of Belmar was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.