

HOUSING AUTHORITY OF THE
BOROUGH OF BELMAR
Belmar, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
September 30, 2021 and 2020

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TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-5
Independent Auditors' Report	6-7
 <u>FINANCIAL STATEMENTS</u>	
Comparative Statements of Net Position	8
Comparative Statements of Revenues, Expenses, and Changes in Net Position	9
Comparative Statements of Cash Flows	10
Notes to Financial Statements	11-21
 <u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	22
Financial Data Schedule	23-27
Schedule of Proportionate Share of the Net Pension Liability of the Public Employees Retirement Systems (PERS)	28
Schedule of Authority Contributions to the Public Employees Retirement System (PERS)	29
 <u>OTHER REPORTS AND COMMENTS</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	30-31
Status of Prior Audit Findings	32
Schedule of Findings and Questioned Costs	32

Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2021

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, 2021. 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 \$932,332 (net position) as opposed to \$846,672 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 \$440,335.

3 – The Authority's cash and cash equivalents balance (including tenant security deposits) at September 30, 2021 was \$183,992 representing an increase of \$8,993 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$408,352 and Total Operating Expenses of \$421,268 (including depreciation expense of \$54,412) for the year ended September 30, 2021.

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.

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 \$85,660 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, 2021, 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, 2021 the Authority's investments in capital assets for its Proprietary Fund was \$491,183 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress. \$86,526 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, 2021 the outstanding balance on this obligation totaled \$45,000; \$10,000 of which is included in current liabilities.

Housing Authority of the Borough of Belmar
Management Discussion and Analysis
September 30, 2021

F – Summary of significant changes from September 30, 2020 to September 30, 2021

Cash and other current assets increased \$52,804 mainly because accounts receivable from HUD increased from \$190,171 for the current year ended September 30, 2021 from \$150,050 during the prior year ended September 30, 2020. This balance represents public housing operating subsidy and capital fund subsidy that was earned before year end, but not received until after the fiscal year. This varies from year to year based on timing of drawdowns.

Net capital assets increased \$32,114. The Authority purchased \$86,526 of fixed assets and incurred \$54,412 of depreciation expense during the current fiscal year.

HUD operating grants increased \$27,799. Operating subsidy received from HUD related to the public housing program increased \$26,544 and public housing CARES Act funding increased by \$1,144.

Total operating expenses increased by \$24,933 or 6.3%. The primary reason for this increase is during the current fiscal year employee benefits increased by approximately \$14,432 and bad debt expense was incurred for \$7,095 to write off tenant rents.

Prior period adjustments decreased \$25,318. During the current year a prior period adjustment was made to adjust construction in process by \$10,274. In the prior year an adjustment was made to the pension liability per the most recent actuarial valuation provided by the State of New Jersey Public Employees' Retirement System in the amount of \$15,044.

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, 2022.

- 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, 2021

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, 2021

Composition of Net Position is as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>Sep 30, 2021</u>	<u>Sep 30, 2020</u>		
Cash and Other Current Assets	\$ 634,459	\$ 581,655	\$ 52,804	9.1%
Capital Assets - Net	536,183	504,069	32,114	6.4%
Deferred Outflows of Resources	7,318	7,318	-	0.0%
Total Assets and Deferred Outflow of Resources	<u>1,177,960</u>	<u>1,093,042</u>	<u>84,918</u>	7.8%
Less: Total Liabilities	193,711	194,453	(742)	-0.4%
Deferred Inflows of Resources	51,917	51,917	-	0.0%
Net Position	<u>\$ 932,332</u>	<u>\$ 846,672</u>	<u>85,660</u>	<u>10.1%</u>
Net Investment in Capital Assets	491,183	449,069	42,114	9.4%
Restricted Net Position	814	811	3	0.4%
Unrestricted Net Position	440,335	396,792	43,543	11.0%
Total Net Position	<u>\$ 932,332</u>	<u>\$ 846,672</u>	<u>\$ 85,660</u>	<u>10.1%</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>Sep 30, 2021</u>	<u>Sep 30, 2020</u>		
<u>Revenues</u>				
Tenant Revenues	\$ 225,458	\$ 238,102	\$ (12,644)	-5.3%
HUD Operating Grants	174,125	146,326	27,799	19.0%
Other	8,769	434	8,335	1920.5%
Total Operating Revenues	<u>408,352</u>	<u>384,862</u>	<u>23,490</u>	<u>6.1%</u>
<u>Expenses</u>				
Total Operating Expenses	366,856	343,032	23,824	6.9%
Depreciation and Amortization Expense	54,412	53,303	1,109	2.1%
Total Operating Expenses	<u>421,268</u>	<u>396,335</u>	<u>24,933</u>	<u>6.3%</u>
Excess/(Deficiency) of Operating Revenues Over Expenses	(12,916)	(11,473)	-	12.6%
<u>Non-Operating Income/(Expenses)</u>				
Interest on Investments	2,050	4,582	(2,532)	-55.3%
Excess of Revenues over Expenses Before Capital Grant Received	(10,866)	(6,891)	(3,975)	57.7%
HUD Capital Grants	106,800	30,261	76,539	252.9%
Excess/(Deficiency) of Revenues Over Expenses	95,934	23,370	72,564	310.5%
Net Position - Beginning Balance	<u>846,672</u>	<u>808,258</u>	<u>38,414</u>	<u>4.8%</u>
Prior Period Adjustment	(10,274)	15,044	(25,318)	-168.3%
Net Position - Ending Balance	<u>\$ 932,332</u>	<u>\$ 846,672</u>	<u>\$ 85,660</u>	<u>10.1%</u>



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Borough of Belmar, which comprise the Comparative Statements of Net Position as of September 30, 2021 and 2020 and the related Comparative Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Borough of Belmar, as of September 30, 2021 and 2020, and the results of its operations, and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 and the Supplemental Schedules pertaining to the Public Employees Retirement System presented on pages 29-30 be presented to supplement the basic financial statements. Such information, 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 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 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Borough of Belmar. The Financial Data Schedule, the schedule of expenditures of federal awards and the Statement and Certification of Completed Modernization Grants are presented for purposes of additional analysis as required by U. S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

The financial data schedule, the schedule of expenditures of federal awards and the Statement and Certification of Completed Modernization Grants are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the 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 24, 2022 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 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 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 the Authority's internal control over financial reporting and compliance.



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CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 24, 2022

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
Belmar, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 150,728	\$ 146,326
Cash - Restricted	814	811
Cash - Tenant Security Deposit	32,450	27,862
Investments	236,959	235,124
Accounts Receivable - Tenants (Net of Allowance)	4,008	3,613
Accounts Receivable - HUD	190,171	150,050
Prepaid Expenses	19,329	17,869
Total Current Assets	634,459	581,655
<u>CAPITAL ASSETS</u>		
Land	70,125	70,125
Buildings	2,734,262	2,719,412
Furniture, Equipment and Machinery - Admin	24,983	23,044
Leasehold Improvements	101,120	101,120
Construction in Progress	109,390	39,653
Capital Assets at Cost	3,039,880	2,953,354
Less: Accumulated Depreciation	(2,503,697)	(2,449,285)
Net Capital Assets	536,183	504,069
Total Assets	1,170,642	1,085,724
Deferred Outflows of Resources	7,318	7,318
Total Assets and Deferred Outflows of Resources	\$ 1,177,960	\$ 1,093,042
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 4,035	\$ 17,419
Others	2,806	2,699
Tenant Security Deposits	32,450	28,633
Accrued Interest Payable	881	1,077
Payment in Lieu of Taxes	11,331	12,334
Deferred Revenue - Tenant Prepaid Rents	1,301	3,308
Other Current Liabilities	28,304	6,380
Current Portion Long Term Debt	10,000	10,000
Total Current Liabilities	91,108	81,850
<u>LONG TERM LIABILITIES</u>		
Long Term Debt	35,000	45,000
Net Pension Liability	67,603	67,603
Total Long Term Liabilities	102,603	112,603
Total Liabilities	193,711	194,453
Deferred Inflows of Resources	51,917	51,917
Total Liabilities and Deferred Inflows of Resources	245,628	246,370
<u>NET POSITION</u>		
Net Investment in Capital Assets	491,183	449,069
Restricted Net Position	814	811
Unrestricted Net Position	440,335	396,792
Total Net Position	\$ 932,332	\$ 846,672

See Notes to Financial Statements.

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
Dwelling Rentals	\$ 225,458	\$ 238,102
HUD Operating Grants	174,125	146,326
Other	8,769	434
Total Operating Revenues	<u>408,352</u>	<u>384,862</u>
<u>OPERATING EXPENSES</u>		
Administration	98,076	86,534
Tenant Services	3,670	1,671
Utilities	112,352	114,763
Ordinary Maintenance & Operations	103,132	99,504
General Expense	47,158	37,630
Interest on Notes Payable	2,468	2,930
Depreciation and Amortization Expense	54,412	53,303
Total Operating Expenses	<u>421,268</u>	<u>396,335</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	(12,916)	(11,473)
Non Operating Revenues/(Expenses):		
Interest Income	<u>2,050</u>	<u>4,582</u>
Income/(Loss) Before Contributions and Transfers	(10,866)	(6,891)
Capital Grants	<u>106,800</u>	<u>30,261</u>
CHANGE IN NET POSITION	95,934	23,370
Beginning Net Position	<u>846,672</u>	<u>808,258</u>
Prior Period Adjustments	<u>(10,274)</u>	<u>15,044</u>
Ending Net Position	<u>\$ 932,332</u>	<u>\$ 846,672</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 223,056	\$ 234,456
From Government Agencies for Operating Grants	134,004	63,461
For Other Operating Revenues	8,769	434
Cash Paid:		
To Employees for Operations	(91,811)	(89,385)
To Suppliers for Operations	(269,057)	(262,207)
Net Cash Provided/(Used) by Operating Activities	4,961	(53,241)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	106,800	30,261
Repayment of Long Term Debt	(10,000)	(10,000)
Acquisition of Property & Equipment	(96,800)	(20,261)
Net Cash Provided/(Used) by Financing Activities	-	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	2,050	4,582
Decrease/(Increase) in Investments	(1,835)	(3,643)
Receipt of Tenant Security Deposits	3,817	326
Net Cash Provided/(Used) by Investing Activities	4,032	1,265
Net Increase/(Decrease) in Cash and Cash Equivalents	8,993	(51,976)
Cash and Equivalents at Beginning of Period	174,999	226,975
Cash and Equivalents at End of Period	\$ 183,992	\$ 174,999
<u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED)</u>		
<u>IN OPERATIONS</u>		
Operating Income/(Loss)	\$ (12,916)	\$ (11,473)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation	54,412	53,303
Decrease/(Increase) in Assets		
Accounts Receivable - Tenants	(395)	(3,176)
Accounts Receivable HUD	(40,121)	(82,865)
Prepaid Expenses	(1,460)	(309)
Deferred Outflow of Resources	-	18,054
Increase/(Decrease) in Liabilities		
Accounts Payable	(13,384)	5,557
Accrued Wages & Related Taxes	107	(80)
Accrued Interest Payable	(196)	(189)
PILOT Payable	(1,003)	(2,899)
Deferred Revenues	(2,007)	(470)
Other Current Liabilities	21,924	(5,907)
Deferred Inflow of Resources	-	(17,759)
Pension Liability	-	(5,028)
Net Cash Provided by Operating Activities	\$ 4,961	\$ (53,241)

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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, 2021

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, 2021

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, 2020 and 2019, 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, 2021

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 \$183,992 at September 30, 2021 and \$174,999 at September 30, 2020, consisted of the following:

	<u>Sep. 30, 2021</u>	<u>Sep. 30, 2020</u>
Checking Accounts	\$ 150,678	\$ 146,276
Security Deposits	32,450	27,862
CFP Leveraging Trust Accounts	814	811
Petty Cash	<u>50</u>	<u>50</u>
Total Cash and Equivalents	<u>\$ 183,992</u>	<u>\$ 174,999</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at financial institutions as of September 30, 2021 was \$183,992 and the bank balances were \$186,525. Of the bank balances, all \$186,525 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, 2021 and 2020.

	<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	<u>2,953,353</u>	<u>86,526</u>	<u>-</u>	<u>-</u>	<u>3,039,879</u>
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>

	<u>Sep. 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Sep. 30, 2020</u>
Land	\$ 70,125	\$ -	\$ -	\$ -	\$ 70,125
Buildings	2,719,412	-	-	-	2,719,412
Furniture and Equipment	23,043	-	-	-	23,043
Leasehold Improvements	101,120	-	-	-	101,120
Construction in Progress	19,393	20,260	-	-	39,653
Total Capital Assets	<u>2,933,093</u>	<u>20,260</u>	<u>-</u>	<u>-</u>	<u>2,953,353</u>
Accumulated Depreciation	(2,395,982)	(53,303)	-	-	(2,449,285)
Net Capital Assets	<u>\$ 537,111</u>	<u>\$ (33,043)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,068</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, 2021

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, 2021 and 2020 were \$236,959 and \$235,124, 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, 2021 and September 30, 2020, PILOT expense of \$11,331 and \$12,234, 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, 2021 or 2020 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, 2021

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, 2021 and 2020, \$814 and \$811, 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>
2022	10,000	1,998	11,998
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
	<u>\$ 45,000</u>	<u>\$ 5,290</u>	<u>\$ 50,290</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, 2021 and September 30, 2020 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, 2021 and September 30, 2020 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, 2021 and September 30, 2020 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, 2021

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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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, 2021

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, 2021 and June 30, 2020 measurement dates, the Authority reported \$67,603 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, 2021 and June 30, 2020 were 0.000414% and 0.000414%, respectively.

The components of the Authority's net pension liability as of June 30, 2021 and 2020, the most recent evaluation dates, are as follows:

	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$ 163,252	\$ 163,252
Plan Fiduciary Net Position	<u>95,648</u>	<u>95,648</u>
Net Pension Liability	<u>\$ 67,603</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, 2019, 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-2020.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2021

NOTE 11 – Pension (Continued)

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equities	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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, 2021

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, 2021 and June 30, 2020, 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%	At June 30	At 1%
	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	Rate	Rate	Rate
2021	\$ 85,656	\$ 67,603	\$ 53,099
2020	\$ 85,656	\$ 67,603	\$ 53,099

At June 30, 2021 and 2020, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	2021	2021	2020	2020
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Changes of assumptions	\$ 2,193	\$ 28,306	\$ 2,193	\$ 28,306
Differences between expected and actual experience	1,231	239	1,231	239
Net differences between projected and actual earnings on plan investments	2,311	-	2,311	-
Changes in proportion	1,583	23,372	1,583	23,372
Authority’s contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 7,318</u>	<u>\$ 51,917</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 5.16, 5.63, 5.48, 5.57, 5.72 and 6.44 for the years 2020, 2019, 2018, 2017, 2016 and 2015 respectively

Year ended June 30:	
2021	\$ 19,307
2022	17,603
2023	10,059
2024	4,068
2025	880
Total	<u>\$ 51,917</u>

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 12 – Prior Period Adjustments

The \$10,274 prior period adjustment recorded in the current 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. The \$15,044 prior period adjustment recorded in the prior fiscal year ended September 30, 2020 was to adjust the pension liability per the most recent actuarial valuation.

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 24, 2022 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.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of office facilities, including the offices of the Authority, and shelter in place orders for all but those deemed essential services. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the Authority has changed the manner in which its services are performed. Those changes include tenant intake and recertification procedures, maintenance services and planning and completion of capital improvements. Additionally, the pandemic has impacted the housing authority's ability to collect rents due to the loss or reduction tenants' income. Although HUD has provided additional subsidies to assist the Authority in meeting these financial challenges, it is probable that this matter will result in a negative impact on the Authority's financial position and results of operations. However, the ultimate financial impact and duration cannot be estimated at this time.

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
 Belmar, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2021

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA # 14.850)	\$ -	\$ 169,235	\$ 169,235	\$ -
Capital Fund Program (CFDA # 14.872)	\$ -	109,419	109,419	\$ -
Public Housing CARES Act Funding (14.PHC)	\$ -	<u>2,271</u>	<u>2,271</u>	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ -</u>	<u>\$ 280,925</u>	<u>\$ 280,925</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: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$150,728		\$150,728	\$150,728
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$814		\$814	\$814
114 Cash - Tenant Security Deposits	\$32,450		\$32,450	\$32,450
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$183,992	\$0	\$183,992	\$183,992
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$190,171		\$190,171	\$190,171
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$13,668		\$13,668	\$13,668
126.1 Allowance for Doubtful Accounts -Tenants	-\$9,660		-\$9,660	-\$9,660
126.2 Allowance for Doubtful Accounts - Other	\$0	\$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	\$194,179	\$0	\$194,179	\$194,179
131 Investments - Unrestricted	\$236,959		\$236,959	\$236,959
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$19,329		\$19,329	\$19,329
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$634,459	\$0	\$634,459	\$634,459
161 Land	\$70,125		\$70,125	\$70,125
162 Buildings	\$2,734,262		\$2,734,262	\$2,734,262
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$24,983		\$24,983	\$24,983
165 Leasehold Improvements	\$101,120		\$101,120	\$101,120
166 Accumulated Depreciation	-\$2,503,697		-\$2,503,697	-\$2,503,697
167 Construction in Progress	\$109,390		\$109,390	\$109,390
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$536,183	\$0	\$536,183	\$536,183
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	\$536,183	\$0	\$536,183	\$536,183
200 Deferred Outflow of Resources	\$7,318		\$7,318	\$7,318
290 Total Assets and Deferred Outflow of Resources	\$1,177,960	\$0	\$1,177,960	\$1,177,960

Belmar Housing Authority (NJ057)

BELMAR, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$4,035		\$4,035	\$4,035
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,806		\$2,806	\$2,806
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable	\$881		\$881	\$881
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$11,331		\$11,331	\$11,331
341 Tenant Security Deposits	\$32,450		\$32,450	\$32,450
342 Unearned Revenue	\$1,301		\$1,301	\$1,301
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	\$28,304		\$28,304	\$28,304
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$91,108	\$0	\$91,108	\$91,108
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$35,000		\$35,000	\$35,000
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	\$67,603		\$67,603	\$67,603
350 Total Non-Current Liabilities	\$102,603	\$0	\$102,603	\$102,603
300 Total Liabilities	\$193,711	\$0	\$193,711	\$193,711
400 Deferred Inflow of Resources	\$51,917		\$51,917	\$51,917
508.4 Net Investment in Capital Assets	\$491,183		\$491,183	\$491,183
511.4 Restricted Net Position	\$814		\$814	\$814
512.4 Unrestricted Net Position	\$440,335	\$0	\$440,335	\$440,335
513 Total Equity - Net Assets / Position	\$932,332	\$0	\$932,332	\$932,332
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,177,960	\$0	\$1,177,960	\$1,177,960

Belmar Housing Authority (NJ057)
 BELMAR, NJ
 Entity Wide Revenue and Expense Summary
 Submission Type: Sudited/Single Audit Fiscal Year End: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$225,317		\$225,317	\$225,317
70400 Tenant Revenue - Other	\$141		\$141	\$141
70500 Total Tenant Revenue	\$225,458	\$0	\$225,458	\$225,458
70600 HUD PHA Operating Grants	\$171,854	\$2,271	\$174,125	\$174,125
70610 Capital Grants	\$106,800		\$106,800	\$106,800
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	\$2,050		\$2,050	\$2,050
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	\$8,769		\$8,769	\$8,769
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$514,931	\$2,271	\$517,202	\$517,202
91100 Administrative Salaries	\$58,163		\$58,163	\$58,163
91200 Auditing Fees	\$7,900		\$7,900	\$7,900
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$13,751		\$13,751	\$13,751
91600 Office Expenses	\$6,097		\$6,097	\$6,097
91700 Legal Expense	\$164		\$164	\$164
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$12,001		\$12,001	\$12,001
91000 Total Operating - Administrative	\$98,076	\$0	\$98,076	\$98,076
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$1,399	\$2,271	\$3,670	\$3,670
92500 Total Tenant Services	\$1,399	\$2,271	\$3,670	\$3,670
93100 Water	\$31,583		\$31,583	\$31,583
93200 Electricity	\$40,161		\$40,161	\$40,161
93300 Gas	\$40,608		\$40,608	\$40,608
93400 Fuel				
93500 Labor				
93600 Sewer				

Belmar Housing Authority (NJ057)
 BELMAR, NJ
 Entity Wide Revenue and Expense Summary
 Submission Type: Sudited/Single Audit Fiscal Year End: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$112,352	\$0	\$112,352	\$112,352
94100 Ordinary Maintenance and Operations - Labor	\$33,648		\$33,648	\$33,648
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,280		\$6,280	\$6,280
94300 Ordinary Maintenance and Operations Contracts	\$45,643		\$45,643	\$45,643
94500 Employee Benefit Contributions - Ordinary Maintenance	\$17,561		\$17,561	\$17,561
94000 Total Maintenance	\$103,132	\$0	\$103,132	\$103,132
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	\$16,574		\$16,574	\$16,574
96120 Liability Insurance	\$6,433		\$6,433	\$6,433
96130 Workmen's Compensation	\$5,501		\$5,501	\$5,501
96140 All Other Insurance	\$224		\$224	\$224
96100 Total Insurance Premiums	\$28,732	\$0	\$28,732	\$28,732
96200 Other General Expenses				
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$11,331		\$11,331	\$11,331
96400 Bad debt - Tenant Rents	\$7,095		\$7,095	\$7,095
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$18,426	\$0	\$18,426	\$18,426
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	\$2,468		\$2,468	\$2,468
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$2,468	\$0	\$2,468	\$2,468
96900 Total Operating Expenses	\$364,585	\$2,271	\$366,856	\$366,856
97000 Excess of Operating Revenue over Operating Expenses	\$150,346	\$0	\$150,346	\$150,346
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$54,412		\$54,412	\$54,412
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$418,997	\$2,271	\$421,268	\$421,268

Belmar Housing Authority (NJ057)
 BELMAR, NJ
 Entity Wide Revenue and Expense Summary
 Submission Type: Sudited/Single Audit Fiscal Year End: 09/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
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				
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	\$95,934	\$0	\$95,934	\$95,934
11020 Required Annual Debt Principal Payments	\$10,000	\$0	\$10,000	\$10,000
11030 Beginning Equity	\$846,672	\$0	\$846,672	\$846,672
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$10,274		-\$10,274	-\$10,274
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	583		583	583
11270 Excess Cash	\$493,045		\$493,045	\$493,045
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$96,800		\$96,800	\$96,800
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	\$12,619		\$12,619	\$12,619
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, 2021

	<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	0.000414%	0.000414%	0.000485%	0.000483%	0.000474%	0.000471%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 67,603	\$ 67,603	\$ 87,675	\$ 95,035	\$ 110,538	\$ 139,553
Housing Authority's Covered Employee Payroll	\$ 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	73.63%	75.63%	101.25%	102.49%	132.92%	165.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 4,535	\$ 4,535	\$ 4,733	\$ 4,801	\$ 4,399	\$ 4,186
Contribution in Relation to the Contractually Required Contribution	\$ (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>
Authority's Covered Payroll	\$ 91,811	\$ 89,385	\$ 86,593	\$ 92,729	\$ 83,162	\$ 84,096
Contribution as a Percentage of Covered Employee Payroll	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.



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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 Controller General of the United States, the financial statements of the Housing Authority of the Borough of Belmar as of and for the year ended September 30, 2020 and have issued our report thereon dated June 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Borough of Belmar's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weakness 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

As part of obtaining reasonable assurance about whether the Housing Authority of the Borough of Belmar's 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 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. This 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
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 24, 2022

HOUSING AUTHORITY OF THE BOROUGH OF BELMAR
Belmar, New Jersey
September 30, 2021

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, 2021.
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.