

BERKELEY HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023
WITH
REPORT OF INDEPENDENT AUDITORS

BERKELEY HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| Report of Independent Auditors | 1-3 |
| Management's Discussion and Analysis | 4-12 |
| Financial Statements: | |
| Statement of Net Position | 13-14 |
| Statement of Revenues, Expenses and Changes in Net Position | 15 |
| Statement of Cash Flows | 16-17 |
| Notes to Financial Statements | 18-38 |
| 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 <i>Government Auditing Standards</i> | 39-40 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 41-43 |
| Supplementary Information: | |
| Schedule of Expenditures of Federal Awards | 44 |
| Notes to Schedule of Expenditures of Federal Awards | 45 |
| Schedule of Findings and Questioned Costs | 46-48 |
| Required Pension Information | 49-50 |
| Required Other Post Employment Benefits Information | 51-52 |
| Financial Data Schedule | 53-62 |

REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Berkeley Housing Authority:

Opinion

We have audited the accompanying financial statements of the Berkeley Housing Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension information and required other post employment benefits 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic 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 basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

Other Matters (continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradec & Company LLP

March 18, 2024
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The Berkeley Housing Authority (the "Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 13 of the Audit Report).

FINANCIAL CONTACT

The individual to be contacted regarding this report is the Executive Director of the Authority, at (510) 981-5470. Specific requests may be submitted to the Executive Director, Berkeley Housing Authority, 1947 Center Street, 5th Floor, Berkeley, California, 94704.

FINANCIAL HIGHLIGHTS

- The Authority's net position increased by \$652 thousand or 5.58% during fiscal year ended June 30, 2023. Net Position was \$12.3 million in 2023 and \$11.7 million in 2022, respectively.
- Operating revenues increased by approximately \$1.8 million or 5.05% from \$35.7 million in 2022 to \$37.5 million in 2023. The increase in operating revenues is attributed mainly to an increase in HUD Operating Grants of \$1.9 million.
- Operating expenses for all Authority programs increased by approximately \$2.5 million or 7.22%. Total operating expenses were \$37.3 million in 2023 and \$34.8 million in 2022.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

USING THIS ANNUAL REPORT

The Report includes three major sections, the MD&A, Financial Statements, and Other Required Supplementary Information:

MD&A

~ Management's Discussion
and Analysis ~

Financial Statements

~ Authority-wide Financial Statements – pages 13 - 17
~ Notes to Financial Statements – pages 18 - 38

Other Required Supplementary Information

~ Required Supplementary Information pages 44 - 62
(other than MD&A)

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into a total for the entire Authority.

These Statements include a Statement of Net Position which is similar to a Balance Sheet. The statement is presented in the format where assets plus deferred outflows of resources, minus liabilities plus deferred inflows of resources, equal, "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".

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Authority-Wide Financial Statements (continued)

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, 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 resources, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of resources that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). 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. The focus of the Statement of Revenues, Expenses and Changes in Net Position is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Financial Statements

Traditional users of governmental financial statements will find the Financial Statements presentation more familiar.

Many of the grants maintained by the Authority are required by the Department of Housing and Urban Development ("HUD"). Others are segregated to enhance accountability and control.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The Authority's Programs

Section 8 Housing Choice Vouchers Program

Under the Housing Choice Voucher Program, commonly referred to as Section 8 tenant-based assistance, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent between 30% and 40% of household income. HUD provides the Authority with two separate funding amounts; one for housing assistance payments and the other for administrative expenses to operate the program.

Mainstream Vouchers

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

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Section 8 Moderate Rehabilitation

Under the Section 8 Moderate Rehabilitation, the Authority enters into the Annual Contributions Contract with HUD in connection with moderate rehabilitation of residential properties that, when rehabilitation is completed, will contain multiple single room dwelling units.

Other Funds

In addition to the funds described above, the Authority also maintains the following programs.

Other Federal Programs

State & Local Programs

Blended Component Unit (Affordable Housing Berkeley, Inc.)

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

AUTHORITY-WIDE STATEMENT

The following table reflects the condensed Statements of Net Position compared to prior year.

TABLE 1

STATEMENTS OF NET POSITION

| | June 30, 2023 | June 30, 2022 | Increase (Decrease) | Percent Variance |
|--|----------------------|----------------------|------------------------|---------------------|
| Assets: | | | | |
| Cash & other current assets | \$ 4,885,184 | \$ 4,324,143 | \$ 561,041 | 12.97% |
| Capital assets, net | 2,703,671 | 2,730,709 | (27,038) | -0.99% |
| Other assets | 9,778,975 | 9,690,651 | 88,324 | 0.91% |
| Deferred outflows of resources | 826,454 | 496,613 | 329,841 | 66.42% |
| Total assets and deferred outflows of resources | <u>18,194,284</u> | <u>17,242,116</u> | <u>952,168</u> | 5.52% |
| Liabilities: | | | | |
| Current liabilities | 587,459 | 494,135 | 93,324 | 18.89% |
| Noncurrent liabilities | 4,865,982 | 4,149,740 | 716,242 | 17.26% |
| Deferred inflows of resources | 413,461 | 922,915 | (509,454) | -55.20% |
| Total liabilities and deferred inflows of resources | <u>5,866,902</u> | <u>5,566,790</u> | <u>300,112</u> | 5.39% |
| Net position: | | | | |
| Invested in capital assets | 2,703,671 | 2,730,709 | (27,038) | -0.99% |
| Restricted net position | 5,508,845 | 5,663,382 | (154,537) | -2.73% |
| Unrestricted net position | <u>4,114,866</u> | <u>3,281,235</u> | <u>833,631</u> | 25.41% |
| Total net position | <u>\$ 12,327,382</u> | <u>\$ 11,675,326</u> | <u>\$ 652,056</u> | 5.58% |

Major Factors Affecting the Statements of Net Position:

- During 2023, total net position increased by \$652 thousand, primarily due to an increase in unrestricted net position in the amount of \$833 thousand offset by decreases in invested in capital assets in the amount of \$27 thousand and restricted net position in the amount \$154 thousand.
- Cash and other current assets increased \$561 thousand from FY 2022 to FY 2023, primarily due to the Authority increasing its cash position by \$325 thousand and an increase in accounts receivable of \$223 thousand.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

AUTHORITY-WIDE STATEMENT (continued)

- Other assets increased \$88 thousand from FY 2022 to FY 2023, primarily due to an increase in accrued interest receivable of \$366 thousand offset by decreases in restricted cash of \$169 thousand and right-of-use assets of \$109 thousand.
- Current liabilities increased \$93 thousand from \$494 thousand in FY 2022 to \$587 thousand in FY 2023. The increase is primarily due to increase in accounts payable in the amount of \$199 thousand offset by decreases in accrued wages, unearned revenues and other current liabilities in the amounts of \$13 thousand, \$71 thousand, and \$14 thousand, respectively.

TABLE 2

CHANGE IN NET POSITION

| | June 30, 2023 | June 30, 2022 | Increase (Decrease) | Percent Variance |
|--|---------------|---------------|------------------------|---------------------|
| Operating revenue & expense | | | | |
| Operating revenue | \$ 37,502,558 | \$ 35,698,222 | \$ 1,804,336 | 5.05% |
| Operating expenses | 37,322,459 | 34,808,361 | 2,514,098 | 7.22% |
| Operating gain | 180,099 | 889,861 | (709,762) | -79.76% |
| Non-operating revenues & expenses | 471,957 | 347,594 | 124,363 | 35.78% |
| Increase in net position | 652,056 | 1,237,455 | (585,399) | -47.31% |
| Net position, beginning of year (as originally reported) | 11,675,326 | 10,468,176 | 1,207,150 | 11.53% |
| Prior Period Adjustment - adoption of GASB 87 | - | (30,305) | 30,305 | -100.00% |
| Net position, beginning of year (as restated) | 11,675,326 | 10,437,871 | 1,237,455 | 11.86% |
| Net position, end of year (restated) | \$ 12,327,382 | \$ 11,675,326 | \$ 652,056 | 5.58% |

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

AUTHORITY-WIDE STATEMENT (continued)

TABLE 3 REVENUES BY SOURCE

| | June 30, 2023 | June 30, 2022 | Increase (Decrease) | Percent Variance |
|-----------------------------------|----------------------|----------------------|------------------------|---------------------|
| Operating revenue | | | | |
| HUD and Other Governmental grants | \$ 37,244,787 | \$ 35,310,053 | \$ 1,934,734 | 5.48% |
| Other income | 257,771 | 388,169 | (130,398) | -33.59% |
| Total operating revenue | <u>37,502,558</u> | <u>35,698,222</u> | <u>1,804,336</u> | <u>5.05%</u> |
| Non-operating revenues | | | | |
| Investment income | 136,873 | 185,291 | (48,418) | -26.13% |
| Mortgage interest income | 335,084 | 162,303 | 172,781 | 106.46% |
| Total non-operating revenues | <u>471,957</u> | <u>347,594</u> | <u>124,363</u> | <u>35.78%</u> |
| Total revenues | <u>\$ 37,974,515</u> | <u>\$ 36,045,816</u> | <u>\$ 1,928,699</u> | <u>5.35%</u> |

- Total Revenue increased by approximately \$1.9 million thousand or 5.35% in 2023 in comparison to 2022. This is primarily attributed to the following:
- An increase of \$1.9 million in HUD and Other Governmental grants due to an increase in units months lease during 2023 offset by a decrease of \$130 thousand in other revenues due to the forgiveness of debt received from the City of Berkeley during 2022.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

AUTHORITY-WIDE STATEMENT (continued)

TABLE 4

OPERATING EXPENSES

| | June 30, 2023 | June 30, 2022 | Increase (Decrease) | Percent Variance |
|-----------------------------|----------------------|----------------------|------------------------|---------------------|
| Administrative | \$ 2,496,449 | \$ 2,223,325 | \$ 273,124 | 12.28% |
| Tenant services | - | 37,959 | (37,959) | -100.00% |
| Insurance | 39,455 | 42,790 | (3,335) | -7.79% |
| General expense | - | 47,144 | (47,144) | -100.00% |
| Housing assistance payments | 34,754,949 | 32,432,636 | 2,322,313 | 7.16% |
| Depreciation | 31,606 | 24,507 | 7,099 | 28.97% |
| | <u>\$ 37,322,459</u> | <u>\$ 34,808,361</u> | <u>\$ 2,514,098</u> | <u>7.22%</u> |

Operating expenses increased by 7.22% during 2023 in comparison to 2022.

Major factors affecting expenses is as follows:

- Administrative expense increased by \$273 thousand primarily due to an increase in employee benefits expense related to the Authority's pension plans during 2023.
- Housing assistance payments expense increased \$2.3 million primarily due an increase in unit months leased by approximately 958 from 2022 to 2023.

**BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2023, the Authority had \$2.7 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase over the previous fiscal year (additions, deductions and depreciation) of \$27 thousand or 0.99%.

| | June 30, 2023 | June 30, 2022 | Increase (Decrease) | Percent Variance |
|--------------------------------|---------------------|---------------------|------------------------|---------------------|
| Land | \$ 2,579,621 | \$ 2,579,621 | \$ - | 0.00% |
| Buildings | 71,568 | 204,174 | (132,606) | -64.95% |
| Equipment | 122,250 | 117,682 | 4,568 | 3.88% |
| Construction in progress | - | - | - | 0.00% |
| | <u>2,773,439</u> | <u>2,901,477</u> | <u>(128,038)</u> | <u>-4.41%</u> |
| Less: accumulated depreciation | <u>(69,768)</u> | <u>(170,768)</u> | <u>101,000</u> | <u>-59.14%</u> |
| Capital assets, net | <u>\$ 2,703,671</u> | <u>\$ 2,730,709</u> | <u>\$ (27,038)</u> | <u>-0.99%</u> |

Depreciation expense for the year ended June 30, 2022, amounted to \$32 thousand.

The Authority had capital purchases of \$5 thousand for the year ended June 30, 2022.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL STATEMENTS

BERKELEY HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

| | |
|-----------------------------|-------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 4,583,644 |
| Accounts receivable, net | 287,909 |
| Prepaid expenses | <u>13,774</u> |
| Total current assets | <u>4,885,327</u> |
| Non-current assets: | |
| Restricted cash | 5,582,156 |
| Notes receivable | 648,331 |
| Accrued interest receivable | 537,627 |
| Right-of-use asset, net | 3,010,718 |
| Capital assets, net | <u>2,703,671</u> |
| Total non-current assets | <u>12,482,503</u> |
| Total assets | <u>17,367,830</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|----------------------|
| State of California PERS | 727,696 |
| City of Berkeley RHPAP | <u>98,758</u> |
| Total deferred outflows of resources | <u>826,454</u> |
| Total assets and deferred outflows of resources | <u>\$ 18,194,284</u> |

BERKELEY HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
JUNE 30, 2023

LIABILITIES

| | |
|---|------------------|
| Current liabilities: | |
| Accounts payable | \$ 334,489 |
| Accrued expenses | 17,441 |
| Unearned revenues | 105,346 |
| Accrued compensated absences, current | 18,451 |
| Lease liability, current | 39,308 |
| Other current liabilities | <u>72,424</u> |
| Total current liabilities | <u>587,459</u> |
| Non-current liabilities: | |
| Accrued compensated absences, non-current | 104,549 |
| Accrued pension liability | 1,403,081 |
| Accrued OPEB liability | 206,455 |
| Lease liability, non-current | <u>3,151,897</u> |
| Total non-current liabilities | <u>4,865,982</u> |
| Total liabilities | <u>5,453,441</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|----------------|
| State of California PERS | 22,794 |
| City of Berkeley RHPAP | <u>390,667</u> |
| Total deferred inflows of resources | <u>413,461</u> |

NET POSITION

| | |
|---|----------------------|
| Net position: | |
| Net investment in capital assets | 2,703,671 |
| Restricted | 5,509,732 |
| Unrestricted | <u>4,113,979</u> |
| Total net position | <u>12,327,382</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 18,194,284</u> |

**BERKELEY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

| | |
|---------------------------------------|-----------------------------|
| Operating revenues: | |
| HUD operating grants | \$ 37,244,787 |
| Other revenues | <u>257,771</u> |
| Total operating revenues | <u>37,502,558</u> |
| Operating expenses: | |
| Administrative | 2,496,449 |
| Insurance | 39,455 |
| Housing assistance payments | 34,754,949 |
| Depreciation | <u>31,606</u> |
| Total operating expenses | <u>37,322,459</u> |
| Operating income | <u>180,099</u> |
| Non-operating revenues: | |
| Investment income | 136,873 |
| Mortgage interest income | <u>335,084</u> |
| Total non-operating revenues | <u>471,957</u> |
| Change in net position | 652,056 |
| Total net position, beginning of year | <u>11,675,326</u> |
| Total net position, end of year | <u><u>\$ 12,327,382</u></u> |

**BERKELEY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

| | |
|---|----------------------|
| Cash Flows from Operating Activities: | |
| Cash received from grantors | \$ 37,106,427 |
| Cash received from other sources | 230,762 |
| Cash paid to employees | (2,400,007) |
| Cash paid to vendors and suppliers | <u>(34,846,515)</u> |
| Net cash provided by operating activities | <u>90,667</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Purchase of capital assets | (4,568) |
| Payments on lease payable | <u>(35,551)</u> |
| Net cash used in capital and related financing activities | <u>(40,119)</u> |
| Cash Flows from Investing Activities: | |
| Interest received | <u>105,533</u> |
| Net cash provided by investing activities | <u>105,533</u> |
| Net increase in cash and cash equivalents and restricted cash | 156,081 |
| Cash and cash equivalents and restricted cash, beginning of year | <u>10,009,719</u> |
| Cash and cash equivalents and restricted cash, end of year | <u>\$ 10,165,800</u> |
| Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows: | |
| Cash and cash equivalents | \$ 4,583,644 |
| Restricted cash | <u>5,582,156</u> |
| Cash and cash equivalents and restricted cash | <u>\$ 10,165,800</u> |

BERKELEY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2023

| | |
|--|------------------|
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 180,099 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 31,606 |
| Amortization | 109,481 |
| Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | |
| Accounts receivable, net | (222,567) |
| Prepaid expenses | (13,774) |
| Deferred outflows of resources | (329,841) |
| Accounts payable | 198,781 |
| Accrued expenses | (13,039) |
| Accrued compensated absences | (58,774) |
| Accrued pension liability | 832,138 |
| Accrued OPEB liability | (28,462) |
| Unearned revenue | (71,445) |
| Other liabilities | (14,082) |
| Deferred inflows of resources | <u>(509,454)</u> |
| Net cash provided by operating activities | <u>\$ 90,667</u> |

**BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Berkeley Housing Authority (the "Authority") is a governmental, public organization created under federal and state housing laws 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 the City of Berkeley (the "City"). The Authority is responsible for operating certain low-rent housing programs in the City 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. 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 Supplementary 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.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

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 fee 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 fee 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.

On July 1, 2022, the Authority adopted GASB 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 increases the transparency and comparability among governmental organizations by requiring the recognition of subscription assets and subscription liabilities on the statement of net position by subscribers and the disclosure of key information about subscription arrangements. For the year ended June 30, 2023, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement 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 on the application of the above criteria, this report includes all programs and activities operated by the Authority, including the following blended component unit:

Affordable Housing Berkeley, Inc.

Affordable Housing Berkeley, Inc. ("AHB") was formed on June 15, 2020 as a 501(c)(3) to acquire, provide, develop, finance, rehabilitate, own, and operate decent, safe and sanitary housing affordable to persons and households of low income. AHB is a wholly controlled not-for-profit corporation of the Authority as the Board of Directors of AHB is identical to the Authority's Board of Commissioners.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

Moving to Work Demonstration Program

The purpose of this Moving to Work Demonstration Program is to give the Authority and HUD the flexibility to design and test various approaches for providing and administering housing assistance that: reduce cost and achieve greater cost effectiveness; give incentives to families to obtain employment and become economically self-sufficient; and increase housing choices for low-income families to obtain employment and become economically self-sufficient.

Mainstream Vouchers

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

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Section 8 Moderate Rehabilitation - Single Room Occupancy

The purpose of the Section 8 Moderate Rehabilitation - Single Room Occupancy Program is to provide rental assistance to homeless individuals. Under the program, the Authority enters into an Annual Contributions Contract with HUD in connection with the moderate rehabilitation of residential properties that, when rehabilitation is completed, will contain multiple single room dwelling units.

Other Federal Programs

The Authority has various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Other Federal Programs fund.

State & Local Programs

Periodically, the Authority administers various grants from the State of California and/or the City of Berkeley. These activities as well as the Authority's internal service funds are reported in this fund.

Family Self-Sufficiency Forfeiture Program

During the year ended June 30, 2023, the Authority was awarded Family Self-Sufficiency ("FSS") forfeiture funding. These funds are to be used to support participants in good standing, to train FSS program coordinators or for other eligible activities.

E. 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, deferred outflows of resources, liabilities and deferred inflows of resources, 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 and net pension liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts on hand and in demand deposits, interest-bearing demand deposits, and other investments that mature within 90 days after year-end. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Texas law or under the laws of the United States.

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 treasury investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable, Net

Accounts receivable represent amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

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

H. 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.

I. Prepaid Expenses

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

J. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Right-of-Use Assets and Liabilities

The Authority determines if an arrangement is a lease at inception. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

The Authority recognizes a lease liability and an intangible right-of-use lease asset at the commencement of the lease term, unless the lease is a short term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term, less any lease incentives. The right-of-use lease assets are measured at the amount of the initial measurement of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus any lease incentives received from the lessor.

The Authority discounts future lease payments utilizing the interest rate that is stated in or which may be implicit in the lease. If the interest rate cannot be readily determined, the Authority will utilize its incremental borrowing rate. Lease expense is recognized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

L. Capital Assets, Net

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 are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- | | |
|---------------------------|----------|
| • Buildings | 30 Years |
| • Improvements | 10 Years |
| • Furniture and Equipment | 5 Years |

The Authority has established a capitalization threshold of \$2,000.

M. 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 the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended June 30, 2023, there were no impairment losses incurred.

N. Accounts Payable and Accrued Liabilities

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

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Compensated Absences

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

P. Unearned Revenue

The Authority's unearned revenue primarily consists of grants received in advance of meeting their timing requirements.

Q. 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 California 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.

R. Other Post Employment Benefits

For purposes of measuring the net Other Post Employment Benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, and OPEB expense, and information about the fiduciary net position of the City of Berkeley Retirement Health Premium Assistance Plan ("RHPAP") and additions to/deductions from RHPAP's fiduciary net position have been determined on the same basis as they are reported by RHPAP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Deferred Outflows of Resources and Deferred 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.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Net Position Classifications

Net position is classified 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, construction or improvement of those assets.

Restricted net position — 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 net position — All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

U. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority’s policy to use restricted resources first, and then unrestricted resources as needed.

V. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

W. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD’s program year end or at the end of grant periods.

X. Taxes

The Authority is a unit of local government under the State of California law and is exempt from real estate, sales, franchise and income taxes by both the federal and state governments.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Economic Dependency

The programs of the Authority are economically dependent on grants and subsidies from HUD. These programs operate at a loss prior to receiving the grants.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of June 30, 2023, the Authority had funds on deposit in checking and savings accounts. The carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$10,165,800, and the bank balances approximated \$10,229,205.

| <u>Cash Category</u> | <u>Amount</u> |
|---------------------------------|----------------------|
| Unrestricted | \$ 4,583,644 |
| Restricted | <u>5,582,156</u> |
| Total cash and cash equivalents | <u>\$ 10,165,800</u> |

Of the bank balances, \$949,787 was covered by federal depository insurance and the remaining \$9,279,418 was collateralized with the pledging financial institutions as of June 30, 2023.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of June 30, 2023, the Authority's bank balances were not exposed to custodial credit risk.

The Authority is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each government agency may invest up to \$30,000,000 in each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At June 30, 2023, an account was maintained in the name of the Authority for \$4,835,641. The total cost value of investment in LAIF was \$4,835,641. As of LAIF June 30, 2023, accrued interest on the investment totaled \$40,419. LAIF is a part of the State of California Pooled Money Investment Account ("PMIA"). At June 30, 2023, the fair value of the PMIA, including accrued interest, was \$439,622,434.

The PMIA portfolio had securities in the form of structured notes totaling \$1.725 million and asset-backed securities totaling \$1.675 million. The PMIA has policies, goals and objectives for the portfolio to make certain that the goals of safety, liquidity, and yield are not jeopardized. These policies are formulated by investment staff and reviewed by both the PMIA and LAIF Advisory Boards on an annual basis.

During 2002, California Government code was added to the LAIF's enabling legislation stating that "the right of a city, county...special district...to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year." In addition, it has been determined that the State of California cannot declare bankruptcy under Federal regulations. This allows another government code stating that "money placed with the state treasurer for deposit in the LAIF shall not be subject to ...transfer or loan...or impound or seizure by any state official or state agency" to stand.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of June 30, 2023:

| <u>Description</u> | <u>Amount</u> |
|-------------------------------------|-------------------|
| Accounts receivable - HUD | \$ 254,894 |
| Accounts receivable - PHA projects | 11,253 |
| Accounts receivable - miscellaneous | <u>21,762</u> |
| Total accounts receivable, net | <u>\$ 287,909</u> |

Accounts Receivable - HUD

As of June 30, 2023, accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under the Moving to Work Demonstration, Mainstream Vouchers and Emergency Housing Vouchers Programs that have not yet been received. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - PHA Projects

Accounts receivable - PHA projects represents amounts owed to the Authority by other Public Housing Authorities under the portability provisions of the Moving to Work Demonstration and Emergency Housing Vouchers Programs. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed from miscellaneous sources from normal ongoing operations. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

NOTE 4. RESTRICTED DEPOSITS

As of June 30, 2023, restricted deposits consisted of the following:

| <u>Cash Category</u> | <u>Amount</u> |
|-------------------------------------|---------------------|
| Housing assistance payment reserves | \$ 284,724 |
| FSS program escrows | 72,424 |
| FSS forfeiture funds | 4,027 |
| Disposition proceeds reserves | <u>5,220,981</u> |
| Total restricted deposits | <u>\$ 5,582,156</u> |

Housing assistance payment reserves are restricted for use only in the Moving to Work Demonstration and Mainstream Vouchers Programs for future housing assistance payments.

FSS program escrows are restricted for use in the Moving to Work Demonstration Program by program participants.

FSS forfeiture funds are restricted to be used to support participants in good standing, to train FSS program coordinators or for other eligible activities.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 4. RESTRICTED DEPOSITS (continued)

Disposition proceeds reserves represent proceeds received from the disposition of Public and Indian Housing units. These funds are restricted for future rehabilitation projects and administrative costs with approval by HUD.

NOTE 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

On January 1, 2021, the Authority entered into a lease agreement (the “administrative lease”) as a lessee to rent administrative office space. The term of the administrative lease was for ten years, commencing on January 1, 2021 and terminating on December 31, 2030, with two ten years options to extend. At commencement of the administrative lease, base rent in the amount of \$10,881 was due on the first of each month, and the lease had an implicit interest rate of 3%. On July 1, 2021, an initial right-of-use asset was recorded in the amount of \$3,284,419, net of accumulated amortization in the amount of \$54,740. As of June 30, 2023, the carrying value of the right-of-use asset was \$3,010,718. Amortization and interest expense for the year ended June 30, 2023 totaled \$109,481 and \$96,326, respectively.

The following is a summary of the primary government's changes in right-of-use assets during the year ended June 30, 2023:

| Description | June 30, 2022 | Additions | Dispositions | Transfers | June 30, 2023 |
|--------------------------------|---------------------|---------------------|--------------|-------------|---------------------|
| Right-of-use assets | \$ 3,284,419 | \$ - | \$ - | \$ - | \$ 3,284,419 |
| Less: accumulated amortization | <u>164,220</u> | <u>109,481</u> | <u>-</u> | <u>-</u> | <u>273,701</u> |
| Net right-of-use assets | <u>\$ 3,120,199</u> | <u>\$ (109,481)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,010,718</u> |

The lease liability as of June 30, 2023 was \$3,191,205. Annual lease payments for principal and interest for the next five years and thereafter are as follows:

| Year | Principal | Interest | Total |
|------------|---------------------|---------------------|---------------------|
| 2024 | \$ 39,308 | \$ 95,208 | \$ 134,516 |
| 2025 | 43,231 | 93,976 | 137,207 |
| 2026 | 47,328 | 92,623 | 139,951 |
| 2027 | 51,605 | 91,145 | 142,750 |
| 2028 | 56,069 | 89,536 | 145,605 |
| Thereafter | <u>2,953,664</u> | <u>1,076,162</u> | <u>4,029,826</u> |
| | <u>\$ 3,191,205</u> | <u>\$ 1,538,650</u> | <u>\$ 4,729,855</u> |

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 6. CAPITAL ASSETS, NET

The following is a summary of the Authority's changes in capital assets for the year ended June 30, 2023:

| Description | June 30, 2022 | Additions | Dispositions | Transfers | June 30, 2023 |
|--------------------------------|---------------------|--------------------|------------------|-------------|---------------------|
| <u>Non-depreciable:</u> | | | | | |
| Land | \$ 2,579,621 | \$ - | \$ - | \$ - | \$ 2,579,621 |
| <u>Depreciable:</u> | | | | | |
| Buildings and improvements | 204,174 | - | (132,606) | - | 71,568 |
| Furniture and equipment | 117,682 | 4,568 | - | - | 122,250 |
| Subtotal | <u>321,856</u> | <u>4,568</u> | <u>(132,606)</u> | <u>-</u> | <u>193,818</u> |
| Less: accumulated depreciation | <u>170,768</u> | <u>31,606</u> | <u>(132,606)</u> | <u>-</u> | <u>69,768</u> |
| Net capital assets | <u>\$ 2,730,709</u> | <u>\$ (27,038)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,703,671</u> |

Depreciation expense for the primary government for the year ended June 30, 2023 amounted to \$31,606.

NOTE 7. NOTES RECEIVABLE

Outstanding notes receivable as of June 30, 2023 consisted of the following:

On February 14, 2014, the Authority entered into a promissory note with Berkeley 75 Housing Partners, LP in the amount of \$11,834,479. The loan accrues interest at 3.27% and payments are due from available cash flow. The loan matures in 2069, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by the property. As of June 30, 2023, the loan balance is shown net of an allowance of \$9,278,491 and accrued interest on the loan totaled \$497,208.

\$ 648,331

NOTE 8. ACCOUNTS PAYABLE

As of June 30, 2023, accounts payable consisted of the following:

| <u>Description</u> | <u>Amount</u> |
|----------------------------|-------------------|
| Accounts payable - vendors | \$ 107,055 |
| Accounts payable - HUD | <u>227,434</u> |
| Total accounts payable | <u>\$ 334,489</u> |

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 8. ACCOUNTS PAYABLE

Accounts Payable - HUD

As of June 30, 2023, accounts payable - HUD consisted of amounts payable to the Department of Housing and Urban Development due to overpayment of subsidies.

NOTE 9. NON-CURRENT LIABILITIES

Non-current liabilities activity for the year ended June 30, 2023 consisted of the following:

| Description | June 30, 2022 | Additions | Reductions/ Payments | June 30, 2023 | Amounts due within one Year |
|---------------------------------|---------------------|-------------------|-------------------------|---------------------|-----------------------------------|
| Accrued compensated absences | \$ 181,774 | \$ 65,486 | \$ (124,260) | \$ 123,000 | \$ 18,451 |
| Lease liability | 3,226,756 | - | (35,551) | 3,191,205 | 39,308 |
| Family Self-Sufficiency escrows | 87,539 | - | (15,115) | 72,424 | 72,424 |
| Pension liability | 570,943 | 832,138 | - | 1,403,081 | - |
| OPEB liability | <u>234,917</u> | <u>-</u> | <u>(28,462)</u> | <u>206,455</u> | <u>-</u> |
| Total non-current liabilities | <u>\$ 4,301,929</u> | <u>\$ 897,624</u> | <u>\$ (203,388)</u> | <u>\$ 4,996,165</u> | <u>\$ 130,183</u> |

NOTE 10. PENSION PLAN

A. Plan Description

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the PERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information, is listed in the June 30, 2022 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at PERS' website under "Forms and Publications". All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple-employer defined benefit pension plans administered by the PERS. Benefit provisions under the plans are established by State statute and the Authority's resolution. The PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the PERS website at <https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf>.

B. Benefits

The PERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at a minimum age of 55; for new members hired effective on or after January 1, 2013, there are statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law ("PERL").

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 10. PENSION PLAN (continued)

C. Contributions

Section 20814(c) of the PERL requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the PERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the costs of benefits earned by employees during the year, with an additional amount to pay any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

At June 30, 2023, the Authority reported a liability of \$1,403,081, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and rolled forward to June 30, 2022.

For the year ended June 30, 2023, the Authority recognized pension expense of \$3,996. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 28,177 | \$ 18,871 |
| Changes in assumptions | 143,775 | - |
| Net differences between projected and actual earnings on plan investments | 257,007 | - |
| Changes in employer's proportion | 57,351 | - |
| Differences between the employer's contributions and the employer's proportionate share of contributions | 8,015 | 3,923 |
| Pension contributions subsequent to measurement date | <u>233,371</u> | <u>-</u> |
| Total | <u>\$ 727,696</u> | <u>\$ 22,794</u> |

The Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30: | <u>Amount</u> |
|----------------------|-------------------|
| 2024 | \$ 140,451 |
| 2025 | 114,159 |
| 2026 | 59,725 |
| 2027 | 157,196 |
| 2028 | - |
| Thereafter | <u>-</u> |
| | <u>\$ 471,531</u> |

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 10. PENSION PLAN (continued)

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions.

| | |
|-----------------------------------|---|
| Discount Rate: | 6.90% |
| Inflation: | 2.30% |
| Salary increases: | Varies by Entry Age and Service |
| Mortality: | Derived using PERS' Membership Data for all Funds* |
| Post-retirement benefit increase: | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

* The mortality table used was developed based on the PERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 80% of Scale MP 2020. For more details on this table, please refer to the 2021 experience study report that can be found on the PERS website.

F. Long-Term Expected Rate of Return

The long-term expected rate of return was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, the PERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 10. PENSION PLAN (continued)

F. Long-Term Expected Rate of Return (continued)

The expected real rates of return by asset class are as follows:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return Years 1 - 10*</u> |
|----------------------------------|---------------------------------|----------------------------------|
| Global equity - cap-weighted | 30.00% | 4.45% |
| Global equity - non-cap-weighted | 12.00% | 3.84% |
| Private equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-backed Securities | 5.00% | 0.50% |
| Investment Grade Corporates | 10.00% | 1.56% |
| High Yield | 5.00% | 2.27% |
| Emerging Market Debt | 5.00% | 2.48% |
| Private Debt | 5.00% | 3.57% |
| Real assets | 15.00% | 3.21% |
| Leverage | -5.00% | -0.59% |

*An expected inflation of 2.30% used for this period. Figures are based on the 2021-22 Asset Liability Management study.

G. Discount Rate

The discount rate used to measure the total pension liability was 6.90% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at the current member contribution rates and that contributions from employers will be made at a statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine 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 6.90 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 (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate.

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|--|------------------------|--------------------------|------------------------|
| Authority's proportionate share of the net pension liability | \$ <u>2,235,839</u> | \$ <u>1,403,081</u> | \$ <u>717,928</u> |

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 11. OPEB PLAN

A. Plan Description

Eligible retirees receive health care coverage through a plan offered by the Authority through the City of Berkeley RHPAP. Employees who retire from the Authority are eligible for health benefits beginning on or after age 55 if they terminate service from the Authority on or after age 50 with at least 8 years of service. Retirees can select from among any of the health plans offered to active employees. A retiree living outside the coverage area of the Authority's health plans can select an out-of-area plan.

Retirement cost sharing provisions for the retiree health plan are as follows:

- Benefits are payable for the retiree's lifetime and continue for his or her covered spouse's/domestic partner's lifetime. The Authority pays the cost of the monthly premiums up to a participant's applicable percentage of the Base Dollar Amount and subject to annual 4.5% increases as specified in the RHPAP documents. A participant's applicable percentage is based on years of service with the Authority.
- The Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued.

B. Covered Participants

As of June 30, 2023, the measurement date, the following numbers of participants were covered by the benefit terms:

| | <u>Number of Covered Participants</u> |
|--|---|
| Inactives currently receiving benefits | 1 |
| Inactives entitled to but not yet receiving benefits | 3 |
| Active employees | <u>11</u> |
| Total | 15 |

C. Contributions

The RHPAP and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Authority and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, the Authority's cash contributions, excluding the implicit rate subsidy, were \$43,433.

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

At June 30, 2023, the Authority reported a liability of \$206,455, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and rolled forward to June 30, 2023.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 11. OPEB PLAN (continued)

For the year ended June 30, 2023, the Authority recognized OPEB benefit of \$39,615. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 157,638 |
| Changes in assumptions | 98,758 | 203,290 |
| Net differences between projected and actual investment earnings on plan investments | <u>-</u> | <u>29,739</u> |
| Total | <u>\$ 98,758</u> | <u>\$ 390,667</u> |

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

| | <u>Amount</u> |
|----------------------|---------------------|
| Year ending June 30: | |
| 2024 | \$ (50,025) |
| 2025 | (50,881) |
| 2026 | (47,931) |
| 2027 | (42,741) |
| 2028 | (46,674) |
| Thereafter | <u>(53,657)</u> |
| | <u>\$ (291,909)</u> |

E. Actuarial Assumptions

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

| | |
|---|---|
| Contribution Policy: | Authority contributes between 3.75% and 5.75% of active pay based on employee group |
| Discount Rate: | 3.65% |
| Long-Term Expected Rate of Return on Assets: | 2.75% |
| General Inflation: | 2.50% annually |
| Mortality, Retirement, Disability, Termination: | CalPERS 2000-2019 Experience Study |
| Mortality Improvement: | Mortality projected fully generational with Scale MP-2021 |

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 11. OPEB PLAN (continued)

E. Actuarial Assumptions (continued)

| | |
|---|--|
| Salary Increases: | Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study |
| Medical Trend: | Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 |
| Crossover Test: | Bond rate is greater than long-term expected rate of return on assets. No crossover test was performed. |
| Cap Increases: | Kaiser retiree premium increase up to a maximum of 4.50% annually |
| Healthcare participation for future retirees: | Pre-65: 60% Post-65: 95% for Local 1, 80% for other groups |
| Changes of assumptions: | Discount rate was updated based on municipal bond rate as of the measurement date |
| Changes of benefit terms: | None |

F. Long-Term Expected Rate of Return

The long-term expected rate of return was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

| <u>Asset Class</u> | <u>5-Year Average Allocation (A)</u> | <u>Expected Real Rate of Return</u> |
|--|--------------------------------------|-------------------------------------|
| Cash and cash equivalents | 30.00% | (0.50%) |
| Medium Term Notes | 13.00% | 0.78% |
| US Agency Securities | 13.00% | (0.35%) |
| Municipal Bonds | 26.00% | 0.79% |
| Preferred Securities | 17.00% | 1.32% |
| Savo Island Loan | 1.00% | 1.71% |
| Assumed Long-Term Rate of Inflation | | 2.50% |
| Expected Long-Term Net Rate of Return, Rounded | | 2.75% |

(A) Target allocation unknown. Based on the City's June 30, 2018 - June 30, 2022 asset statements for the Miscellaneous OPEB plan.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 11. OPEB PLAN (continued)

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.65%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current rate.

| | 1% Decrease (2.65%) | Discount Rate (3.65%) | 1% Increase (4.65%) |
|---|------------------------|--------------------------|------------------------|
| Authority's proportionate share of the net OPEB liability | \$ <u>347,978</u> | \$ <u>206,455</u> | \$ <u>91,643</u> |

I. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---|------------------|-------------------------------|-------------------|
| Authority's proportionate share of the net OPEB liability | \$ <u>71,338</u> | \$ <u>206,455</u> | \$ <u>325,874</u> |

NOTE 12. RESTRICTED NET POSITION

Restricted net position consists of the following as of June 30, 2023:

| <u>Description</u> | <u>Amount</u> |
|--------------------------------------|---------------------|
| Housing assistance payments reserves | \$ 284,724 |
| FSS forfeiture funds | 4,027 |
| Disposition proceeds reserves | <u>5,220,981</u> |
| Total restricted net position | <u>\$ 5,509,732</u> |

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 12. RESTRICTED NET POSITION (continued)

Housing assistance payment reserves are restricted for use only in the Moving to Work Demonstration and Mainstream Vouchers Programs for future housing assistance payments.

FSS forfeiture funds are restricted to be used to support participants in good standing, to train FSS program coordinators or other eligible activities.

Disposition proceeds reserves represent proceeds received from the disposition of Public and Indian Housing units. These funds are restricted for future rehabilitation projects and administrative costs with approval by HUD.

NOTE 13. CONDENSED FINANCIAL INFORMATION OF THE BLENDED COMPONENT UNIT

The following represents the condensed financial information of AHB as of and for the year ended June 30, 2023.

| | <u>AHB</u> |
|--|--------------------|
| Assets: | |
| Current assets | \$ <u>128,907</u> |
| Total assets | <u>128,907</u> |
| Liabilities: | |
| Current liabilities | 24,163 |
| Non-current liabilities | <u>200,000</u> |
| Total liabilities | <u>224,163</u> |
| Net Position: | |
| Unrestricted | <u>(95,256)</u> |
| Net position | <u>\$ (95,256)</u> |
| Operating expenses: | |
| Administrative, utilities, maintenance, etc. | <u>41,620</u> |
| Total operating expenses | <u>41,620</u> |
| Non-operating revenues (expenses) | <u>(6,347)</u> |
| Change in net position | <u>\$ (47,967)</u> |

NOTE 14. RISK MANAGEMENT

The Authority is exposed to various risks of loss 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.

BERKELEY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2023

NOTE 15. 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 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 June 30, 2023, the Authority estimates that no material liabilities will result from such audits.

NOTE 16. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through March 18, 2024, which is the date the financial statements were available to be issued, and no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**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
Berkeley Housing Authority:

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, the financial statements of the Berkeley Housing Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 18, 2024.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

March 18, 2024
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Berkeley Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Berkeley Housing Authority'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 June 30, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit and 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

Report on Internal Control Over Compliance (continued)

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 the compliance requirements 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 reasonable possibility that material noncompliance with a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Authority's Response to the Internal Control over Compliance Findings

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit and 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.

Novogradac & Company LLP

March 18, 2024
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**BERKELEY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

| <u>Federal Grantor/Program Title</u> | <u>Federal Assistance Listing Number</u> | <u>Grant Expenditures</u> |
|---|--|-------------------------------|
| U.S. Department of Housing and Urban Development: | | |
| Housing Voucher Cluster | | |
| Mainstream Vouchers | 14.879 | 1,747,740 |
| Emergency Housing Vouchers | 14.EHV | <u>1,154,862</u> |
| Total Housing Voucher Cluster | | 2,902,602 |
| Section 8 Moderate Rehabilitation - Single Room Occupancy | 14.249 | 943,022 |
| Moving to Work Demonstration Program | 14.881 | <u>33,440,963</u> |
| Total Expenditures of Federal Awards | | <u>\$ 37,286,587</u> |

See Notes to Schedule of Expenditures of Federal Awards.

BERKELEY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2023. 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 financial 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, 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 not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**BERKELEY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | Yes |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 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: | |

ALN

Name of Federal Program

14.881

Moving to Work Demonstration Program

- | | | |
|----|--|-------------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$1,118,598 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

BERKELEY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2023

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

Finding 2023-001

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

Federal Program Titles: Moving to Work Demonstration Program

Federal Catalog Numbers: 14.881

Noncompliance – E. Eligibility - Tenant Files

Non Compliance Material to the Financial Statements: No

Significant Deficiency in Internal Control over Compliance for Eligibility

Criteria: Tenant Files. The PHA must do the following: As a condition of admission or continued occupancy, require the tenant and other family members 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 documents that were unavailable for examination at the time of audit.

Context: Of a sample size of twenty-eight (28) tenant files, the following information was unavailable for examination at the time of audit:

- HUD-50058 form was missing in one (1) file
- Verification of income and assets was missing in one (1) file

Our sample size is statistically valid.

Known Questioned Costs: \$448

Cause: There is a significant deficiency in internal controls over the compliance for the eligibility type of compliance related to the maintenance of tenant files. The Authority has not maintained and monitored a system of internal controls that reasonably assures the program is in compliance.

Effect: The Moving to Work Demonstration Program is in 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 reasonably assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor. The Authority will increase oversight in the Moving to Work Demonstration Program to ensure that established internal control policies are being followed on a timely basis.

BERKELEY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2023

IV. Schedule of Prior Year Federal Audit Findings

Finding 2022-001

Observation: Based upon inspection of the Authority's files and on discussion with management, there were documents that were unavailable for examination at the time of audit. Of a sample size of twenty-eight (28) tenant files, the following information was unavailable for examination at the time of audit:

- HUD-50058 form was missing in two (2) files
- Verification of income and assets was missing in two (2) files

Status: The finding remains open. See Finding 2023-001.

**BERKELEY HOUSING AUTHORITY
REQUIRED PENSION INFORMATION
JUNE 30, 2023**

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

| | June 30, <u>2015</u> | June 30, <u>2016</u> | June 30, <u>2017</u> | June 30, <u>2018</u> | June 30, <u>2019</u> | June 30, <u>2020</u> | June 30, <u>2021</u> | June 30, <u>2022</u> | June 30, <u>2023</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Contractually required contribution | \$ 191,828 | \$ 158,301 | \$ 165,370 | \$ 173,683 | \$ 187,076 | \$ 189,673 | \$ 212,422 | \$ 239,223 | \$ 233,371 |
| Contributions in relation to the contractually required contribution | <u>191,828</u> | <u>158,301</u> | <u>165,370</u> | <u>173,683</u> | <u>187,076</u> | <u>189,673</u> | <u>212,422</u> | <u>239,223</u> | <u>233,371</u> |
| (Over) / under funded | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered-employee payroll | <u>\$ 1,069,874</u> | <u>\$ 1,079,533</u> | <u>\$ 1,171,215</u> | <u>\$ 1,171,215</u> | <u>\$ 1,099,806</u> | <u>\$ 885,013</u> | <u>\$ 937,205</u> | <u>\$ 1,079,701</u> | <u>\$ 986,759</u> |
| Contributions as a percentage of covered employee payroll | <u>17.93 %</u> | <u>14.66 %</u> | <u>14.12 %</u> | <u>14.83 %</u> | <u>17.01 %</u> | <u>21.43 %</u> | <u>22.67 %</u> | <u>22.16 %</u> | <u>23.65 %</u> |

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

**BERKELEY HOUSING AUTHORITY
REQUIRED PENSION INFORMATION (continued)
JUNE 30, 2023**

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

| | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 | June 30, 2023 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| Authority's proportion of the net pension liability | <u>0.0099 %</u> | <u>0.0109 %</u> | <u>0.0098 %</u> | <u>0.0100 %</u> | <u>0.0098 %</u> | <u>0.0103 %</u> | <u>0.0107 %</u> | <u>0.0106 %</u> | <u>0.0122 %</u> |
| Authority's proportionate share of the net pension liability | <u>\$ 617,137</u> | <u>\$ 750,664</u> | <u>\$ 845,357</u> | <u>\$ 991,267</u> | <u>\$ 942,514</u> | <u>\$ 1,056,351</u> | <u>\$ 1,162,926</u> | <u>\$ 570,943</u> | <u>\$ 1,403,081</u> |
| Authority's covered-employee payroll | <u>\$ 1,068,966</u> | <u>\$ 1,069,874</u> | <u>\$ 1,079,533</u> | <u>\$ 1,161,742</u> | <u>\$ 1,171,215</u> | <u>\$ 1,099,806</u> | <u>\$ 885,013</u> | <u>\$ 937,205</u> | <u>\$ 1,079,701</u> |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | <u>57.73 %</u> | <u>70.16 %</u> | <u>78.31 %</u> | <u>85.33 %</u> | <u>80.47 %</u> | <u>96.05 %</u> | <u>131.40 %</u> | <u>60.92 %</u> | <u>129.95 %</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>79.82 %</u> | <u>78.40 %</u> | <u>74.06 %</u> | <u>73.31 %</u> | <u>75.26 %</u> | <u>75.26 %</u> | <u>75.10 %</u> | <u>88.29 %</u> | <u>76.68 %</u> |

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

**BERKELEY HOUSING AUTHORITY
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION
JUNE 30, 2023**

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

| | June 30, <u>2018</u> | June 30, <u>2019</u> | June 30, <u>2020</u> | June 30, <u>2021</u> | June 30, <u>2022</u> | June 30, <u>2023</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Actuarially required contribution | \$ 74,195 | \$ 78,132 | \$ 69,396 | \$ 70,757 | \$ 45,592 | \$ 43,433 |
| Contributions in relation to the actuarially required contribution | <u>49,166</u> | <u>46,791</u> | <u>37,581</u> | <u>70,539</u> | <u>45,592</u> | <u>43,433</u> |
| Contribution deficiency (excess) | <u>\$ 25,029</u> | <u>\$ 31,341</u> | <u>\$ 31,815</u> | <u>\$ 218</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered-employee payroll | <u>\$ 1,065,384</u> | <u>\$ 1,054,094</u> | <u>\$ 856,235</u> | <u>\$ 835,424</u> | <u>\$ 1,007,883</u> | <u>\$ 987,919</u> |
| Contributions as a percentage of covered-employee payroll | <u>4.61 %</u> | <u>4.44 %</u> | <u>4.39 %</u> | <u>8.44 %</u> | <u>4.52 %</u> | <u>4.40 %</u> |

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

BERKELEY HOUSING AUTHORITY
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION (continued)
JUNE 30, 2023

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY FOR THE LAST TEN FISCAL YEARS***

| | June 30, <u>2018</u> | June 30, <u>2019</u> | June 30, <u>2020</u> | June 30, <u>2021</u> | June 30, <u>2022</u> | June 30, <u>2023</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total OPEB liability, beginning of year | \$ 729,584 | \$ 759,721 | \$ 887,301 | \$ 1,020,459 | \$ 1,121,836 | \$ 788,919 |
| Changes for the year: | | | | | | |
| Service cost | 47,168 | 45,030 | 51,107 | 60,126 | 63,476 | 39,961 |
| Interest | 27,736 | 31,054 | 32,658 | 28,826 | 28,312 | 29,095 |
| Difference between expected and actual experience | - | - | (51,421) | - | (173,511) | - |
| Assumption changes | (40,755) | 56,131 | 111,478 | 22,321 | (239,977) | (14,140) |
| Benefit payments | <u>(4,012)</u> | <u>(4,635)</u> | <u>(10,664)</u> | <u>(9,896)</u> | <u>(11,217)</u> | <u>(13,999)</u> |
| Total OPEB liability, end of year | <u>759,721</u> | <u>887,301</u> | <u>1,020,459</u> | <u>1,121,836</u> | <u>788,919</u> | <u>829,836</u> |
| Total fiduciary net position, beginning of year | 277,019 | 328,648 | 372,914 | 409,096 | 480,493 | 554,002 |
| Changes for the year: | | | | | | |
| Contributions - employer | 49,166 | 46,791 | 37,581 | 70,539 | 45,592 | 43,433 |
| Contributions - employee | - | - | - | - | - | - |
| Net investment income | 6,601 | 2,110 | 9,265 | 10,754 | 39,134 | 39,945 |
| Benefit payments | (4,012) | (4,635) | (10,664) | (9,896) | (11,217) | (13,999) |
| Administrative expenses | <u>(126)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fiduciary net position, end of year | <u>328,648</u> | <u>372,914</u> | <u>409,096</u> | <u>480,493</u> | <u>554,002</u> | <u>623,381</u> |
| Net OPEB liability, end of year | <u>\$ 431,073</u> | <u>\$ 514,387</u> | <u>\$ 611,363</u> | <u>\$ 641,343</u> | <u>\$ 234,917</u> | <u>\$ 206,455</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>43.26 %</u> | <u>42.03 %</u> | <u>40.09 %</u> | <u>42.83 %</u> | <u>70.22 %</u> | <u>75.12 %</u> |
| Authority's covered payroll | \$ 1,065,384 | \$ 1,054,094 | \$ 856,235 | \$ 835,424 | \$ 1,007,883 | \$ 987,919 |
| Net OPEB liability as a percentage of Authority's covered payroll | <u>40.46 %</u> | <u>48.80 %</u> | <u>71.40 %</u> | <u>76.77 %</u> | <u>23.31 %</u> | <u>23.78 %</u> |

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

| | 2 State/Local | 8 Other Federal Program 1 | 14.879 Mainstream Vouchers | 14.EHV Emergency Housing Voucher | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.HCV MTW Demonstration Program for HCV program |
|---|---------------|---------------------------|----------------------------|----------------------------------|--|--|
| 111 Cash - Unrestricted | \$1,518,610 | | \$96,960 | \$49,800 | \$390,278 | |
| 112 Cash - Restricted - Modernization and Development | | \$5,220,981 | | | | |
| 113 Cash - Other Restricted | | | \$124,256 | | | |
| 114 Cash - Tenant Security Deposits | | | | | | |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | |
| 100 Total Cash | \$1,518,610 | \$5,220,981 | \$221,216 | \$49,800 | \$390,278 | \$0 |
| 121 Accounts Receivable - PHA Projects | | | | \$4,918 | | |
| 122 Accounts Receivable - HUD Other Projects | | | \$16,678 | \$45,295 | | \$0 |
| 124 Accounts Receivable - Other Government | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | | \$1,088 | \$0 |
| 126 Accounts Receivable - Tenants | | | | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | | | | | |
| 126.2 Allowance for Doubtful Accounts - Other | | | \$0 | \$0 | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | |
| 128 Fraud Recovery | | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | | |
| 129 Accrued Interest Receivable | \$110,104 | \$430,552 | | | \$851 | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$110,104 | \$430,552 | \$16,678 | \$50,213 | \$1,939 | \$0 |
| 131 Investments - Unrestricted | | | | | | |
| 132 Investments - Restricted | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | |
| 142 Prepaid Expenses and Other Assets | | | \$551 | \$275 | \$689 | |
| 143 Inventories | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | |
| 144 Inter Program Due From | | | | | | |
| 145 Assets Held for Sale | | | | | | |
| 150 Total Current Assets | \$1,628,714 | \$5,651,533 | \$238,445 | \$100,288 | \$392,906 | \$0 |
| 161 Land | \$2,579,621 | | | | | |
| 162 Buildings | | | | | | |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | |
| 164 Furniture, Equipment & Machinery - Administration | | | \$3,902 | \$91 | \$7,661 | |
| 165 Leasehold Improvements | | | \$1,943 | | \$2,604 | |
| 166 Accumulated Depreciation | | | -\$2,256 | -\$18 | -\$4,037 | |
| 167 Construction in Progress | | | | | | |
| 168 Infrastructure | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$2,579,621 | \$0 | \$3,589 | \$73 | \$6,228 | \$0 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$848,331 | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | |
| 174 Other Assets | | | \$120,429 | \$60,214 | \$150,536 | \$0 |
| 176 Investments in Joint Ventures | | | | | | |
| 180 Total Non-Current Assets | \$3,427,952 | \$0 | \$124,018 | \$60,287 | \$156,764 | \$0 |
| 200 Deferred Outflow of Resources | | | \$30,422 | \$12,415 | \$49,548 | |
| 290 Total Assets and Deferred Outflow of Resources | \$5,056,666 | \$5,651,533 | \$392,885 | \$172,990 | \$599,218 | \$0 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

| | 2 State/Local | 8 Other Federal Program 1 | 14.879 Mainstream Vouchers | 14.EHV Emergency Housing Voucher | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.HCV MTW Demonstration Program for HCV program |
|--|---------------|---------------------------|----------------------------|----------------------------------|--|--|
| 311 Bank Overdraft | | | | | | |
| 312 Accounts Payable <= 90 Days | | | \$4,263 | \$1,734 | \$4,486 | |
| 313 Accounts Payable >90 Days Past Due | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | \$593 | \$267 | \$1,086 | |
| 322 Accrued Compensated Absences - Current Portion | | | \$699 | \$296 | \$1,835 | |
| 324 Accrued Contingency Liability | | | | | | |
| 325 Accrued Interest Payable | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | \$3,750 | \$150,230 | \$0 |
| 332 Account Payable - PHA Projects | | | | | | |
| 333 Accounts Payable - Other Government | | | | | | |
| 341 Tenant Security Deposits | | | | | | |
| 342 Unearned Revenue | | | \$45,258 | \$60,088 | | \$0 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 345 Other Current Liabilities | | | \$1,572 | \$786 | \$1,966 | |
| 346 Accrued Liabilities - Other | | | | | | |
| 347 Inter Program - Due To | | | | | | |
| 348 Loan Liability - Current | | | | | | |
| 310 Total Current Liabilities | \$0 | \$0 | \$52,385 | \$66,921 | \$159,603 | \$0 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | |
| 353 Non-current Liabilities - Other | | | \$126,076 | \$63,038 | \$157,594 | |
| 354 Accrued Compensated Absences - Non Current | | | \$3,669 | \$1,553 | \$8,407 | |
| 355 Loan Liability - Non Current | | | | | | |
| 356 FASB 5 Liabilities | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | \$60,105 | \$25,514 | \$93,822 | \$0 |
| 350 Total Non-Current Liabilities | \$0 | \$0 | \$189,850 | \$90,105 | \$259,823 | \$0 |
| 300 Total Liabilities | \$0 | \$0 | \$242,235 | \$157,026 | \$419,426 | \$0 |
| 400 Deferred Inflow of Resources | | | \$11,641 | \$623 | \$35,957 | |
| 508.4 Net Investment in Capital Assets | \$2,579,621 | | \$3,589 | \$73 | \$6,228 | |
| 511.4 Restricted Net Position | | \$5,220,981 | \$124,256 | | | |
| 512.4 Unrestricted Net Position | \$2,477,045 | \$430,552 | \$11,164 | \$15,268 | \$137,607 | \$0 |
| 513 Total Equity - Net Assets / Position | \$5,056,666 | \$5,651,533 | \$139,009 | \$15,341 | \$143,835 | \$0 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$5,056,666 | \$5,651,533 | \$392,885 | \$172,990 | \$599,218 | \$0 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

| | 14.EFA FSS Escrow Forfeiture Account | 6.2 Component Unit - Blended | 14.871 Housing Choice Vouchers | 14.881 Moving to Work Demonstration Program | ELIM | Total |
|---|--|---------------------------------|-----------------------------------|--|------------|--------------|
| 111 Cash - Unrestricted | | \$128,907 | | \$2,399,089 | | \$4,583,644 |
| 112 Cash - Restricted - Modernization and Development | | | | | | \$5,220,981 |
| 113 Cash - Other Restricted | \$4,027 | | | \$232,892 | | \$361,175 |
| 114 Cash - Tenant Security Deposits | | | | | | |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | |
| 100 Total Cash | \$4,027 | \$128,907 | \$0 | \$2,631,981 | \$0 | \$10,165,800 |
| 121 Accounts Receivable - PHA Projects | | | | \$6,335 | | \$11,253 |
| 122 Accounts Receivable - HUD Other Projects | | | | \$192,921 | | \$254,894 |
| 124 Accounts Receivable - Other Government | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | \$20,674 | | \$21,762 |
| 126 Accounts Receivable - Tenants | | | | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | | | | | |
| 126.2 Allowance for Doubtful Accounts - Other | | | | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | |
| 128 Fraud Recovery | | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | | |
| 129 Accrued Interest Receivable | | | | \$14,040 | -\$17,920 | \$537,627 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$0 | \$0 | \$233,970 | -\$17,920 | \$825,536 |
| 131 Investments - Unrestricted | | | | | | |
| 132 Investments - Restricted | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | |
| 142 Prepaid Expenses and Other Assets | | | | \$12,259 | | \$13,774 |
| 143 Inventories | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | |
| 144 Inter Program Due From | | | | | | |
| 145 Assets Held for Sale | | | | | | |
| 150 Total Current Assets | \$4,027 | \$128,907 | \$0 | \$2,878,210 | -\$17,920 | \$11,005,110 |
| 161 Land | | | | | | \$2,579,621 |
| 162 Buildings | | | | | | |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | |
| 164 Furniture, Equipment & Machinery - Administration | | | | \$110,596 | | \$122,250 |
| 165 Leasehold Improvements | | | | \$67,021 | | \$71,568 |
| 166 Accumulated Depreciation | | | | -\$63,457 | | -\$69,768 |
| 167 Construction in Progress | | | | | | |
| 168 Infrastructure | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$0 | \$0 | \$114,160 | \$0 | \$2,703,671 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | -\$200,000 | \$648,331 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | |
| 174 Other Assets | | | | \$2,679,539 | | \$3,010,718 |
| 176 Investments in Joint Ventures | | | | | | |
| 180 Total Non-Current Assets | \$0 | \$0 | \$0 | \$2,793,699 | -\$200,000 | \$6,362,720 |
| 200 Deferred Outflow of Resources | | | | \$734,069 | | \$826,454 |
| 290 Total Assets and Deferred Outflow of Resources | \$4,027 | \$128,907 | \$0 | \$6,405,978 | -\$217,920 | \$18,194,284 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 06/30/2023

| | 14.EFA FSS Escrow Forfeiture Account | 6.2 Component Unit - Blended | 14.871 Housing Choice Vouchers | 14.881 Moving to Work Demonstration Program | ELIM | Total |
|--|--|---------------------------------|-----------------------------------|--|------------|--------------|
| 311 Bank Overdraft | | | | | | |
| 312 Accounts Payable <= 90 Days | | \$6,243 | | \$90,329 | | \$107,055 |
| 313 Accounts Payable >90 Days Past Due | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | \$15,495 | | \$17,441 |
| 322 Accrued Compensated Absences - Current Portion | | | | \$15,621 | | \$18,451 |
| 324 Accrued Contingency Liability | | | | | | |
| 325 Accrued Interest Payable | | \$17,920 | | | -\$17,920 | \$0 |
| 331 Accounts Payable - HUD PHA Programs | | | | \$73,454 | | \$227,434 |
| 332 Account Payable - PHA Projects | | | | | | |
| 333 Accounts Payable - Other Government | | | | | | |
| 341 Tenant Security Deposits | | | | | | |
| 342 Unearned Revenue | | | | \$0 | | \$105,346 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 345 Other Current Liabilities | | | | \$107,408 | | \$111,732 |
| 346 Accrued Liabilities - Other | | | | | | |
| 347 Inter Program - Due To | | | | | | |
| 348 Loan Liability - Current | | | | | | |
| 310 Total Current Liabilities | \$0 | \$24,163 | \$0 | \$302,307 | -\$17,920 | \$587,459 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | \$200,000 | | | -\$200,000 | \$0 |
| 353 Non-current Liabilities - Other | | | | \$2,805,189 | | \$3,151,897 |
| 354 Accrued Compensated Absences - Non Current | | | | \$90,920 | | \$104,549 |
| 355 Loan Liability - Non Current | | | | | | |
| 356 FASB 5 Liabilities | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | \$1,430,095 | | \$1,609,536 |
| 350 Total Non-Current Liabilities | \$0 | \$200,000 | \$0 | \$4,326,204 | -\$200,000 | \$4,865,982 |
| 300 Total Liabilities | \$0 | \$224,163 | \$0 | \$4,628,511 | -\$217,920 | \$5,453,441 |
| 400 Deferred Inflow of Resources | | | | \$365,240 | | \$413,461 |
| 508.4 Net Investment in Capital Assets | | | | \$114,160 | | \$2,703,671 |
| 511.4 Restricted Net Position | \$4,027 | | \$0 | \$160,468 | | \$5,509,732 |
| 512.4 Unrestricted Net Position | \$0 | -\$95,256 | \$0 | \$1,137,599 | | \$4,113,979 |
| 513 Total Equity - Net Assets / Position | \$4,027 | -\$95,256 | \$0 | \$1,412,227 | \$0 | \$12,327,382 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$4,027 | \$128,907 | \$0 | \$6,405,978 | -\$217,920 | \$18,194,284 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

| | 2 State/Local | 8 Other Federal Program 1 | 14.879 Mainstream Vouchers | 14.EHV Emergency Housing Voucher | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.HCV MTW Demonstration Program for HCV program |
|---|---------------|---------------------------|----------------------------|----------------------------------|--|--|
| 70300 Net Tenant Rental Revenue | | | | | | |
| 70400 Tenant Revenue - Other | | | | | | |
| 70500 Total Tenant Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70600 HUD PHA Operating Grants | | | \$1,904,376 | \$697,253 | \$943,022 | \$33,700,136 |
| 70610 Capital Grants | | | | | | |
| 70710 Management Fee | | | | | | |
| 70720 Asset Management Fee | | | | | | |
| 70730 Book Keeping Fee | | | | | | |
| 70740 Front Line Service Fee | | | | | | |
| 70750 Other Fees | | | | | | |
| 70700 Total Fee Revenue | | | | | | |
| 70800 Other Government Grants | | | | | | |
| 71100 Investment Income - Unrestricted | \$30,675 | | \$371 | \$184 | \$2,862 | |
| 71200 Mortgage Interest Income | \$56,964 | \$278,120 | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | |
| 71400 Fraud Recovery | | | | | | |
| 71500 Other Revenue | | | \$5,929 | \$183,161 | \$1,981 | |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | |
| 72000 Investment Income - Restricted | | \$68,586 | | | | |
| 70000 Total Revenue | \$87,639 | \$346,706 | \$1,910,676 | \$880,598 | \$947,865 | \$33,700,136 |
| 91100 Administrative Salaries | | | \$40,555 | \$18,640 | \$70,847 | |
| 91200 Auditing Fees | | | \$958 | \$479 | \$2,500 | |
| 91300 Management Fee | | | | | | |
| 91310 Book-keeping Fee | | | | | | |
| 91400 Advertising and Marketing | | | \$123 | \$62 | \$154 | |
| 91500 Employee Benefit contributions - Administrative | | | \$20,670 | \$9,806 | \$29,760 | |
| 91600 Office Expenses | | | \$13,362 | \$6,388 | \$16,965 | |
| 91700 Legal Expense | | | \$4,028 | \$1,820 | \$4,551 | |
| 91800 Travel | | | \$82 | \$41 | \$102 | |
| 91810 Allocated Overhead | | | | | | |
| 91900 Other | | | \$19,235 | \$11,603 | \$12,361 | |
| 91000 Total Operating - Administrative | \$0 | \$0 | \$99,013 | \$48,839 | \$137,240 | \$0 |
| 92000 Asset Management Fee | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | |
| 92200 Relocation Costs | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | |
| 92400 Tenant Services - Other | | | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | | | | | | |
| 93200 Electricity | | | | | | |
| 93300 Gas | | | | | | |
| 93400 Fuel | | | | | | |
| 93500 Labor | | | | | | |
| 93600 Sewer | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | |
| 93800 Other Utilities Expense | | | | | | |
| 93000 Total Utilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

| | 2 State/Local | 8 Other Federal Program 1 | 14.879 Mainstream Vouchers | 14.EHV Emergency Housing Voucher | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.HCV MTW Demonstration Program for HCV program |
|---|---------------|---------------------------|----------------------------|----------------------------------|--|--|
| 94100 Ordinary Maintenance and Operations - Labor | | | | | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | | | | | |
| 94300 Ordinary Maintenance and Operations Contracts | | | | | | |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | | | | |
| 94000 Total Maintenance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 95100 Protective Services - Labor | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | |
| 95300 Protective Services - Other | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | | | \$1,748 | \$874 | \$2,185 | |
| 96120 Liability Insurance | | | | | | |
| 96130 Workmen's Compensation | | | \$207 | \$94 | \$228 | |
| 96140 All Other Insurance | | | | | | |
| 96100 Total insurance Premiums | \$0 | \$0 | \$1,955 | \$968 | \$2,413 | \$0 |
| 96200 Other General Expenses | | | | | | |
| 96210 Compensated Absences | | | -\$213 | \$1,849 | \$2,470 | |
| 96300 Payments in Lieu of Taxes | | | | | | |
| 96400 Bad debt - Tenant Rents | | | | | | |
| 96500 Bad debt - Mortgages | | | | | | |
| 96600 Bad debt - Other | | | | | | |
| 96800 Severance Expense | | | | | | |
| 96000 Total Other General Expenses | \$0 | \$0 | -\$213 | \$1,849 | \$2,470 | \$0 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$0 | \$0 | \$100,755 | \$51,656 | \$142,123 | \$0 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$87,639 | \$346,706 | \$1,809,921 | \$828,942 | \$805,742 | \$33,700,136 |
| 97100 Extraordinary Maintenance | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | |
| 97300 Housing Assistance Payments | | | \$1,642,653 | \$953,531 | \$767,885 | |
| 97350 HAP Portability-In | | | \$4,149 | \$149,584 | | |
| 97400 Depreciation Expense | | | \$974 | \$18 | \$1,792 | |
| 97500 Fraud Losses | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | |
| 90000 Total Expenses | \$0 | \$0 | \$1,748,531 | \$1,154,789 | \$911,800 | \$0 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

| | 2 State/Local | 8 Other Federal Program 1 | 14.879 Mainstream Vouchers | 14.EHV Emergency Housing Voucher | 14.249 Section 8 Moderate Rehabilitation Single Room Occupancy | 14.HCV MTW Demonstration Program for HCV program |
|---|---------------|---------------------------|----------------------------|----------------------------------|--|--|
| 10010 Operating Transfer In | | | | | | |
| 10020 Operating transfer Out | | | | | | \$-33,700,136 |
| 10030 Operating Transfers from/to Primary Government | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 | \$-33,700,136 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$87,639 | \$346,706 | \$162,145 | -\$274,191 | \$36,065 | \$0 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$4,969,027 | \$5,304,827 | -\$23,136 | \$289,532 | \$107,770 | \$0 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | | | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | |
| 11170 Administrative Fee Equity | | | | | | |
| 11180 Housing Assistance Payments Equity | | | | | | |
| 11190 Unit Months Available | | | 1272 | 612 | 1176 | |
| 11210 Number of Unit Months Leased | | | 952 | 434 | 1006 | |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

| | 14.EFA FSS Escrow Forfeiture Account | 6.2 Component Unit - Blended | 14.871 Housing Choice Vouchers | 14.881 Moving to Work Demonstration Program | ELIM | Total |
|---|--|---------------------------------|-----------------------------------|--|----------|--------------|
| 70300 Net Tenant Rental Revenue | | | | | | |
| 70400 Tenant Revenue - Other | | | | | | |
| 70500 Total Tenant Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70600 HUD PHA Operating Grants | | | \$0 | | | \$37,244,787 |
| 70610 Capital Grants | | | | | | |
| 70710 Management Fee | | | | | | |
| 70720 Asset Management Fee | | | | | | |
| 70730 Book Keeping Fee | | | | | | |
| 70740 Front Line Service Fee | | | | | | |
| 70750 Other Fees | | | | | | |
| 70700 Total Fee Revenue | | | | | \$0 | \$0 |
| 70800 Other Government Grants | | | | | | |
| 71100 Investment Income - Unrestricted | \$6 | | | \$40,536 | -\$6,347 | \$68,287 |
| 71200 Mortgage Interest Income | | | | | | \$335,084 |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | |
| 71400 Fraud Recovery | | | | | | |
| 71500 Other Revenue | \$4,021 | | | \$62,679 | | \$257,771 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | |
| 72000 Investment Income - Restricted | | | | | | \$68,586 |
| 70000 Total Revenue | \$4,027 | \$0 | \$0 | \$103,215 | -\$6,347 | \$37,974,515 |
| 91100 Administrative Salaries | | | | \$1,018,388 | | \$1,148,430 |
| 91200 Auditing Fees | | \$2,250 | | \$20,013 | | \$26,200 |
| 91300 Management Fee | | | | | | |
| 91310 Book-keeping Fee | | | | | | |
| 91400 Advertising and Marketing | | | | \$2,748 | | \$3,087 |
| 91500 Employee Benefit contributions - Administrative | | | | \$492,583 | | \$552,819 |
| 91600 Office Expenses | | \$90 | | \$303,049 | | \$339,854 |
| 91700 Legal Expense | | | | \$80,627 | | \$91,026 |
| 91800 Travel | | | | \$1,821 | | \$2,046 |
| 91810 Allocated Overhead | | | | | | |
| 91900 Other | | \$39,280 | | \$250,508 | | \$332,987 |
| 91000 Total Operating - Administrative | \$0 | \$41,620 | \$0 | \$2,169,737 | \$0 | \$2,496,449 |
| 92000 Asset Management Fee | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | |
| 92200 Relocation Costs | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | |
| 92400 Tenant Services - Other | | | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | | | | | | |
| 93200 Electricity | | | | | | |
| 93300 Gas | | | | | | |
| 93400 Fuel | | | | | | |
| 93500 Labor | | | | | | |
| 93600 Sewer | | | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | | | |
| 93800 Other Utilities Expense | | | | | | |
| 93000 Total Utilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

| | 14.EFA FSS Escrow Forfeiture Account | 6.2 Component Unit - Blended | 14.871 Housing Choice Vouchers | 14.881 Moving to Work Demonstration Program | ELIM | Total |
|---|--|---------------------------------|-----------------------------------|--|----------|--------------|
| 94100 Ordinary Maintenance and Operations - Labor | | | | | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | | | | | |
| 94300 Ordinary Maintenance and Operations Contracts | | | | | | |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | | | | | |
| 94000 Total Maintenance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 95100 Protective Services - Labor | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | |
| 95300 Protective Services - Other | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | | | | \$38,884 | | \$43,691 |
| 96120 Liability Insurance | | | | | | |
| 96130 Workmen's Compensation | | | | \$4,179 | | \$4,708 |
| 96140 All Other Insurance | | | | | | |
| 96100 Total insurance Premiums | \$0 | \$0 | \$0 | \$43,063 | \$0 | \$48,399 |
| 96200 Other General Expenses | | | | | | |
| 96210 Compensated Absences | | | | -\$13,050 | | -\$8,944 |
| 96300 Payments in Lieu of Taxes | | | | | | |
| 96400 Bad debt - Tenant Rents | | | | | | |
| 96500 Bad debt - Mortgages | | | | | | |
| 96600 Bad debt - Other | | | | | | |
| 96800 Severance Expense | | | | | | |
| 96000 Total Other General Expenses | \$0 | \$0 | \$0 | -\$13,050 | \$0 | -\$8,944 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | \$6,347 | | | -\$6,347 | \$0 |
| 96730 Amortization of Bond Issue Costs | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$6,347 | \$0 | \$0 | -\$6,347 | \$0 |
| 96900 Total Operating Expenses | \$0 | \$47,967 | \$0 | \$2,199,750 | -\$6,347 | \$2,535,904 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$4,027 | -\$47,967 | \$0 | -\$2,096,535 | \$0 | \$35,438,611 |
| 97100 Extraordinary Maintenance | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | |
| 97300 Housing Assistance Payments | | | | \$31,237,147 | | \$34,601,216 |
| 97350 HAP Portability-In | | | | | | \$153,733 |
| 97400 Depreciation Expense | | | | \$28,822 | | \$31,606 |
| 97500 Fraud Losses | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | |
| 90000 Total Expenses | \$0 | \$47,967 | \$0 | \$33,465,719 | -\$6,347 | \$37,322,459 |

Berkeley Housing Authority (CA058)

Berkeley, CA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2023

| | 14.EFA FSS Escrow Forfeiture Account | 6.2 Component Unit - Blended | 14.871 Housing Choice Vouchers | 14.881 Moving to Work Demonstration Program | ELIM | Total |
|---|--|---------------------------------|-----------------------------------|--|---------------|--------------|
| 10010 Operating Transfer In | | | | \$33,700,136 | -\$33,700,136 | \$0 |
| 10020 Operating transfer Out | | | | | \$33,700,136 | \$0 |
| 10030 Operating Transfers from/to Primary Government | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$33,700,136 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$4,027 | -\$47,967 | \$0 | \$337,632 | \$0 | \$652,056 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 11030 Beginning Equity | \$0 | -\$47,289 | \$1,074,595 | \$0 | | \$11,675,326 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | -\$1,074,595 | \$1,074,595 | | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | |
| 11170 Administrative Fee Equity | | | \$0 | | | \$0 |
| 11180 Housing Assistance Payments Equity | | | \$0 | | | \$0 |
| 11190 Unit Months Available | | | 0 | 23826 | | 26886 |
| 11210 Number of Unit Months Leased | | | 0 | 18495 | | 20887 |