

HOUSING AUTHORITY OF BERGEN COUNTY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED MARCH 31, 2020

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF BERGEN COUNTY
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FOR THE YEAR ENDED MARCH 31, 2020

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
Housing Authority of Bergen County:

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of Bergen County (the "Authority") as of and for the year ended March 31, 2020, and the related notes to the financial statements, as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 auditors' 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 auditors consider 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of March 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension information 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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards and the financial data schedule 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 October 15, 2020 on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

October 15, 2020
Toms River, New Jersey

Novogradac & Company LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

As management of the Housing Authority of the Bergen County (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Contacting The Authority - This 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 information should be addressed to: Lynn Bartlett, Executive Director, Housing Authority of Bergen County, One Bergen County Plaza, Floor 2, Hackensack, New Jersey 07601.

Special Conditions and Economic Factors - Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Overview of the Financial Statements

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following information is included:

The Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

Net Investment in Capital Assets

This component of Net Position consists of all capital assets, net, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position

This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position

Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

Statement of Revenue, Expenses, and Changes in Net Position

Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

This Statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the fiscal year.

Notes to the Financial Statements

Provides additional information that is essential to a full understanding of the data provided in the financial statements.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authority's finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned or incurred regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in it. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of the Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$4,666,000 or 40.3% during fiscal year ended March 31, 2020. Net Position was \$6,898,539 in 2020 and \$11,564,539 in 2019.
- Total revenue increased by \$280,516 or (.6%) from \$50,836,371 in 2019 to \$51,116,887 in 2020. The increase in revenues is attributed mainly to the Authority receiving more funding in the Continuum of Care and Section 8 Housing Choice Vouchers programs, which was offset by the Community Development Grant Program receiving less funding.
- Operating expenses for all Authority programs increased by approximately \$4,367,724 or 8.91%. Total operating expenses were \$49,004,648 for 2019 and \$53,372,372 for 2020.

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of Bergen County:

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Authority to provide support for the Housing Choice Voucher Program. The Authority makes Housing Assistance Payments to Landlords for Low Income tenants. The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted household income.

In 2020, there were 45,539 unit months of voucher payments, compared to 43,984 in 2019. The average voucher payment in 2020 was \$930, compared to \$899 in 2019. Total HUD HAP and Administrative contributions of \$44,613,198 in 2020 was \$396,861 more than the amount received in 2019.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program. However, it is responsible for bi-annually inspecting the units to assure that they meet or exceed HUD established housing quality standards.

Mainstream Vouchers (MV)

The purpose of the Mainstream Vouchers program is to aid persons with disabilities (elderly and non-elderly) in obtaining decent, safe, and sanitary rental housing.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Capital Fund Program

Tenant revenues generated by the Authority are supplemented by an operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance. The purpose of Capital Fund grants is to give funds to the Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority. This grant program is awarded by HUD, by formula allocation, on an annual basis. This year is the last year we should receive this type of Revenue with the conversion of all Public Housing Units under the RAD Program.

Continuum of Care Program.

This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency-syndrome (AIDS), and related diseases. Rental assistance requires a match in assistance made in cash or in-kind services provided by the grantee from federal or private sources to be used for supportive services. The Authority maintains a budget authority of 104 vouchers for the Continuum of Care Program.

Community Development Block Grant

The primary objective of the Community Development Block Grants (CDBG)/Entitlement Grants program (large cities and urban counties) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

Housing Opportunities for Persons with AIDS

The Housing Opportunities for Persons with AIDS (HOPWA) program is designed to provide States and localities with resources and incentives to devise long-term strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families.

Business Activities

Business activities include operations of Garden House, a two family dwelling located in East Rutherford, New Jersey owned by the Authority and operated as low income housing; funds remaining under the Authority's internal Community Development Fund and Affordable Housing Fund; the HOPWA program administered on behalf of the City of Paterson Department of Human Services; the Health and Human Services Shelter administered on behalf of Bergen County and the Martin Luther King building which includes 4 units of senior citizen housing and a community center for senior citizens. Included in this section since 2017 are the 6 formerly Public Housing Properties converted under HUD's RAD Program effective 1/1/17. The properties are as follows:

- David Roche Apartments (100 units) in Dumont, New Jersey
- Boiling Springs Gardens (143 units) in East Rutherford, New Jersey
- Highland View Apartments (95 units) in Palisades Park, New Jersey
- Bonnie Brae Condo's (54 Units) in Mahwah, New Jersey
- De Simone Court Condo's (12 Units) in Ramsey, New Jersey
- Carucci Apartments (99 units) in Lyndhurst, New Jersey

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Analysis of Net Position (Statements of Net Position)

Total Net Position for FY 2019 was \$11,564,539 and for FY 2020 the amount was \$6,898,539. This represents an overall net decrease of \$4,666,000 or 40.3%. Of this amount, restricted net position and investment in capital assets decreased \$1,851,729 and \$3,103,347, respectively, and unrestricted net position increased \$289,076.

Cash and cash equivalents increased from \$6,829,533 in FY 2019 to \$7,630,998 in FY 2020, or by \$801,465 or 11.7%.

Restricted Cash and Security Deposits decreased from \$7,202,425 in FY 2019 to \$5,362,416 in FY 2020, or by \$1,840,009. The decrease was primarily due to Housing Assistance Payment Reserves decreasing \$1,617,535 during FY 2020.

Capital Assets, net decreased from \$14,645,694 in FY 2019 to \$11,417,285 in FY 2020, or by \$3,228,409, or 22%. This decrease is primarily due to depreciation expense of \$1,242,054 exceeding capital acquisitions of \$384,904.

Non-current Liabilities decreased from \$15,170,486 in FY 2019 to \$14,512,501 in FY 2020, or by \$657,985, or 4.3%. This change was primarily a result of a decrease in the Authority's net pension liability as calculated by the State of New Jersey P.E.R.S.

	2020	2019	Net Change	Percent Variance
Cash & Cash Equivalents	\$ 7,630,998	\$ 6,829,533	\$ 801,465	11.7%
Receivables (net)	1,419,418	1,486,949	(67,531)	-4.5%
Prepaid expenses	325,970	342,177	(16,207)	-4.7%
Restricted Cash & Security Deposits	5,362,416	7,202,425	(1,840,009)	-25.5%
Capital Assets	11,417,285	14,645,694	(3,228,409)	-22.0%
Deferred Outflows of Resources	2,043,590	2,765,448	(721,858)	-26.1%
Total Assets and Deferred Outflows of Resources	\$ 28,199,677	\$ 33,272,226	\$ (5,072,549)	-15.2%
Current Liabilities	2,892,567	2,712,367	180,200	6.6%
Non Current Liabilities	14,512,501	15,170,486	(657,985)	-4.3%
Deferred Inflows of Resources	3,896,070	3,824,834	71,236	1.9%
Total Liabilities and Deferred Inflows of Resources	21,301,138	21,707,687	(406,549)	-1.9%
Net Investment in Capital Assets	7,549,063	10,652,410	(3,103,347)	-29.1%
Restricted Net Position	5,121,541	6,973,270	(1,851,729)	-26.6%
Unrestricted Net Position	(5,772,065)	(6,061,141)	289,076	-4.8%
Total Net Position	6,898,539	11,564,539	(4,666,000)	-40.3%
Total Liabilities, Deferred Inflows and Net Position	\$ 28,199,677	\$ 33,272,226	\$ (5,072,549)	-15.2%

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Analysis of Program Revenues

The Authority administers the following programs and the total revenue generated from these programs during FY 2020 was as follows:

Program	Revenues Generated
Community Development Block Grants (CDBG)	\$ 356,533
Housing Choice Vouchers (HCV)	44,766,777
Mainstream Vouchers (MV)	213,630
Continuum of Care (CofC)	1,451,719
Housing Opportunities for People with Aids (HOPWA)	369,513
Central Office Cost Center (COCC)	1,890,362
Business Activities (BA)	5,572,089
Elimination of interprogram revenues	<u>(3,503,736)</u>
Total Revenue	<u>\$ 51,116,887</u>

Total revenues for Fiscal Year 2019 were \$50,836,371 as compared to \$51,116,887 of total revenues for Fiscal Year 2020. Comparatively, FY 2020 revenues increased FY 2019 by \$280,516 or by 0.6%.

	2020	2019	Net Change	Pct. Change
Total Tenant Revenue	\$ 1,885,987	\$ 1,737,495	\$ 148,492	8.5%
HUD and Other Gov't Grants	47,914,121	47,641,111	273,010	0.6%
Other Revenue	1,316,779	1,457,765	(140,986)	-9.7%
Total Revenue	<u>\$ 51,116,887</u>	<u>\$ 50,836,371</u>	<u>\$ 280,516</u>	0.6%

The primary reason for this change was increased HUD grants and decreased other revenue due to the following:

- The Authority received \$158,552 more in Continuum of Care grant income during FY 2020.
- The Authority received \$396,861 more in Section 8 Housing Choice Vouchers program income during FY 2020 due to 1,555 more units month leased.
- The increase in HUD and Other Governmental Grants was partially offset by a decrease in Community Development Block Grant income in the amount of \$188,881.
- The Authority received \$345,893 less in other revenue in the Section 8 Housing Choice Vouchers program during FY 2020 related to port-in HAP payments.

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

Analysis of Entity Wide Expenditures

Total Operating Expenses for FY 2019 were \$49,004,648 as compared to the \$53,372,372 of total operating expenses for FY 2020. This represents an overall increase of \$4,367,724 or 8.91%.

Administrative Expenses increased from \$6,291,974 in FY 2019 to \$6,513,496 in FY 2020 or \$221,522 or 5.52%. This increase is primarily due to increases in employee benefits related to the Authority's pension plan and an increase in office expenses.

Insurance and General expenditures for FY 2020 were \$1,530,706 as compared to \$685,915 in FY 2019. This represents an increase of \$844,791 or 123.16%. The increase is primarily due to tax filing penalties in the amount of \$513,758, and bad debt expense in the Section 8 Housing Choice Vouchers Program in the amount of \$400,000.

Housing Assistance Payments for FY 2019 were \$38,390,506 as compared to \$41,739,932 for FY 2020. This represents an increase of \$3,349,426 or 8.72%. The increase was primarily due to an increase of 1,808 unit months leased in the Section 8 Housing Choice Vouchers and Mainstream Vouchers programs during FY 2020.

The table below illustrates our analysis:

	2020	2019	Net Change	Pct. Change
Administrative	\$ 6,513,496	\$ 6,291,974	\$ 221,522	3.52%
Tenant Services	15,604	13,799	1,805	13.08%
Utilities	607,867	612,280	(4,413)	-0.72%
Ordinary Repairs & Maintenance	1,722,713	1,830,748	(108,035)	-5.90%
Insurance and General	1,530,706	685,915	844,791	123.16%
Housing Assistance Payments	41,739,932	38,390,506	3,349,426	8.72%
Depreciation	1,242,054	1,179,426	62,628	5.31%
Total Operating Expenses	\$ 53,372,372	\$ 49,004,648	\$ 4,367,724	8.91%

**HOUSING AUTHORITY OF BERGEN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2020**

ANALYSIS OF CAPITAL ASSET ACTIVITY AND LONG-TERM DEBT

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	\$ 1,060,630	\$ 1,060,630	\$ -	0.0%
Buildings	38,441,400	38,094,700	346,700	0.9%
Furniture, Equipment & Machinery	2,503,134	2,363,911	139,223	5.9%
Construction in Process	405,368	2,877,646	(2,472,278)	-85.9%
Total Capital Assets	42,410,532	44,396,887	(1,986,355)	-4.5%
Accumulated Depreciation	30,993,247	29,751,193	1,242,054	4.2%
Net Capital Assets	<u><u>\$ 11,417,285</u></u>	<u><u>\$ 14,645,694</u></u>	<u><u>\$ (3,228,409)</u></u>	<u><u>-22.0%</u></u>

Total additions of \$510,419 for the year were offset by depreciation expense in the amount of \$1,242,054, disposals of construction in progress due to the RAD conversion in the amount of \$2,371,259, and other dispositions totaling \$125,515, resulting in an overall net decrease in fixed assets of \$3,228,409, or 22%.

Long-term Debt

The Authority borrowed \$4,260,000 utilizing five separate loans during the year ended March 31, 2017 from the Housing Development Corporation of Bergen County. The mortgages are related to funding replacement reserve accounts in accordance with the Authority's RAD program. The balance at March 31, 2020 totaled \$3,868,222 with \$126,318 due currently. See footnote number 8 for more information.

ECONOMIC FACTORS AND NEXT YEARS' BUDGET AND RATES

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. However, local economic conditions affect the ability of Section 8 Housing Choice Voucher clients to find suitable housing that meet program guidelines. Therefore, funding of programs could be significantly affected by cuts to federal budgets.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 7,630,998
Tenant security deposits	204,966
Accounts receivable, net	1,419,418
Prepaid expenses	<u>325,970</u>
Total current assets	<u>9,581,352</u>
Non-current assets:	
Restricted cash	5,157,450
Capital assets, net	<u>11,417,285</u>
Total non-current assets	<u>16,574,735</u>
Total assets	<u>26,156,087</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>2,043,590</u>
Total assets and deferred outflows of resources	<u>\$ 28,199,677</u>

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF NET POSITION (continued)
AS OF MARCH 31, 2020

LIABILITIES

Current liabilities:	
Accounts payable	\$ 785,175
Accrued expenses	65,500
Accrued interest payable	3,224
Accrued compensated absences, current	36,644
Tenant security deposits	204,966
Current portion of mortgages payable	126,318
Tax filing penalties payable to IRS	513,758
Unearned revenues	10,873
Other current liabilities	<u>1,146,109</u>
Total current liabilities	<u>2,892,567</u>
Non-current liabilities:	
Mortgages payable, excluding current portion	3,741,904
Accrued compensated absences, non-current	486,819
Net pension liability	<u>10,283,778</u>
Total non-current liabilities	<u>14,512,501</u>
Total liabilities	<u>17,405,068</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>3,896,070</u>
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NET POSITION

Net position:	
Net investment in capital assets	7,549,063
Restricted	5,121,541
Unrestricted	<u>(5,772,065)</u>
Total net position	<u>6,898,539</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 28,199,677</u>

**HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020**

Operating revenues:	
Tenant revenue	\$ 1,885,987
HUD operating grants	46,640,176
Other government grants	917,412
Other revenues	<u>1,008,604</u>
Total operating revenues	<u>50,452,179</u>
Operating expenses:	
Administrative	6,513,496
Tenant services	15,604
Utilities	607,867
Ordinary repairs and maintenance	1,722,713
Insurance and general	1,530,706
Housing assistance payments	41,739,932
Depreciation	<u>1,242,054</u>
Total operating expenses	<u>53,372,372</u>
Operating loss	<u>(2,920,193)</u>
Non-operating revenues (expenses):	
Investment income	308,175
Interest expense	<u>(39,256)</u>
Net non-operating revenues	<u>268,919</u>
Loss before capital grants and special item	(2,651,274)
Capital grants	356,533
Special item - disposition of CIP due to RAD	<u>(2,371,259)</u>
Change in net position	(4,666,000)
Total net position, beginning of year	<u>11,564,539</u>
Total net position, end of year	<u><u>\$ 6,898,539</u></u>

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

Cash Flows from Operating Activities:	
Cash received from grantors	\$ 46,828,547
Cash received from tenants and other activities	3,685,574
Cash paid to suppliers	(45,073,028)
Cash paid to employees	<u>(6,595,019)</u>
Net cash used in operating activities	<u>(1,153,926)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(510,419)
Capital grants	356,533
Proceeds on sale of capital assets	125,515
Principal payments on long-term debt	(125,062)
Interest paid on long term debt	<u>(39,360)</u>
Net cash used in capital and related financing activities	<u>(192,793)</u>
Cash Flows from Investing Activities:	
Investment income	<u>308,175</u>
Net cash provided by investing activities	<u>308,175</u>
Net decrease in cash and cash equivalents	(1,038,544)
Cash and cash equivalents, beginning of year	<u>14,031,958</u>
Cash and cash equivalents, end of year	\$ <u><u>12,993,414</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and cash equivalents	\$ 7,630,998
Tenant security deposits	204,966
Restricted cash	<u>5,157,450</u>
Cash and cash equivalents, end of year	\$ <u><u>12,993,414</u></u>

HOUSING AUTHORITY OF BERGEN COUNTY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,920,193)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,242,054
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable	67,531
Prepaid expenses	16,207
Deferred outflows of resources	721,858
Accounts payable	(697,345)
Accrued expenses	(81,523)
Tenant security deposits	10,876
Accrued compensated absences	5,129
Net pension liability	(536,435)
Deferred inflows of resources	71,236
Unearned revenue	(17,817)
Other liabilities	<u>964,496</u>
Net cash used in operating activities	\$ <u>(1,153,926)</u>

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of Bergen County (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in Bergen County, New Jersey (the "County"). The Authority is responsible for operating certain low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

On January 30, 2008, HUD issued *PIH Notice 2008-9* which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

Both administrative fees and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore the Authority recognizes unspent administrative fees and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statements No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Mainstream Vouchers

The purpose of the Mainstream Vouchers program is to aid persons with disabilities (elderly and non-elderly) in obtaining decent, safe, and sanitary rental housing.

Community Development Block Grant / Entitlement Program

The primary objective of the Community Development Block Grants (CDBG)/Entitlement Grants program (large cities and urban counties) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

Continuum of Care Program

This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency-syndrome (AIDS), and related diseases. Rental assistance requires a match in assistance made in cash or in-kind services provided by the grantee from federal or private sources to be used for supportive services. The Authority maintains a budget authority of 104 vouchers for the Continuum of Care Program.

Housing Opportunities for Persons with Aids Program

The Housing Opportunities for Persons with AIDS (HOPWA) program is designed to provide states and localities with resources and incentives to devise long-term strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families.

Business Activities

Business activities include operations of Garden House, a two family dwelling located in East Rutherford, New Jersey owned by the Authority and operated as low income housing; funds remaining under the Authority's internal Community Development Fund and Affordable Housing Fund; the HOPWA program administered on behalf of the City of Paterson Department of Human Services; the Health and Human Services Shelter administered on behalf of Bergen County and the Martin Luther King building which includes 4 units of senior citizen housing and a community center for senior citizens. Additionally, the Authority's 498 public housing units which were converted to project based section eight are accounted for in this fund.

E. Cash, Cash Equivalents and Investments

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities.

The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash, Cash Equivalents and Investments (continued)

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with GUDPA.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase. Investments are carried at cost plus accrued interest which approximates market value. Income from investments is recognized on the accrual basis.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements. For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase

F. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

The Authority recognizes a receivable from HUD, other governmental agencies and managed properties for amounts billed but not received and for amounts unbilled, but earned as of year-end.

G. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

H. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

I. Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

•	Buildings	40 Years
•	Site Improvements	15 Years
•	Furniture, Fixtures and Equipment	5-10 Years

The Authority has established a capitalization threshold of \$2,500 for equipment and building improvements and \$500 for appliances.

J. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended March 31, 2020, no impairment losses were incurred.

K. Inter-Program Receivables and Payables

Inter-program receivables and payables are current, and are the result of the use of business activities as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes; however, they are reflected in the accompanying FDS as required by HUD.

L. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

M. Prepaid Rent

The Authority recognizes a liability for prepaid rents, which consists of the prepayment of rent by residents applicable to future periods.

N. Taxes

The Authority is a unit of local government under the State of New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the County.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses, compensated absences and other liabilities, depreciable lives of properties and equipment and contingencies. Actual results could differ significantly from these estimates.

P. Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. New employees accrue 6 vacation days after satisfactory completion of the new hire period. Such employees will continue to earn one day per month until the completion of 12 full months of employment. From the beginning of the second year of employment, 1 1/4 days are earned per month for a maximum of 15 days per year, and from the beginning of the sixth year of employment, 1 2/3 days per month are earned for a total of 20 days per year. Employees' sick leave accumulates and employees may be compensated for sick leave at retirement at a rate of 50%, but no payment shall exceed \$16,000.

Q. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey, Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, constriction or improvement of those assets.

Restricted - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

T. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods.

Pursuant to N.J.S.A. 40A:5A-10 and N.J.A.C. 5:31 the Authority is also required to submit an authority wide budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the end of the fiscal year.

NOTE 2. CASH AND CASH EQUIVALENTS

As of March 31, 2020, the Authority had funds on deposit in checking and money market accounts. As of March 31, 2020, the carrying amount of the Authority's cash and cash equivalents (including restricted cash was \$12,993,414, and the bank balances approximated \$13,237,756.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 7,630,998
Restricted	5,157,450
Tenant security deposits	<u>204,966</u>
	<u>\$ 12,993,414</u>

Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining \$12,487,756 was collateralized with the pledging financial institution as of March 31, 2020.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2020, the Authority's bank balances were not exposed to custodial credit risk.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 3. ACCOUNTS RECEIVABLE, NET

As of March 31, 2020, accounts receivable consisted of the following:

<u>Category</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 119,132
Accounts receivable - other government	1,020,063
Accounts receivable - miscellaneous	202,249
Accounts receivable - tenants, net	<u>77,974</u>
	<u>\$ 1,419,418</u>

Accounts Receivable - HUD

HUD program receivables represent amounts due to the Authority for operating and capital grants. The balance is shown net of an allowance for doubtful accounts of \$400,000.

Accounts Receivable - Other Government

Accounts receivable - other government consist of amounts due from other Public Housing Authorities for portable tenants, as well as from state and local governments for reimbursements of grant expenditures. The Authority considers these amounts fully collectible and accordingly, has made no allowance for doubtful accounts.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consist primarily of amounts due from managed properties for reimbursements and contract fees owed. The balance is shown net of an allowance for doubtful accounts of \$152,168.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$26,998.

NOTE 4. CAPITAL ASSETS, NET

A summary of the changes in capital assets during the year ended March 31, 2020 is as follows:

Description	March 31, 2019	Additions	Dispositions	Transfers	March 31, 2020
Non-depreciable <u>capital assets:</u>					
Land	\$ 1,060,630	\$ -	\$ -	\$ -	\$ 1,060,630
Construction in progress	<u>2,877,646</u>	<u>425,366</u>	<u>(2,493,247)</u>	<u>(404,397)</u>	<u>405,368</u>
Total	<u>3,938,276</u>	<u>425,366</u>	<u>(2,493,247)</u>	<u>(404,397)</u>	<u>1,465,998</u>
<u>Depreciable capital assets:</u>					
Buildings	38,094,700	31,865	-	314,835	38,441,400
Furniture and equipment	<u>2,363,911</u>	<u>53,188</u>	<u>(3,527)</u>	<u>89,562</u>	<u>2,503,134</u>
Total	<u>40,458,611</u>	<u>85,053</u>	<u>(3,527)</u>	<u>404,397</u>	<u>40,944,534</u>
Less: accumulated depreciation	<u>(29,751,193)</u>	<u>(1,242,054)</u>	<u>-</u>	<u>-</u>	<u>(30,993,247)</u>
Net capital assets	<u>\$ 14,645,694</u>	<u>\$ (731,635)</u>	<u>\$ (2,496,774)</u>	<u>\$ -</u>	<u>\$ 11,417,285</u>

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 4. CAPITAL ASSETS, NET (continued)

Depreciation expense for the year ended March 31, 2020 totaled \$1,242,054.

NOTE 5. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of March 31, 2020:

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 58,692
RAD Rehabilitation Reserves	5,062,849
Family Self Sufficiency	35,909
Tenant Security Deposits	<u>204,966</u>
	<u>\$ 5,362,416</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for tenant rents.

RAD rehabilitation reserve funds are restricted for capital improvements related to properties specified in the mortgage agreement with the Housing Development Corporation of Bergen County.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers program by FSS program participants.

Tenant security deposits are held in trust and restricted for refund to tenant upon termination or discontinuance.

NOTE 6. ACCRUED COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the Statement of Net Position date for which payment is probable. As of March 31, 2020, the Authority had accrued \$523,463, of which \$36,644 is estimated to be currently due.

NOTE 7. LONG TERM OBLIGATIONS

For the year ended March 31, 2020, the following changes occurred in the Authority's long-term obligations:

	Balance at March 31, 2019	Additions	Retirements	Balance at March 31, 2020	Due in One Year
Accrued compensated absences	\$ 518,334	\$ 5,129	\$ -	\$ 523,463	\$ 36,644
Mortgages payable	3,993,284	-	(125,062)	3,868,222	126,318
Net pension liability	<u>10,820,213</u>	<u>-</u>	<u>(536,435)</u>	<u>10,283,778</u>	<u>-</u>
	<u>\$ 15,331,831</u>	<u>\$ 5,129</u>	<u>\$ (661,497)</u>	<u>\$ 14,675,463</u>	<u>\$ 162,962</u>

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 8. MORTGAGES PAYABLE

Mortgages payable consisted of the following as of March 31, 2020:

<u>Description</u>	<u>Amount</u>
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of the David F Roche project on December 13, 2016 in the amount of \$1,000,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047 and is secured by the underlying land and building.	\$ 908,033
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of the Boiling Springs project on December 13, 2016 in the amount of \$1,550,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047 and is secured by the underlying land and building.	1,407,452
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of Carucci Apartments on December 13, 2016 in the amount of \$700,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047 and is secured by the underlying land and building.	635,623
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of the Highland View project on December 13, 2016 in the amount of \$535,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047 and is secured by the underlying land and building.	485,798
The Authority entered into a mortgage with the Housing Development Corporation of Bergen County related to the RAD conversion of the Ramsey/Mahwah project on December 13, 2016 in the amount of \$475,000. Interest shall be fixed per annum at a rate of 1%. Commencing on February 1, 2017, principal and interest payments shall be due monthly. The mortgage matures on January 1, 2047 and is secured by the underlying land and building.	<u>431,316</u>
Total mortgages payable	3,868,222
Less: current portion	<u>126,318</u>
Total mortgages payable, net of current portion	\$ <u><u>3,741,904</u></u>

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 8. MORTGAGES PAYABLE (continued)

Annual debt service for principal and interest over the next five years and thereafter is as follows:

Year	Principal	Interest	Total
2021	\$ 126,318	\$ 38,104	\$ 164,422
2022	127,586	36,836	164,422
2023	128,869	35,553	164,422
2024	130,163	34,259	164,422
2025	131,471	32,951	164,422
2026-2030	677,432	144,679	822,111
2031-2035	712,150	109,961	822,111
2036-2040	748,647	73,464	822,111
2041-2045	787,015	35,096	822,111
2046-2047	<u>298,571</u>	<u>2,870</u>	<u>301,441</u>
	<u>\$ 3,868,222</u>	<u>\$ 543,773</u>	<u>\$ 4,411,995</u>

NOTE 9. PENSION PLAN

A. Plan Description

The PERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

B. Benefits

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:

1. Members who were enrolled prior to July 1, 2007
2. Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3. Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4. Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
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 retirement 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 tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more 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 a member retires prior to the age at which a member 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 the service retirement age for the respective tier.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 9. PENSION PLAN (continued)

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all 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. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, 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 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. This unfunded liability will be paid by the employer in level annual payments over a period of 15 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 the assets.

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

At March 31, 2020, the Authority reported a liability of \$10,283,778, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2018, and rolled forward to June 30, 2019.

For the year ended March 31, 2020, the Authority recognized pension expense of \$814,728. At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,026,873	\$ (3,569,467)
Changes in Proportion	832,137	(118,841)
Differences between expected and actual experience	184,580	(45,429)
Net differences between actual and projected earnings on pension plan investments	<u>-</u>	<u>(162,333)</u>
Total	<u>\$ 2,043,590</u>	<u>\$ (3,896,070)</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Amount</u>
Year ending March 31:	
2021	\$ (214,396)
2022	(695,496)
2023	(621,037)
2024	(291,609)
2025	<u>(29,942)</u>
	<u>\$ (1,852,480)</u>

**HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE 9. PENSION PLAN (continued)

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.00 - 6.00%
Through 2026	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

Pre-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-2019.

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

F. Long-term Expected Rate of Return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and 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, including the PERS's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 9. PENSION PLAN (continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 the plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions. 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.

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.28 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.28 percent) or 1 percentage point higher (7.28 percent) than the current rate.

	1% Decrease (5.28%)	Discount Rate (6.28%)	1% Increase (7.28%)
Authority's proportionate share of the net pension liability	\$ <u>13,080,451</u>	\$ <u>10,283,778</u>	\$ <u>8,059,010</u>

NOTE 10. RESTRICTED NET POSITION

Restricted net position consists of the following at March 31, 2020:

Housing assistance payment reserves	\$ 58,692
RAD rehabilitation reserves	<u>5,062,849</u>
Total restricted net position	<u>\$ 5,121,541</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for tenant rents.

RAD rehabilitation reserves are restricted for capital improvements related to properties specified in the related mortgage agreements with the Housing Development Corporation of Bergen County.

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 11. COMMITMENTS

The Authority leases its facilities under a five year operating lease agreement with the County of Bergen. Under that agreement the Authority must prepay the following years rent in December of the preceding year. The lease commenced on March 1, 2013 and rent is \$186,000 in each year of the five year agreement. The lease has an option for a five year renewal with a cost of living increase.

NOTE 12. ECONOMIC DEPENDENCY

The Section 8 Housing Choice Vouchers program is economically dependent on annual grants from HUD.

NOTE 13. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2020, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. RISK MANAGEMENT

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 15, 2020, which is the date the financial statements were available to be issued. The spread of a novel strain of coronavirus (COVID-19) in 2020 has caused significant volatility in U.S. markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.

**INDEPENDENT AUDITORS' 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**

To the Board of Commissioners of the
Housing Authority of Bergen County:

We have audited, in accordance with the 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of Bergen County (the "Authority") as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. 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 a 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 section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

October 15, 2020
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE OF NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners of the
Housing Authority of Bergen County:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of Bergen County's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2020. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Basis for Qualified Opinion on the Section 8 Housing Choice Vouchers Program

As described in the accompanying schedule of findings and questioned costs in item 2020-002, the Authority did not comply with the eligibility requirements of the Uniform Guidance regarding maintenance of tenant file items as required by the Section 8 Housing Choice Vouchers Program (CFDA #14.871). Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements of the program.

Qualified Opinion on the Section 8 Housing Choice Vouchers Program

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Vouchers Program.

Other Matters

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

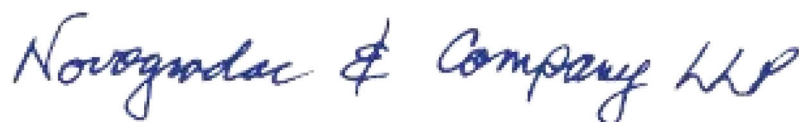
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a material weakness.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

October 15, 2020
Toms River, New Jersey

**HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass- through Number</u>	<u>Grant Period From / To</u>	<u>Grant Award</u>	<u>Fiscal Year Expenditures</u>	<u>Cumulative Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>						
Housing Voucher Cluster:						
Section 8 Housing Choice Vouchers	14-871	N/A	4/1/19	\$ 44,613,198	\$ 45,834,597	\$ 45,834,597
Mainstream Vouchers	14-879	N/A	4/1/19	<u>213,630</u>	<u>310,582</u>	<u>310,582</u>
Total Housing Voucher Cluster				<u>44,826,828</u>	<u>46,145,179</u>	<u>46,145,179</u>
Passed through the County of Bergen:						
Community Development Block Grant	14-218	N/A	4/1/19	356,533	356,533	356,533
Continuum of Care Program	14-267	N/A	4/1/19	2,956,715	1,445,675	1,445,675
Housing Opportunities for Persons with AIDS	14-241	N/A	4/1/19	<u>367,673</u>	<u>367,673</u>	<u>367,673</u>
Total U.S. Department of Housing and Urban Development				<u>48,507,749</u>	<u>48,315,060</u>	<u>48,315,060</u>
Total Federal Awards and Expenditures				<u>\$ 48,507,749</u>	<u>\$ 48,315,060</u>	<u>\$ 48,315,060</u>

HOUSING AUTHORITY OF BERGEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Housing Authority of Bergen County (the "Authority") under programs of the federal government for the year ended March 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2020**

I. Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weakness(es) identified? | Yes |
| b. | Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements? | Yes |

Federal Awards

- | | | | | | | | | |
|--------------------|---|--------------------|--------------------------------|--------|-----------------------------------|--------|---------------------|--|
| 1. | Internal control over compliance: | | | | | | | |
| a. | Material weakness(es) identified? | Yes | | | | | | |
| b. | Significant deficiency(ies) identified? | No | | | | | | |
| 2. | Type of auditors' report on compliance for major programs: | Qualified | | | | | | |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes | | | | | | |
| 4. | Identification of major programs: | | | | | | | |
| | <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>CFDA Number</u></td> <td style="text-align: center;"><u>Name of Federal Program</u></td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> <tr> <td style="text-align: center;">14.879</td> <td style="text-align: center;">Mainstream Vouchers</td> </tr> </table> | <u>CFDA Number</u> | <u>Name of Federal Program</u> | 14.871 | Section 8 Housing Choice Vouchers | 14.879 | Mainstream Vouchers | |
| <u>CFDA Number</u> | <u>Name of Federal Program</u> | | | | | | | |
| 14.871 | Section 8 Housing Choice Vouchers | | | | | | | |
| 14.879 | Mainstream Vouchers | | | | | | | |
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$1,449,452 | | | | | | |
| 6. | Auditee qualified as low-risk Auditee? | No | | | | | | |

**HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020**

II. Financial Statement Findings

Reference 2020-001:

Criteria: The Authority is responsible for the preparation and timely filing of Forms 1099 and 1096 to the Internal Revenue Service ("IRS").

Condition: During our audit, we noted that the Authority was late in its 2017, 2018, and 2019 annual filings of Form 1099 and 1096 to the IRS. This is considered by the IRS to be a failure to comply with information reporting requirements.

Cause: The Authority did not have proper internal control procedures in place to ensure the timely filing of Forms 1099 and 1096 to the IRS.

Effect: The IRS can issue significant penalties for each form that is not issued and filed in a timely manner. The Authority was issued penalties in the amount of \$513,758 for their late filings of Forms 1099 and 1096.

Recommendation: The Authority should draft and adopt procedures in order to comply with IRS filing requirements in a timely manner.

Authority Response: The Authority accepts the recommendation of the auditor and has made arrangements to comply with IRS filing requirements.

III. Federal Award Findings and Questioned Costs

Reference 2020-002:

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Titles: Section 8 Housing Choice Vouchers Program

Federal Catalog Numbers: 14.871

Noncompliance – E. Eligibility – Tenant Files

Non Compliance Material to the Financial Statements: Yes

Material Weakness in Internal Control over Compliance for Eligibility

Criteria: Tenant Files (Section 8 Housing Choice Vouchers Program) - The PHA must do the following: As a condition of admission or continued occupancy, require the tenant and other family member to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516). These files are required to be maintained and available for examination at the time of audit.

Condition: Based upon inspection of the Authority's files and on discussion with management there were a significant number of documents that were unavailable for examination at the time of audit.

Context: There are approximately 3,816 units. Of a sample size of 44 tenant files, the following was noted:

- The lead based paint form was missing in 2 files
- The signed lease was missing in 2 files
- Rent reasonableness documentation was missing in 1 file

Our sample size is statistically valid.

**HOUSING AUTHORITY OF BERGEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED MARCH 31, 2020**

III. Federal Award Findings and Questioned Costs (continued)

Reference 2020-002 (continued):

Known Questioned Costs: \$33,540

Known questioned costs were calculated by annualizing the monthly HAP payments of the files that were out of compliance.

Cause: There is a material weakness in internal controls over the compliance for the eligibility type of compliance related to the maintenance of tenant files. The Authority has not properly considered, designed, implemented, maintained and monitored a system of internal controls that assures the program is in compliance.

Effect: The Section 8 Housing Choice Vouchers Program is in material non-compliance with the eligibility type of compliance related to the maintenance of tenant files.

Recommendation: We recommend the Authority design and implement internal control procedures that will assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor. The affected files relate to clients that have been on the program for decades and as files get large, archiving takes place. To correct this finding, a directive will be issued to staff that will ensure that when files are archived the original application must be placed in the current working file going forward.

IV. Schedule of Prior Year Federal Audit Findings

Finding 2019-001:

Observation: Of a sample size of 41 tenant files, the following information was unavailable for examination at the time of audit:

- The lead based paint form was missing in 2 files
- The citizenship declaration form was missing in 1 file
- The consent to release information form was missing in 1 file
- Rent reasonableness documentation was missing in 1 file

Status: The finding remains open. See Finding 2020-002.

Finding 2019-002:

Observation: Of a sample size of 25 units that had initially failed inspection, five (5) units did not pass re-inspection within 30 days. HAP abatements were not processed in accordance with Program compliance requirements for those five (5) units.

Status: The finding has been cleared.

**HOUSING AUTHORITY OF BERGEN COUNTY
REQUIRED PENSION INFORMATION
FOR THE YEAR ENDED MARCH 31, 2020**

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Contractually required contribution	\$ 356,467	\$ 440,787	\$ 444,907	\$ 481,191	\$ 494,530	\$ 844,910	\$ 555,157
Contributions in relation to the contractually required contribution	<u>356,467</u>	<u>440,787</u>	<u>444,907</u>	<u>481,191</u>	<u>494,530</u>	<u>844,910</u>	<u>555,157</u>
(Over) / under funded	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's covered-employee payroll	<u>\$ 2,973,524</u>	<u>\$ 3,036,660</u>	<u>\$ 3,191,600</u>	<u>\$ 3,554,911</u>	<u>\$ 3,238,092</u>	<u>\$ 4,138,134</u>	<u>\$ 3,200,324</u>
Contributions as a percentage of covered employee payroll	<u>11.99 %</u>	<u>14.52 %</u>	<u>13.94 %</u>	<u>13.54 %</u>	<u>15.27 %</u>	<u>20.42 %</u>	<u>17.35 %</u>

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS***

	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Authority's proportion of the net pension liability	<u>0.0473 %</u>	<u>0.0535 %</u>	<u>0.0517 %</u>	<u>0.0542 %</u>	<u>0.0534 %</u>	<u>0.0550 %</u>	<u>0.0571 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 9,041,775</u>	<u>\$ 10,010,775</u>	<u>\$ 11,616,728</u>	<u>\$ 16,042,016</u>	<u>\$ 12,426,546</u>	<u>\$ 10,820,213</u>	<u>\$ 10,283,778</u>
Authority's covered-employee payroll	<u>\$ 2,973,524</u>	<u>\$ 3,036,660</u>	<u>\$ 3,191,600</u>	<u>\$ 3,238,092</u>	<u>\$ 3,238,092</u>	<u>\$ 4,138,134</u>	<u>\$ 3,200,324</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>304.08 %</u>	<u>329.66 %</u>	<u>363.98 %</u>	<u>495.42 %</u>	<u>383.76 %</u>	<u>261.48 %</u>	<u>321.34 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72 %</u>	<u>52.08 %</u>	<u>47.93 %</u>	<u>43.35 %</u>	<u>48.10 %</u>	<u>48.10 %</u>	<u>56.30 %</u>

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.
See accompanying Notes to the Schedule of Expenditures of Federal Awards.

BERGEN COUNTY HOUSING AUTHORITY											
NJ067											
Financial Data Schedule (FDS)											
March 31, 2020											
Line Item #	Account Description	14.218 Community Dev. Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	Mainstream Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.267 Continuum of Care	Business Activities	COCC	Elimination	TOTAL	
ASSETS:											
CURRENT ASSETS:											
	Cash:										
111	Cash - unrestricted	\$ -	\$ 3,820,619	\$ -	\$ 102,786	\$ 54,750	\$ 2,554,032	\$ 1,098,811	\$ -	\$ 7,630,998	
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-	
113	Cash - other restricted	-	94,601	-	-	-	5,062,849	-	-	5,157,450	
114	Cash - tenant security deposits	-	-	-	-	-	204,966	-	-	204,966	
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-	-	-	
100	Total cash	-	3,915,220	-	102,786	54,750	7,821,847	1,098,811	-	12,993,414	
	Accounts and notes receivables:										
121	Accounts receivable - PHIA projects	-	-	-	-	-	-	-	-	-	
122	Accounts receivable - HUD other projects	-	-	-	-	119,132	-	-	-	119,132	
124	Accounts receivable - other government	-	429,705	-	1,311	-	989,047	-	-	1,420,063	
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	354,417	-	354,417	
126	Accounts receivable- tenants	-	-	-	-	-	104,972	-	-	104,972	
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	(26,998)	-	-	(26,998)	
126.2	Allowance for doubtful accounts - other	-	(400,000)	-	-	(113,077)	(39,091)	-	-	(552,168)	
128	Fraud recovery	-	-	-	-	-	-	-	-	-	
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-	
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	
120	Total receivables, net of allowances for doubtful accounts	-	29,705	-	1,311	6,055	1,027,930	354,417	-	1,419,418	
	Current investments										
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-	
132	Investments - restricted	-	-	-	-	-	-	-	-	-	
142	Prepaid expenses and other assets	-	155,725	-	243	913	106,412	62,677	-	325,970	
143	Inventories	-	-	-	-	-	-	-	-	-	
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	
144	Interprogram - due from	-	-	-	-	-	-	1,848,778	(1,848,778)	-	
145	Assets held for sale	-	-	-	-	-	-	-	-	-	
150	TOTAL CURRENT ASSETS	-	4,100,650	-	104,340	61,718	8,956,189	3,364,683	(1,848,778)	14,738,802	
	NONCURRENT ASSETS:										
	Fixed assets:										
161	Land	-	-	-	-	-	1,060,630	-	-	1,060,630	
162	Buildings	-	-	-	-	-	38,441,400	-	-	38,441,400	
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-	2,077,534	-	-	2,077,534	
164	Furniture, equipment & machinery - administration	-	252,638	-	-	-	-	172,962	-	425,600	
166	Accumulated depreciation	-	(175,106)	-	-	-	(30,650,290)	(167,851)	-	(30,993,247)	
167	Construction in Progress	-	-	-	-	-	405,368	-	-	405,368	
168	Infrastructure	-	-	-	-	-	-	-	-	-	
160	Total fixed assets, net of accumulated depreciation	-	77,532	-	-	-	11,334,642	5,111	-	11,417,285	
	Other non-current assets:										
174	Other assets	-	-	-	-	-	-	-	-	-	
180	TOTAL NONCURRENT ASSETS	-	77,532	-	-	-	11,334,642	5,111	-	11,417,285	
200	Deferred Outflow of Resources	-	756,128	-	-	-	510,898	776,564	-	2,043,590	
290	TOTAL ASSETS AND DEFERRED OUTFLOW	\$ -	\$ 4,934,310	\$ -	\$ 104,340	\$ 61,718	\$ 20,801,729	\$ 4,146,358	\$ (1,848,778)	\$ 28,199,677	

BERGEN COUNTY HOUSING AUTHORITY											
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Financial Data Schedule (FDS)											
March 31, 2020											
Line Item #	Account Description	14.218 Community Dev. Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	Mainstream Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.267 Continuum of Care	Business Activities	COCC	Elimination	TOTAL	
LIABILITIES AND EQUITY:											
Liabilities:											
Current Liabilities:											
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts payable ≤ 90 days	-	345,382	-	5,584	6,681	127,027	186,039	-	670,713	-
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	7,196	-	83	319	10,018	47,884	-	65,500	-
322	Accrued compensated absences - current portion	-	4,688	-	-	-	9,626	22,330	-	36,644	-
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	3,224	-	-	3,224	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	114,462	-	-	114,462	-
341	Tenant security deposits	-	-	-	-	-	204,966	-	-	204,966	-
342	Unearned Revenue	-	-	-	-	-	10,873	-	-	10,873	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	126,318	-	-	126,318	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	35,909	-	-	-	513,758	1,024,505	-	1,574,172	-
346	Accrued liabilities - other	-	107	-	4,588	-	79,119	1,881	-	85,695	-
347	Interprogram - due to	-	-	-	-	49,849	1,798,929	-	(1,848,778)	-	-
310	TOTAL CURRENT LIABILITIES	-	393,282	-	10,255	56,849	2,998,320	1,282,639	(1,848,778)	2,892,567	-
NONCURRENT LIABILITIES:											
351	Long-term debt, net of current - capital projects	-	-	-	-	-	3,741,904	-	-	3,741,904	-
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-	-	-	-	-	-
354	Accrued compensated absences - noncurrent	-	62,280	-	-	-	127,869	296,670	-	486,819	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	3,804,998	-	-	-	2,570,945	3,907,835	-	10,283,778	-
350	TOTAL NONCURRENT LIABILITIES	-	3,867,278	-	-	-	6,440,718	4,204,505	-	14,512,501	-
300	TOTAL LIABILITIES	-	4,260,560	-	10,255	56,849	9,439,038	5,487,144	(1,848,778)	17,405,068	-
400	Deferred Inflow of resources	-	1,441,546	-	-	-	974,019	1,480,505	-	3,896,070	-
EQUITY:											
508.1	Invested in Capital Assets, Net of Related Debt	-	77,532	-	-	-	7,466,420	5,111	-	7,549,063	-
511.1	Restricted Net Assets	-	58,692	-	-	-	5,062,849	-	-	5,121,541	-
512.1	Unrestricted Net Assets	-	(904,020)	-	94,085	4,869	(2,140,597)	(2,826,402)	-	(5,772,065)	-
513	TOTAL EQUITY	-	(767,796)	-	94,085	4,869	10,388,672	(2,821,291)	-	6,898,539	-
600	TOTAL LIABILITIES, EQUITY AND DEFERRED INFLOWS	\$ -	\$ 4,934,310	\$ -	\$ 104,340	\$ 61,718	\$ 20,801,729	\$ 4,146,358	\$ (1,848,778)	\$ 28,199,677	-
Proof of concept											

BERGEN COUNTY HOUSING AUTHORITY										
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Financial Data Schedule (FDS)										
March 31, 2020										
Line Item #	Account Description	14.218 Community Dev. Block Grants/Entitlem ent Grants	14.871 Housing Choice Vouchers	Mainstream Vouchers	14.241 Housing Opportunities for Persons with AIDS	14.267 Continuum of Care	Business Activities	COCC	Elimination	TOTAL
REVENUE:										
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,987	\$ -	\$ -	\$ 1,885,987
70400	Tenant revenue - other	-	-	-	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	-	-	1,885,987	-	-	1,885,987
70600	HUD PHA grants	-	44,613,198	213,630	367,673	1,445,675	-	-	-	46,640,176
70610	Capital grants	356,533	-	-	-	-	-	-	-	356,533
70710	Management fee	-	-	-	-	-	-	798,709	(798,709)	-
70720	Asset management fee	-	-	-	-	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-	-	342,083	(342,083)	-
70740	Front Line Service Fee	-	-	-	-	-	-	76,826	(76,826)	-
70750	Other fees	-	-	-	-	-	-	657,827	-	657,827
70800	Other government grants	-	-	-	-	-	3,203,530	-	(2,286,118)	917,412
71100	Investment income - unrestricted	-	91,903	-	1,840	2,978	197,178	14,276	-	308,175
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	33,026	-	-	-	-	-	-	-
71500	Other revenue	-	28,650	-	-	3,066	285,394	641	-	317,751
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-
70000	TOTAL REVENUE	356,533	44,766,777	213,630	369,513	1,451,719	5,572,089	1,890,362	(3,503,736)	50,716,887
EXPENSES:										
Administrative										
91100	Administrative salaries	-	925,321	-	10,754	41,257	909,115	759,016	-	2,645,463
91200	Auditing fees	-	12,930	-	126	-	3,350	631	-	17,037
91300	Outside management fees	-	756,964	-	20,763	16,067	517,975	-	(798,709)	513,060
91310	Book-keeping fee	-	341,543	-	-	-	540	-	(342,083)	-
91400	Advertising and marketing	-	5,136	-	-	-	611	1,194	-	6,941
91500	Employee benefit contributions- administrative	-	693,056	-	8,341	30,711	450,572	637,000	-	1,819,680
91600	Office expenses	-	463,794	-	324	1,695	114,496	208,602	-	788,911
91700	Legal expenses	-	44,818	-	-	-	13,539	9,513	-	67,870
91800	Travel	-	9,355	-	-	-	5,600	15,139	-	30,094
91810	Allocated overhead	-	-	-	-	-	-	-	-	-
91900	Other	-	111,462	-	344,559	6,709	93,385	68,325	-	624,440
	Total administrative	-	3,364,379	-	384,867	96,439	2,109,183	1,699,420	(1,140,792)	6,513,496
92000	Asset Management Fee	-	-	-	-	-	-	-	-	-
Tenant services										

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March 31, 2020										
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92100	Tenant services - salaries	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-	15,604	-	-	15,604
	Total tenant services	-	-	-	-	-	15,604	-	-	15,604
	Utilities									
93100	Water	-	-	-	-	-	225,141	-	-	225,141
93200	Electricity	-	-	-	-	-	279,496	-	-	279,496
93300	Gas	-	-	-	-	-	90,815	-	-	90,815
93400	Fuel	-	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	12,415	-	-	12,415
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-	-
	Total utilities	-	-	-	-	-	607,867	-	-	607,867
	Ordinary maintenance & operation									
94100	Ordinary maintenance and operations - labor	-	-	-	-	-	420,670	134,191	-	554,861
94200	Ordinary maintenance and operations - materials & other	-	-	-	-	-	52,895	3,711	-	56,606
94300	Ordinary maintenance and operations - contract costs	-	-	-	-	-	837,144	8,072	(76,826)	768,390
94500	Employee benefit contributions- ordinary maintenance	-	-	-	-	-	283,193	59,663	-	342,856
	Total ordinary maintenance	-	-	-	-	-	1,593,902	205,637	(76,826)	1,722,713
	Protective services									
95100	Protective services - labor	-	-	-	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-	-	-	-
	Total protective services	-	-	-	-	-	-	-	-	-
	General expenses									
96100	Insurance premiums	-	-	-	-	-	-	-	-	-
96110	Property Insurance	-	-	-	-	-	133,234	-	-	133,234
96120	Liability Insurance	-	11,665	-	118	119	-	11,520	-	23,422
96130	Workmen's Compensation	-	17,923	-	193	185	26,310	18,604	-	63,215
96200	Other general expenses	-	37,092	-	-	-	575,758	-	-	612,850
96210	Compensated absences	-	-	-	-	-	2,398	17,986	-	20,384
96300	Payments in lieu of taxes	-	-	-	-	-	114,462	-	-	114,462
96400	Bad debt - tenant rents	-	-	-	-	-	115,696	-	-	115,696

BERGEN COUNTY HOUSING AUTHORITY										
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11030	Beginning equity	-	805,007	109,750	26,633	13,376,348	(2,753,199)	-	11,564,539	
11040	Prior period adjustments and equity transfers	(356,533)	(96,952)	96,952	-	356,533	-	-	-	
11170	Administrative fee equity	-	(426,488)	-	-	-	-	-	(426,488)	
11180	Housing assistance payments equity	-	58,692	-	-	-	-	-	58,692	
11190	Unit months available	-	49,008	-	1,277	6,048	-	-	56,333	
11210	Number of unit months leased	-	45,539	253	1,260	5,925	-	-	52,977	
	Equity Roll Forward Test:									
	Calculation from R/E Statement	\$ -	\$ (767,796)	\$ -	\$ 4,869	\$ 10,388,672	\$ (2,821,291)	\$ -	\$ 6,898,539	
	B/S Line 513	\$ -	\$ (767,796)	\$ -	\$ 4,869	\$ 10,388,672	\$ (2,821,291)	\$ -	\$ 6,898,539	
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	