CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

BERKELEY HOUSING AUTHORITY
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

(Including Auditors' Report Thereon)

professional. personalized. service.

BERKELEY HOUSING AUTHORITY
ANNUAL FINANCIAL REPORT
JUNE 30, 2021

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Financial Statements	15
Required Supplementary Information:	
Schedule of the Authority's Proportionate Share of Net Pension Liability	42
Schedule of the Authority's Pension Plan Contributions	43
Schedule of the Authority's Changes in Net OPEB Liability	44
Schedule of the Authority's OPEB Plan Contributions	45
Other Supplementary Information:	
Schedule of Expenditures of Federal Awards	47
Notes to Schedule of Expenditures of Federal Awards	48
Financial Data Schedule	49
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*	52
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	54
Status of Prior Audit Findings	56
Schedule of Findings and Questioned Costs	57

CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel
(925) 476-9930 efax
www.cropperaccountancy.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Berkeley Housing Authority
Berkeley California

We have audited the accompanying financial statements of the business-type activities of the Berkeley Housing Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Berkeley Housing Authority, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9, the Schedule of Proportionate Share of Net Pension Liability on page 42, the Schedule of Pension Plan Contributions on page 43, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 44, and the

Schedule of OPEB Plan Contributions on page 45 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 opinions on the financial statements that collectively comprise the Berkeley Housing Authority's basic financial statements. The Schedule of Expenditures of Federal Awards on page 47 is required by the title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying Financial Data Schedule on pages 49-51, required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 December 1, 2021, 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, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting compliance.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
December 1, 2021

Management's Discussion and Analysis

BERKELEY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

As management of the Berkeley Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative, overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented in this report.

The Berkeley Housing Authority (the Authority) is a Public Housing Agency as defined in Section 8 of the United States Housing Act of 1937, as amended and a public body corporate and politic established pursuant to the California Housing Authorities Law, Health and Safety Code Sections 34200. The Authority was organized in 1966 under the laws of the State of California to primarily provide housing assistance to low income families and individuals. The Authority's primary sources of funding are through governmental grants received from the U.S. Department of Housing and Urban Development (HUD).

The following management discussion and analysis (MD&A) will discuss the results of the Authority's operations. Key financial information for the current fiscal year will be compared with those of the prior year.

Financial Highlights

- Combined cash, cash equivalents and restricted cash balances at June 30, 2021 were $8,510,571, representing an increase of $436,654 from the prior fiscal year's balance of $8,073,917.

- Total assets and deferred outflows at June 30, 2021 were $22,412,822. Of this, $8,741,195 represents current assets, $13,135,485 represents non-current assets, and $536,142 represents deferred outflows. Total assets and deferred outflows for 2021 increased by $331,978 from the 2020 balance of $22,080,844

- Total liabilities and deferred inflows at June 30, 2021 were $11,907,351. Of this, $249,746 represents current liabilities, $11,583,257 represents non-current liabilities, and $74,348 represents deferred inflows. Total liabilities and deferred inflows for 2021 increased by $62,520 from the 2020 balance of $11,844,831.

- As of the close of the current fiscal year, the Authority's proprietary fund's reported Unrestricted Net Position was $7,758,271, its Restricted Net Position was $25,554, and its Net Investment in Capital Assets was $2,721,646. This represents a combined total Net Position at June 30, 2021 of $10,505,471 compared to a total Net Position at June 30, 2020 of $10,236,013.

- The primary source of revenue for the Authority is grants provided by the U.S. Department of Housing and Urban Development (HUD). Grant revenues for fiscal year 2021 were $35,369,641 as compared to $33,385,849 for fiscal year 2020.

- Operating revenues for the current fiscal year were $35,446,940 and operating expenses were $35,524,781, which resulted in operating loss of $77,841 for the 2021 fiscal year versus operating gain of $243,520 for fiscal year 2020.

- The major grant program expense, as reflected on the Statement of Revenues, Expenses, and Changes in Net Position, was for Housing Assistance Payments. For the fiscal year 2021 Housing Assistance Payments were $33,194,929 which was an increase of $2,110,198 from the total housing assistance payments of $31,084,731 for fiscal year 2020.

- Expenditures of Federal Awards amounted to $35,369,641 for fiscal year 2021. Expenditures of Federal Awards for fiscal year 2021 increased by $1,983,792 from the 2020 fiscal year's balance of $33,385,849.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements, which are comprised of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows. This report also includes the Notes to the Financial Statements.

Government-Wide Financial Statements
The government-wide financial statements report information of the Authority as a whole, net of inter-program activity.

The *Statement of Net Position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Statement of Cash Flows* presents the change in the Housing Authority's cash and cash equivalents during the most recent fiscal year.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some programs are required to be established by the United States Department of Housing and Urban Development (HUD). However, the Authority also administers other programs to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified as an enterprise housing fund as a result of GASB 34.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indication.

Notes to Financial Statements
The accompanying Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplementary Information
The Schedule of Funding Progress for OPEB, the Schedule of the Authority's Proportionate Share of Net Pension Liability, the Schedule of the Authority's Pension Plan Contributions, the Schedule of Expenditures of Federal Awards, and the Financial Data Schedule are presented for purposes 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, the Governmental Accounting Standards Board (GASB), and the U.S. Department of Housing and Urban Development regulations. These schedules can be found in the Supplementary Information sections of this report.

Financial Analysis
As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. A portion of the Housing Authority's net position reflects the investment in capital assets (e.g. land, leasehold improvements, and furniture and equipment). The Housing Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

Economic Factors
The Housing Authority is primarily dependent upon HUD for the funding of rental subsidy payments to landlords and administrative operations. Therefore, the Housing Authority is significantly affected by the federal budget. Changes in HUD grant funding affects the number of households that can be assisted, and proration of "Administrative Fee" impacts the ability to cover basic costs of operating these federally funded programs on an ongoing basis.

The number of unit months assisted under the Housing Choice Voucher Program increased from 19,970 for fiscal year 2020 to 20,346 for fiscal year 2021.

This space is intentionally left blank.

Budgetary Highlights

An agency-wide budget was prepared for the fiscal year ending June 30, 2021. The budget was primarily used as a management tool. Budgets are prepared in accordance with the accounting procedures prescribed by the applicable funding agency and revised during the year as appropriate.

Comparative Statement of Net Position

The following table reflects the Statement of Net Position at June 30, 2021 compared to prior year. The Authority is engaged only in Business-Type Activities.

Comparative Statement of Net Position
June 30, 2021

	2021	2020	Increase/ (Decrease)	Percentage Change
Assets and Deferred Outflows:				
Current and other assets	$ 19,155,034	$ 18,890,108	$ 264,926	1.4%
Capital assets	2,721,646	2,605,748	115,898	4.4%
Deferred outflows	536,142	584,988	(48,846)	-8.3%
Total Assets and Deferred Outflows	22,412,822	22,080,844	331,978	1.5%
Liabilities and Deferred Inflows:				
Current liabilities	249,746	323,936	(74,190)	-22.9%
Non-current liabilities	11,583,257	11,397,640	185,617	1.6%
Deferred inflows	74,348	123,255	(48,907)	-39.7%
Total Liabilities and Deferred Inflows	11,907,351	11,844,831	62,520	0.5%
Net Position:				
Net investment in capital assets	2,721,646	2,605,748	115,898	4.4%
Restricted	25,554	4,304,046	(4,278,492)	-99.4%
Unrestricted	7,758,271	3,326,219	4,432,052	133.2%
Total Net Position	$ 10,505,471	$ 10,236,013	$ 269,458	2.6%

Comparative Statement of Revenues, Expenses, and Changes in Net Position
The following table presents the Statement of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2021 compared to prior year.

Comparative Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

	2021	2020	Increase/ Decrease	Percentage Change
Revenues:				
Grants	$ 35,369,641	$ 33,385,849	$ 1,983,792	5.9%
Interest	347,299	348,707	(1,408)	-0.4%
Other revenues	77,299	54,949	22,350	40.7%
Total revenues	35,794,239	33,789,505	2,004,734	5.9%
Expenses:				
Administration	2,203,629	2,022,513	181,116	9.0%
General	103,096	71,091	32,005	45.0%
Housing assistance payments	33,194,929	31,084,731	2,110,198	6.8%
Depreciation	23,127	18,943	4,184	22.1%
Total expenses	35,524,781	33,197,278	2,327,503	7.0%
Net Increase (Decrease) In Net Position	269,458	592,227	(322,769)	-54.5%
Beginning Net Position	10,236,013	9,643,786	592,227	6.1%
Ending Net Position	$ 10,505,471	$ 10,236,013	$ 269,458	2.6%

Analysis of the Authority's Overall Financial Position and Results of Operations
As indicated in the above comparative statements the Authority's net position at June 30, 2021, increased by $269,458 from the June 30, 2020 balance.

Changes in Capital Assets
The following table presents the changes in capital assets (net of accumulated depreciation) at June 30, 2021 compared to the prior fiscal year.

Changes in Capital Assets
(Net of Depreciation)

	2021	2020	Increase/ (Decrease)	Percentage Change
Land	$ 2,579,621	$ 2,579,621	$ -	0.00%
Buildings and improvements	67,990	9,473	58,517	617.7%
Software	13,325	16,654	(3,329)	-20.0%
Equipment	60,710	-	60,710	-
Total	$ 2,721,646	$ 2,605,748	$ 115,898	4.4%

The Authority's investment in capital assets as of June 30, 2021 was $2,721,646 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The Authority's total investment in capital assets for fiscal year 2021 increased by 4.4%.

Changes in Notes Payable

The following table presents the changes in notes payable at June 30, 2021 compared to the prior fiscal year.

Changes in Notes Payable

	2021	2020	Increase/ (Decrease)	Percentage Change
Notes Payable	$ 300,000	$ 300,000	$ -	0.00%

At June 30, 2021 the Authority had $300,000 of long-term debt outstanding. During the fiscal year 2021 the Authority's outstanding long-term debt balance did not change from the June 30, 2020 balance.

Requests for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director at the Berkeley Housing Authority, 1947 Center St., 5th Floor, Berkeley, CA 94704.

Basic Financial Statements

BERKELEY HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Berkeley Housing Authority	Affordable Housing Berkeley, Inc.
ASSETS		
Current Assets:		
Cash and investments (Note 2)	$ 3,701,015	$ 168,852
Restricted Cash (Note 2)	4,809,556	-
Accounts receivable - other governments	36,455	-
Accounts receivable - miscellaneous	21,762	-
Interest receivable	172,407	-
Total current assets	8,741,195	168,852
Noncurrent assets:		
Notes receivable (Note 6)	10,413,839	-
Capital assets, net of accumulated depreciation (Note 3)	2,721,646	-
Total non-current assets	13,135,485	-
Total assets	21,876,680	168,852
DEFERRED OUTFLOWS OF RESOURCES		
OPEB (Note 10)	153,969	-
Pension Plan (Note 9)	382,173	-
Total assets and deferred outflows of resources	22,412,822	168,852
LIABILITIES		
Current Liabilities:		
Accounts payable	32,715	737
Accounts payable - other agencies	60,281	5,410
Compensated absences (Note 4)	21,600	-
Unearned revenues	135,150	-
Total current liabilities	249,746	6,147
Noncurrent liabilities:		
FSS Escrow	87,165	-
Compensated absences (Note 4)	113,329	-
Unearned revenues (Note 5)	9,278,491	-
Notes payable (Note 7)	300,000	200,000
OPEB obligation (Note 10)	641,346	-
Accrued pension liability (Note 9)	1,162,926	-
Total non-current liabilities	11,583,257	200,000
Total liabilities	11,833,003	206,147
DEFERRED INFLOWS OF RESOURCES		
OPEB (Note 10)	60,342	-
Pension Plan (Note 9)	14,006	-
Total liabilities and deferred inflows of resources	11,907,351	206,147
NET POSITION		
Net investment in capital assets (Note 8)	2,721,646	-
Restricted Net Position (Note 8)	25,554	-
Unrestricted Net Position (Note 8)	7,758,271	(37,295)
Total Net Position	$ 10,505,471	$ (37,295)

The accompanying notes are an integral part of these financial statements

BERKELEY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Berkeley Housing Authority	Affordable Housing Berkeley, Inc.
Operating Revenues		
Grants	$ 35,369,641	$ -
Other income	77,299	-
Total operating revenues	35,446,940	-
Operating Expenses		
Administration	2,203,629	31,896
General	103,096	-
Housing assistance payments	33,194,929	-
Depreciation	23,127	-
Total operating expenditures	35,524,781	31,896
Operating income (loss)	(77,841)	(31,896)
Non-Operating Revenues (Expenses)		
Interest income	347,299	12
Interest expense	-	(5,411)
Net non-operating revenue	347,299	(5,399)
Change in net position	269,458	(37,295)
Beginning Net Position	10,236,013	-
Ending Net Position	$ 10,505,471	$ (37,295)

The accompanying notes are in integral part of these financial statements

BERKELEY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Berkeley Housing Authority	Affordable Housing Berkeley, Inc.
Cash flows from operating activities:		
Grants received	$ 35,369,641	$ -
Other cash receipts	97,315	-
Cash payments to suppliers	(186,443)	(31,160)
Cash payments to landlords	(33,194,929)	-
Cash payments to employees	(2,146,727)	-
Net cash provided by (used in) operating activities	(61,143)	(31,160)
Cash flows from noncapital and related financing activities:		
Notes payable received	-	200,000
Escrow	1,015	-
Net OPEB obligation	29,980	-
Net Pension liability	106,576	-
Compensated absences	48,046	-
Net cash provided by (used in) noncapital financing activities	185,617	200,000
Cash flows from investing activities:		
Fixed asset additions	(139,026)	-
Receipts from note receivable	104,343	-
Interest received from investments	346,863	12
Net cash provided by (used in) investing activities	312,180	12
Net increase (decrease) in cash	436,654	168,852
Cash at beginning of year	8,073,917	-
Cash at end of year	$ 8,510,571	$ 168,852
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (77,841)	$ (31,896)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	23,127	-
Changes in assets and liabilities:		
Decrease in tenant accounts receivable	-	-
Increase in other accounts receivable	21,778	-
Increase in miscellaneous accounts receivable	(1,762)	-
Increase in accounts payable to vendors	(12,112)	736
Increase in accounts payable to other agencies	11,800	-
Decrease in accrued liabilities	(83,035)	-
Decrease in compensated absences	56,962	-
Change in deferred inflows and outflows	(60)	-
Net cash provided by (used in) operating activities	$ (61,143)	$ (31,160)

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Berkeley Housing Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies.

A. Definition of Reporting Entity

The Berkeley Housing Authority (the Authority) was established during 1966 by a resolution of the City of Berkeley City Council to administer a federal rent subsidy program authorized under the United States Housing Act of 1937. The Authority is governed by a seven member Board of Commissioners which is appointed by the Mayor of the City of Berkeley, subject to confirmation of a majority of the members of the City Council. The members of the Board of Commissioners are appointed to either two or four year terms.

The objective of the Authority is to improve the lives of low-income families, the homeless, persons with disabilities and seniors by providing affordable, safe, decent, and sanitary housing in the City of Berkeley. It accomplishes its objectives by providing management, administrative, and other services to facilitate the operation of the various federal housing assistance programs, on behalf of its program participants, including those renting with a Housing Choice Voucher, landlords, and affordable housing developers.

During the year ended June 30, 2021, the Authority created a new nonprofit entity, the Affordable Housing Berkeley, to serve as the Berkeley Housing Authority’s development arm, and support the operations of the Housing Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows) report the financial information of the Authority’s operations as a whole.

For financial reporting purposes, the Authority reports all of its operations as a single business type activity in a single enterprise housing fund. Therefore, for the Authority the government-wide and fund financial statements are the same. These basic financial statements are presented in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements and the Schedule of Expenditures of Federal Awards are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when related cash flows take place. Nonexchange transactions are those in which the Authority receives value without directly giving equal value in exchange. These transactions include revenues from federal assistance programs. Revenues from these sources are recognized in the fiscal year in which all eligibility requirements have been met.

The Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations and it has implemented in fiscal year 2018 GASB Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for FASB Pronouncements after November 30, 1989.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise housing fund are governmental grants received from the U.S. Department of Housing and Urban Development and various other miscellaneous other revenues. Operating expenses include employee services and supplies, administrative expenses, utilities, maintenance, insurance, housing assistance payments to landlords, and depreciation of its capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When the Authority incurs expenses related to the Housing Assistance Program for which both restricted and unrestricted resources may be used, it is the Authority's policy to use restricted resources first and then use unrestricted resources as needed. For operating expenses, it is the Authority's policy to use unrestricted resources first.

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows all highly liquid cash and investments with a maturity of three months or less when purchased and cash restricted by federal governmental requirements are considered cash and cash equivalents.

Cash and cash equivalents include amounts in demand deposits and savings accounts. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments and amounts of restricted cash are reported in the Statement of Cash Flows.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position, Continued

2. Restricted Assets
Restricted cash, cash equivalents, and investments, represent deposits that are used for replacement reserves, FSS escrow amounts, and amounts that are required by grants from HUD to be used only to provide housing assistance for individuals and families that meet various income, age, and employment standards.

3. Receivables
All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable.

4. Inventories and prepaid assets
All inventories are valued at cost using the first in/first out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items the financial statements.

5. Capital Assets
Capital assets which include land, buildings, improvements, and furniture and equipment, are reported at historical cost. Contributed capital assets are recorded at fair value at the time received. Interest expense during any development periods is capitalized.

Maintenance, minor repairs and replacements are recorded as expenses; extraordinary replacements of property resulting in property betterments are charged to the property accounts.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful lives of the various asset categories are as follows:

Buildings	30 years
Improvements	10 years
Furniture and Equipment	5 years

6. Compensated Absences
It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred. A portion of unused sick leave is only payable to employees who have over 20 years of services upon termination of their employment.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

7. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

8. Taxes

The Authority is exempt from Federal Income and California Franchise Taxes. The Authority is also exempt from property taxes.

9. Encumbrances

Encumbrance accounting is not employed by the Authority.

10. Net Position

Net position represents the differences between assets and liabilities. Net position consists of net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets, consists of capital assets, net of depreciation, reduced by the outstanding balances of borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

11. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or acquisition of net position that applies to future periods and will not be recognized as outflows (expenses) or inflows (revenues) until that time.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

12. Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) of the Authority's Public Employees' Retirement System (PERS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by California PERS (CalPERS). 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.

13. Operating Revenues and Expenses

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as nonoperating expenses.

E. New GASB Pronouncements

Implemented New GASB Pronouncements

GASB Statement No. 90, ***Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.*** - The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

The requirements of this Statement did not have a material impact on the Authority's financial statements.

This space intentionally left blank

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Upcoming New GASB Pronouncements

Upcoming New Accounting Pronouncements

GASB Statement No. 87, *Leases.* - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019 (fiscal 2021) but were postponed 18 months by GASBS No. 95. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* - The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019 (fiscal 2021) but have been postponed by one year by GASBS No. 95. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

GASB Statement No. 91, *Conduit Debt Obligations* - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2020 (fiscal 2022) but have been postponed by one year by GASBS No. 95. Earlier application is encouraged. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

GASB Statement No. 92, ***Omnibus 2020* -** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities.

The requirements of this Statement were originally effective for reporting periods beginning after June 15, 2021 (fiscal 2022) but have been postponed one year by GASBS No. 95.

GASB Statement No. 93, ***Replacement of Interbank Offered Rates* -** The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offer Rate (IBOR). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of *reference rate,* as it is used in Statement 53, as amended.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The removal of London IBOR as an appropriate benchmark interest rate were originally effective for reporting periods ending after December 31, 2021 (fiscal year 2022-23). All other requirements of this Statement were to be effective for reporting periods beginning after June 15, 2020 (fiscal year 2020-21). The effective date for all provisions of this Statement were postponed one year by GASBS No. 95. The Authority does not believe that the implementation of this Pronouncement will have an impact on the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* - The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2021-22).

F. Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the financial statements. Actual results may differ from those estimates.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Budgets and Budgetary Accounting

Each year the Authority's Board of Commissioners adopts an operating budget. This budget may be revised during the year to give consideration to unanticipated revenue and expenses primarily resulting from events unknown at the time of the adoption of the annual budget.

Note 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2021 are classified in the accompanying financial statements as follows:

Cash and investments	$ 3,701,015
Restricted cash	4,809,556
Total cash and investments	$ 8,510,571

Cash and investments of $8,721,283 is maintained on deposit in banks and $150 in petty cash. Of the amounts deposited into banks, $250,000 per bank is covered by Federal Deposit insurance. The remaining $8,221,283 is required by California law to be collateralized by governmental securities with a market value of 110% of the deposit or with first trust deed mortgages with a value of 150% of the of the uninsured amount.

Authorized Investments

Under provisions of the Authority's investment policy, the Authority may invest in the following:

- U.S. Treasury Bills
- U.S. Treasury Notes and Bonds
- Certificates of Deposits at banks
- Securities of Government Sponsored Agencies
- Insured Money Market Deposit Accounts
- Municipal Depository Fund
- Super NOW accounts
- Mutual Funds that meet the HUD or State criteria
- Repurchase Agreements secured with any of the above instruments
- State of California Local Agency Invest Fund (LAIF)

This space is intentionally left blank

Note 2 CASH AND INVESTMENTS, Continued

The Authority's restricted cash consists of funds held for future housing assistance payments, replacement reserves, and security deposit payable amounts received from its tenants.

The balances of the restricted cash accounts are as follows:

Amounts restricted from disposition of assets	$ 4,644,750
Amounts restricted for housing assistance payments, FSS escrow, and unused CARES Act funds	164,806
Total restricted cash at June 30, 2021	$ 4,809,556

As indicated previously management held its cash only in deposits with banks or in petty cash. All cash and cash and investments and restricted cash are considered to be liquid assets for purposes of measuring cash flows.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates.

Credit Risk

Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the custody of an outside party. As previously stated the California Government Code requires California banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure the Authority's deposits by pledging first deed trust mortgages having a value of 150% of the secured public deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account in the Authority's name. The Authority has executed depository agreements with the banks that it did business with as of June 30, 2021.

Note 3 CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2021.

	Balance June 30, 2020	Additions	Adjustments & Deletions	Balance June 30, 2021
Land	$ 2,579,621	$ -	$ -	$ 2,579,621
Buildings and improvements	132,606	71,569	-	204,175
Software	16,654	-	-	16,654
Furniture & equipment	-	67,456		67,456
Total capital assets	2,728,881	139,025		2,867,906
Less depreciation for:				
Buildings and Improvements	(123,133)	(13,050)	-	(136,183)
Software	-	(3,331)	-	(3,331)
Equipment	-	(6,746)	-	(6,746)
Total accumulated Depreciation	(123,133)	(23,127)	-	(146,260)
Capital assets, net	$ 2,605,748	$ (115,898)	$ -	$ 2,721,646

Note 4 COMPENSATED ABSENCES

It is the Authority' policy to permit employees to accumulate earned but unused vacation leave. The Authority's policy requires that employees with 280 hours as of October 1st, be advised to take sufficient leave to avoid exceeding 320 hours as of December 31st. The policy further requires the Authority to direct employees with more than 320 hours of vacation to reduce the leave to no more than 320 hours by February of each year. Accumulated vacation leave beyond 320 hours is to be taken by the employee, or paid by the Authority; at the Authority's discretion. Accrued vacation leave has been valued by the Authority and has been recorded as a current liability of $21,600 and $113,329 as a non-current liability, as of June 30, 2021.

It is the Authority's policy to permit employees to accumulate earned but unused sick leave. Employees cease to earn sick leave when the accumulated balance equals 200 work days. Employees resume earning leave as time is used and the balance declines. Unused sick leave is not payable to employees upon separation from the Authority unless the employee has at least 20 years of service upon separation from the Authority at which time the employee is entitled to be paid 38% of their accumulated sick leave at their normal rate of pay upon separation.

Note 5 UNEARNED REVENUES

Unearned Revenues

During the fiscal year ended June 30, 2014, the Authority completed the disposition (sale) of sixty-one (61) housing units that were constructed in previous fiscal years utilizing funds provided by the U.S. Department of Housing and Urban Development (HUD) and fourteen (14) housing units that were constructed in prior fiscal years utilizing funds provided by the California Department of Housing and Community Development. During the fiscal year 2014 the Authority recorded $10,503,413 of the proceeds from the sale of the HUD assisted units as unearned revenues. Each year a portion of the $10,503,413 of unearned revenues from the sale of the HUD assisted units is expected to be recognized as revenue over the next several years as the Authority complies with the stipulated disposition related requirements established by HUD. During fiscal years 2015 through 2021, a total $1,224,922 were recognized as revenue for use to cover operating expenses of the Authority (i.e. salary and benefits, rent, inspection, legal and consulting fees, etc.), leaving a balance of $9,278,491 in Deferred Revenue at June 30, 2021. During fiscal year 2021, Berkeley Housing Authority did not use any of the disposition proceeds for its operations.

Notes Receivable

During fiscal year 2014, the Authority recognized $11,831,479 as non-current receivable for the 75 units sold representing a portion of the disposition proceeds that were loaned back to the new owner as a Seller's Note, of which $9,820,128 was attributable on the sale of 61 federal units. In December 2014, a conversion payment amounting to $51,059 was received from the new owner, of which $41,528 was applied against notes receivable attributable to the federal units. In fiscal year 2021, $648,287 was received from the new owner. Of the amount received $343,945 was applied towards payment of interest accrued on the Seller's Note; $252,604 against notes receivable attributable on the 61 federal units; and the remaining $51,758 as principal payment on notes receivable attributable on the 14 state units. All payments received by BHA were deposited in a separate bank account in compliance with HUD Letter dated January 15, 2014, and reported in Note 2 above. The balance of the non-current receivables on June 30, 2021 is $10,213,839, of which $8,477,487 is attributable to the 61 federal units.

Note 6 RELATED PARTY RECEIVABLE

During the year the Authority lent $200,000 to Affordable Housing Berkeley, Inc. The funds are to be repaid in 2050. The note shall accrue interest in the event of default of the note.

The total balance of notes receivable, the related party receivable and the balance due as a result of the disposition of housing units (see Note 5) at June 30, 2021, is $10,413,839.

Note 7 NOTES PAYABLE

On April 3, 2013, the Authority entered into a loan agreement with the City of Berkeley for an amount not to exceed $300,000. Proceeds from the loan were used to pay for relocation costs associated with the disposition of 75 units of rental housing owned by the Authority. The loan was amended on June 10, 2015, payable ten years from the date of the initial Predevelopment Loan Agreement and Note, which was February 8, 2013. Therefore, the loan is payable in full on or before February 8, 2023. The loan bears simple

Note 7 NOTES PAYABLE, Continued

interest at the rate of zero percent (0%). The outstanding balance on the loan at June 30, 2021, was $300,000.

Following is a summary changes in long-term debt for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Note Payable – HTF Loan	$ 300,000	$ -	$ -	$ 300,000
	$ 300,000	$ -	$ -	$ 300,000

The following is a schedule of debt payment requirements to maturity for long-term obligations other than compensated absences:

Year Ending June 30	Principal	Interest	Total Payments
2022	$ -	$ -	$ -
2023	300,000	-	300,000
	$ 300,000	$ -	$ 300,000

Note 8 NET POSITION

In the financial statements, fund net position is reported in three categories as follows:

A. Net Investment in Capital Assets
Net investment in capital assets consists of the following:
Capital assets, net of depreciation (Note 3) $ 2,721,646

B. Restricted Net Position
Net position is reported as restricted when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The Authority reported the following as restricted net position:
Excess funding of housing assistance payments $ 25,554

C. Unrestricted Net Position
Unrestricted net position represents the total amount of Net Position less amounts reflected as "net investment in capital assets" and "restricted net position". The Authority's Unrestricted Net Position as of June 30, 2021, was $7,758,271.

Note 9 EMPLOYEES RETIREMENT PLAN

General Information about the Pension Plan

Plan Descriptions – The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan orPERF C) is administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2018 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided – CalPERS 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.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:BHA

	Miscellaneous Plans	
	Prior to	On or After
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.7% @ 55	2% at 62
Benefit Vesting Formula	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.7%	2.0%
Required employee contribution rates	8.0%	7.25%
Required employer contribution rates	15.037%	7.874%

Note 9 EMPLOYEES RETIREMENT PLAN, Continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the 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 CalPERS' 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.

For the measurement period ended June 30, 2020 (the measurement date), the active employees contribution rate is 8 percent of annual pay, and the average employer's rate is 35.3 percent of annual payroll.

For the year ended June 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions – employer	$ 330,780
Contributions – employee	$ 73,904

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

The following table shows the Plan's proportionate share of the miscellaneous risk pool collective net pension liability over the measurement period:

	Net Pension Liability (Asset)	Proportionate Share of Net Pension Liability
Balance at 6/30/19 – Valuation date	$ 1,056,350	0.01031%
Balance at 6/30/20 – Measurement date	1,162,926	0.01069%
Total net changes during 2020 - 2021	$ 106,576	0.00038%

The Authority's net pension liability of $1,162,926 is measured as the proportionate share of the net pension liability of $10,880,429,552 (or 0.01069%). The net pension liability is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2021, the Authority recognized pension expense of $118,357 based on the Plan's measurement period ended June 30, 2020.

Note 9 EMPLOYEES RETIREMENT PLAN, Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 212,422	$ -
Differences between actual and expected experience	59,928	-
Changes in assumptions	-	(8,294)
Difference between employer's contributions and the employer's proportionate share of contributions	21,221	(1,287)
Net differences between projected and actual earnings on pension plan investments	34,547	-
Adjustment due to differences in proportions	54,055	(4,425)
Total	$ 382,173	$ (14,006)

$212,422 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022 (measurement period ended June 30, 2021). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year Ended June 30	Deferred Outflows/Inflows of Resources
2022	$ 48,519
2023	56,815
2024	33,842
2025	16,569
2026	-
Thereafter	-

The amounts on the previous page are the net of outflows and inflows recognized in the fiscal 2020 measurement period.

This space is intentionally left blank.

Note 9 EMPLOYEES RETIREMENT PLAN, Continued

Actuarial Methods and Assumptions –The pension liability for the June 30, 2021 was determined using the following actuarial methods and assumptions:

	Miscellaneous Plan
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. 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 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.

The long-term expected rate of return on pension plan investments 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, CalPERS 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 of 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.

Note 9 EMPLOYEES RETIREMENT PLAN, Continued

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92)%
Total	100.00%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the 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/ (asset), calculated using the discount rate of 7.15 percent, as well as what the Authority's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	$1,887,815	$1,162,926	$563,973

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

This space is intentionally left blank.

Note 10 OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description:

Eligible retirees receive health care coverage through a plan offered by the Berkeley Housing Authority through the City of Berkeley Retirement Health Premium Assistance Plan (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 retire living outside the coverage area of the Authority's health plans can select an out-of-area health 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 Retiree Health Premium Assistance Plan 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.

Employees Covered:

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	10
Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to, but not yet receiving benefits	1
Total employees	12

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, 2021, the Authority's cash contributions, excluding the implicit rate subsidy, were $70,539.

Net OPEB Liability:

The Authority's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Note 10 OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial Assumptions:

Measurement Date	June 30, 2021
Actuarial Valuation Date	June 30, 2019
Contribution Policy	Authority contributes between 3.75% and 5.75% of active pay based on employee group
Discount Rate	2.40% at June 30, 2021 2.68% at June 30, 2020
Expected Long-Term Rate of Return on Investments	3.00% at June 30, 2021 3.75% at June 30, 2020
Municipal Bond Rate	2.16% at June 30, 2021 (Bond Buyer 20 Index) 2.21% at June 30, 2020 (Bond Buyer 20 Index)
General Inflation	2.50% annually for June 30, 2021 and after 2.75% annually at June 30, 2020
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Healthcare Trend – Non-Medicare	7.00% for 2021, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Trend – Medicare	6.05% for 2021, decreasing to an ultimate rate of 3.75% in 2076
Crossover Test	Employer contributions after 2021 equal 3.75% or 5.75% of pay, varied by employee group Crossover occurs in 2045
Cap Increases	Kaiser retiree premium increase up to a maximum of 4.5% annually
Healthcare participation for future retirees	Pre-65: 60% Post-65: 95% for Local 1, 80% for other groups
Salary Increases	Aggregate: 2.75% annually Merit: CalPERS 1997-2015 Experience Study
Changes of assumptions	Discount rate was updated based on municipal bond rates as of the measurement date and the crossover test. General inflation is updated. Expected long term rate of return is updated
Changes of Benefit Terms	None

Note 10 OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

The long-term expected rate of return on OPEB plan investments 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 asset class are summarized in the following table:

Asset Class	6/30/2021 Allocation*	Long-term expected real rate of return
Cash and cash equivalents	43%	-0.50%
US Agency Securities	9%	-0.35%
Municipal Bonds	28%	0.79%
Preferred Securities	19%	1.32%
Savo Island Loan**	1%	n/a
Total	**100%**	

Assumed Long-Term Rate of Inflation	2.50%
Expected Long-Term Net Rate of Return, Rounded	3.00%

* Target allocation unknown
** City's redevelopment projects. Unknown expected real rate of return. Excluded from long-term rate of return development.

Discount Rate:

The discount rate used to measure the total OPEB liability was 2.40 percent. 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.

This space is intentionally left blank

Note 10 OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the OPEB Liability:

The changes in the Net OPEB Liability for the RHPAP Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2020			
(Measurement Date June 30, 2020)	$ 1,020,459	$ 409,096	$ 611,363
Changes recognized for the measurement period:			
Service cost	60,126	-	60,126
Interest	28,826	-	28,826
Actual vs. expected experience	-	-	-
Changes of assumptions	22,321	-	22,321
Contributions - employer	-	70,539	(70,539)
Net investment income	-	10,754	(10,754)
Benefit payments	(9,896)	(9,896)	-
Net Changes:	101,377	71,397	29,970
Balance at June 30, 2021			
(Measurement Date June 30, 2021)	$ 1,121,836	$ 480,490	$ 641,346

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

The following presents the Net OPEB Liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (1.40%)	**Current Discount Rate (2.40%)**	**1% Increase (3.40%)**
Net OPEB Liability	$ 876,778	$ 641,346	$ 456,791

This space is intentionally left blank

Note 10 OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates:

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease	Current Healthcare Trend Rates Discount Rate	1% Increase
Net OPEB Liability	$ 451,398	$ 641,346	$ 696,506

Recognition of Deferred Outflows and Deferred Inflows of Resources:

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2021, the Authority recognized OPEB expense of $18,136. As of fiscal year ended June 30, 2021, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 142,488	$ (20,875)
Differences between expected and experience	-	(39,467)
Net difference between projected and actual earnings on plan investments	11,481	-
Total	$ 153,969	$ (60,342)

This space is intentionally left blank

Note 10 OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	$ 15,594
2023	14,814
2024	12,795
2025	11,939
2026	14,891
Thereafter	23,594

Note 11 - JOINT POWERS AGREEMENTS

Property and Liability Insurance

The Authority participates in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). SDRMA was formed to provide property, liability and worker's compensation insurance coverage for member housing authorities. At June 30, 2020, there were 509 members in the Property/Liability Program and, 442 members in the Workers' Compensation Program, and 140 members in the Health Benefit Program. The relationship between the Authority and SDRMA is such that SRDMA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information the SDRMA for the year ended June 30, 2020, the most current available, is as follows:

Total assets and deferred Outflows	$ 131,272,470
Total liabilities and deferred inflows	(70,329,836)
Total Net Position	$ 60,942,634
Total revenues	$ 82,177,782
Total expenses	(77,599,711)
Increase (decrease) in Net Position	$ 4,578,071

The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

Note 12 - CONTINGENT LIABILITIES

Federal Grants:
The Authority has received funds from federal programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

Note 13 – CENTRAL OFFICE OPERATING LEASE

The Authority leases space for its central office under a non-cancelable lease agreement expiring on December 31, 2030. Total rents paid under this lease agreement for the fiscal year ended June 30, 2021 was $65,286.

The Authority entered into a new lease starting January 1, 2021, which runs through December 31, 2030.

The future minimum rental payments as of June 30, 2021, for these leases are as follows:

Year Ending June 30,	
2022	130,573
2023	131,879
2024	134,516
2025	137,207
2026	139,951
2027-2030	664,852
Total	$ 1,338,978

Note 14 – AFFORDABLE HOUSING BERKELEY, INC.

Affordable Housing Berkeley, Inc. (AHB) was loaned $200,000 at 2% per annum from the Berkeley Housing Authority for use in operations. The note is due in 2050.

AHB had $168,852 in cash at June 30, 2021. The full amount is under the FDIC limit of $250,000.

Note 15 – SUBSEQUENT EVENTS

Management evaluated all activity of the Authority through the date of the Independent Auditors' Report, the date on which the financial statements were available to issue. No material events were deemed to have occurred.

Required Supplementary Information

BERKELEY HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Schedule of the Authority's Proportionate Share of the Net Pension Liability
Last 10 Years

	Fiscal year ended June 30,						
	2015	2016	2017	2018	2019	2020	2021
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Plan's Proportion of the Net Pension Liability/(Asset)	0.009918%	0.010936%	0.976900%	0.010000%	0.009780%	0.010310%	0.010690%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$ 617,137	$ 750,664	$ 845,357	$ 991,267	$ 942,514	$ 1,056,351	$ 1,162,926
Plan's Covered-Employee Payroll	$ 1,068,966	$ 1,069,874	$ 1,079,533	$ 1,161,742	$ 1,171,215	$ 1,099,806	$ 885,013
Plan's Proportionate Share of the Net Pension Liability/(asset) as a Percentage of its Covered-Employee Payroll	57.73%	70.16%	78.31%	85.33%	80.47%	96.05%	131.40%
Plan's Proportionate Share of the Fiduciary Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 2,596,213	$ 2,883,309	$ 2,142,094	$ 2,678,124	$ 3,426,492	$ 3,970,231	$ 4,284,268

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal year 2015 was the first year of implementation of GASB Statement Number 5. Additional years of information will be presented as it becomes available.

BERKELEY HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Schedule of the Authority's Pension Plan Contributions
Last 10 Years

	Fiscal year ended June 30,						
	2015	2016	2017	2018	2019	2020	2021
Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Actuarially Determined Contributions	$ 191,828	$ 158,301	$ 165,370	$ 173,683	$ 187,076	$ 189,673	$ 212,422
Contributions in Relation to the Actuarially Determined Contribution - Employer	$ (191,828)	$ (158,301)	$ (165,370)	$ (173,683)	$ (187,076)	$ (189,673)	$ (212,422)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,069,874	$ 1,079,533	$ 1,171,215	$ 1,171,215	$ 1,099,806	$ 885,013	$ 937,205
Contributions as a Percentage of Covered-Employee Payroll	17.93%	14.66%	14.12%	14.83%	17.01%	21.43%	22.67%

Notes to Schedule:

Valuation Date:	June 30, 2018

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of pay, direct rate smoothing
Remaining Amortization Periods	Differs by employer rate plan but not more than 30 years.
Asset valuation method	Market value of assets
Inflation rate	2.50%
Salary increase	Varies by Entry Age and Service
Discount rate	7.00% (net of administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal year 2015 was the first year of implementation of GASB Statement Number 5. Additional years of informationwill be presented as it becomes available.

BERKELEY HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Schedule of the Authority's Changes in the Net OPEB Liability and Related Ratios
Last 10 Years

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021
Measurement date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Total OPEB Liability				
Changes recognized for the measurement period				
Service Cost	$ 47,168	$ 45,030	$ 51,107	$ 60,126
Interest on OPEB Liability	27,736	31,054	32,658	28,826
Changes on benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	(51,421)	-
Changes of assumptions	(40,755)	56,131	111,478	22,321
Benefit payments	(4,012)	(4,635)	(10,664)	(9,896)
Net change in total OPEB liability	30,137	127,580	133,158	101,377
Total OPEB Liability - Beginning	729,584	759,721	887,301	1,020,459
Total OPEB Liability - Ending	759,721	887,301	1,020,459	1,121,836
Total Fiduciary Net Position				
Contributions - employer	49,166	46,791	37,581	70,539
Net investment income	6,601	2,110	9,265	10,754
Benefit payments	(4,012)	(4,635)	(10,664)	(9,896)
Administration expenses	(126)	-	-	-
Net change in Fiduciary Net Position	51,629	44,266	36,182	71,397
Total Fiduciary Net Position - Beginning	277,019	328,648	372,914	409,096
Total Fiduciary Net Position - Ending	328,648	372,914	409,096	480,493
Net OPEB Liability - Ending	$ 431,073	$ 514,387	$ 611,363	$ 641,343
Plan Fiduciary net position as a percentage of the total OPEB liability	43.26%	42.03%	40.09%	42.83%
Covered-employee payroll	$ 1,065,384	$ 1,054,094	$ 856,235	$ 835,424
Net OPEB liability as a percentage of covered employee payroll	40.46%	48.80%	71.40%	76.77%

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal year 2018 was the first year of implementation of GASB Statement Number 85. Additional years of informationwill be presented as it becomes available.

Schedule of the Authority's OPEB Plan Contributions
Last 10 Years

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021
Measurement date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Actuarially Determined Contributions (ADC)	$ 74,195	$ 78,132	$ 69,396	$ 70,757
Contributions in Relation to the Actuarially Determined Contribution	$ (49,166)	$ (46,791)	$ (37,581)	$ (70,539)
Contribution Deficiency (Excess)	$ 25,029	$ 31,341	$ 31,815	$ 218
Covered Payroll	$ 1,065,384	$ 1,054,094	$ 856,235	$ 835,424
Contributions as a Percentage of Covered-Employee Payroll	4.61%	4.44%	4.39%	8.44%

Notes to Schedule:

Valuation Date: June 30, 2019

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry Age Normal Cost, Level Percentage of Payroll
Amortization method and period	Level dollar amount, 26-year fixed period for 2020/2021
Asset valuation method	Market value of assets as of valuation date
Discount rate	3.75%
General inflation rate	2.75%
Healthcare trend - non-medicare	7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Healthcare trend - medicare	6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-2019

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal year 2018 was the first year of implementation of GASB Statement Number 85. Additional years of informationwill be presented as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

BERKELEY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

Federal Grantor	CFDA Number	Expenditures
Department of Housing and Urban Development (HUD):		
Direct Programs:		
Section 8 – Moderate Rehabilitation Single Room Occupancy	14.249	$ 913,770
HCV CARES Act Funding	14.HCC	1,517,676
Mainstream CARES Act Funding	14.MSC	9,338
Housing Voucher Cluster		
Section 8 – Housing Choice Vouchers	14.871	32,109,190
Mainstream Vouchers	14.879	819,667
Total Housing Voucher Cluster		32,928,857
Total Expenditures of Federal Awards – all from the U.S. Department of Housing and Urban Development (HUD)		$ 35,369,641

See Notes to Schedule of Expenditures of Federal Awards.

BERKELEY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Berkeley Housing Authority. The Berkeley Housing Authority's reporting entity is defined in Note 1 to the financial statements.

2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Berkeley Housing Authority under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of the 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 the operations of the Berkeley Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Berkeley Housing Authority.

3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the Authority's basic financial statements.

4. The Berkeley Housing Authority did not pass-through any federal awards to subrecipients during the fiscal year 2021.

BERKELEY HOUSING AUTHORITY (CA058)

Berkeley, CA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021

	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	Subtotal	Total
111 Cash - Unrestricted		$168,852	$1,390,254			$2,025,370		$109,650	$175,741	$3,869,867	$3,869,867
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted				$4,644,750	$3,291	$109,428			$52,087	$4,809,556	$4,809,556
114 Cash - Tenant Security Deposits											
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	$0	$168,852	$1,390,254	$4,644,750	$3,291	$2,134,798	$0	$109,650	$227,828	$8,679,423	$8,679,423
121 Accounts Receivable - PHA Projects						$4,275				$4,275	$4,275
122 Accounts Receivable - HUD Other Projects					$11,719	$20,461				$32,180	$32,180
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous						$20,674			$1,088	$21,762	$21,762
126 Accounts Receivable - Tenants											
126.1 Allowance for Doubtful Accounts -Tenants											
126.2 Allowance for Doubtful Accounts - Other					$0	$0			$0	$0	$0
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery											
128.1 Allowance for Doubtful Accounts - Fraud											
129 Accrued Interest Receivable			$33,800	$138,607						$172,407	$172,407
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$33,800	$138,607	$11,719	$45,410	$0	$0	$1,088	$230,624	$230,624
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets											
143 Inventories											
143.1 Allowance for Obsolete Inventories											
144 Inter Program Due From			$3,291							$3,291	$3,291
145 Assets Held for Sale											
150 Total Current Assets	$0	$168,852	$1,427,345	$4,783,357	$15,010	$2,180,208	$0	$109,650	$228,916	$8,913,338	$8,913,338
161 Land			$2,579,621							$2,579,621	$2,579,621
162 Buildings											
163 Furniture, Equipment & Machinery - Dwellings											
164 Furniture, Equipment & Machinery - Administration					$2,786	$75,540			$5,786	$84,112	$84,112
165 Leasehold Improvements			$10,413		$1,943	$182,584			$9,234	$204,174	$204,174
166 Accumulated Depreciation			-$10,413		-$521	-$127,896			-$7,431	-$146,261	-$146,261
167 Construction in Progress											
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$2,579,621	$0	$4,208	$130,228	$0	$0	$7,589	$2,721,646	$2,721,646
171 Notes, Loans and Mortgages Receivable - Non-Current			$1,936,353	$8,477,486						$10,413,839	$10,413,839
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets											
176 Investments in Joint Ventures											
180 Total Non-Current Assets	$0	$0	$4,515,974	$8,477,486	$4,208	$130,228	$0	$0	$7,589	$13,135,485	$13,135,485
200 Deferred Outflow of Resources						$509,334			$26,808	$536,142	$536,142
290 Total Assets and Deferred Outflow of Resources	$0	$168,852	$5,943,319	$13,260,843	$19,218	$2,819,770	$0	$109,650	$263,313	$22,584,965	$22,584,965
311 Bank Overdraft											
312 Accounts Payable <= 90 Days		$737			$6,589	$24,707			$1,419	$33,452	$33,452
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable						$10,322			$37	$10,359	$10,359
322 Accrued Compensated Absences - Current Portion						$20,112			$1,488	$21,600	$21,600
324 Accrued Contingency Liability											
325 Accrued Interest Payable		$5,410								$5,410	$5,410
331 Accounts Payable - HUD PHA Programs						$87,165			$49,922	$137,087	$137,087
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government											
341 Tenant Security Deposits											
342 Unearned Revenue						$25,500		$109,650		$135,150	$135,150
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue											
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities											
346 Accrued Liabilities - Other											
347 Inter Program - Due To					$3,291					$3,291	$3,291
348 Loan Liability - Current											
310 Total Current Liabilities	$0	$6,147	$0	$0	$9,880	$167,806	$0	$109,650	$52,866	$346,349	$346,349
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		$200,000	$300,000	$9,278,491						$9,778,491	$9,778,491
354 Accrued Compensated Absences - Non Current						$105,523			$7,806	$113,329	$113,329
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities			$25,519			$1,680,033			$98,720	$1,804,272	$1,804,272
350 Total Non-Current Liabilities	$0	$200,000	$325,519	$9,278,491	$0	$1,785,556	$0	$0	$106,526	$11,696,092	$11,696,092
300 Total Liabilities	$0	$206,147	$325,519	$9,278,491	$9,880	$1,953,362	$0	$109,650	$159,392	$12,042,441	$12,042,441
400 Deferred Inflow of Resources						$70,631			$3,717	$74,348	$74,348
508.4 Net Investment in Capital Assets	$0		$2,579,621		$4,208	$130,228	$0		$7,589	$2,721,646	$2,721,646
511.4 Restricted Net Position	$0		$0		$3,291	$22,263	$0		$0	$25,554	$25,554
512.4 Unrestricted Net Position	$0	-$37,295	$3,038,179	$3,982,352	$1,839	$643,286	$0	$0	$92,615	$7,720,976	$7,720,976
513 Total Equity - Net Assets / Position	$0	-$37,295	$5,617,800	$3,982,352	$9,338	$795,777	$0	$0	$100,204	$10,468,176	$10,468,176
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$168,852	$5,943,319	$13,260,843	$19,218	$2,819,770	$0	$109,650	$263,313	$22,584,965	$22,584,965

BERKELEY HOUSING AUTHORITY (CA058)

Berkeley, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021

	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	Subtotal	Total
70300 Net Tenant Rental Revenue											
70400 Tenant Revenue - Other											
70500 Total Tenant Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
70600 HUD PHA Operating Grants	$9,338				$819,667	$32,109,190	$1,517,676		$913,770	$35,369,641	$35,369,641
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		$12	$63,520			$291			$14	$63,837	$63,837
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery						$5,445				$5,445	$5,445
71500 Other Revenue						$71,854				$71,854	$71,854
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted				$283,474						$283,474	$283,474
70000 Total Revenue	$9,338	$12	$63,520	$283,474	$819,667	$32,186,780	$1,517,676	$0	$913,784	$35,794,251	$35,794,251
91100 Administrative Salaries	$6,258				$26,008	$435,330	$425,624		$68,390	$961,610	$961,610
91200 Auditing Fees						$17,630			$2,500	$20,130	$20,130
91300 Management Fee											
91310 Book-keeping Fee											
91400 Advertising and Marketing						$774			$29	$803	$803
91500 Employee Benefit contributions - Administrative					$6,775	$640,830			$44,064	$691,669	$691,669
91600 Office Expenses			$141	$687	$6,979	$263,972	$33,795		$15,939	$321,513	$321,513
91700 Legal Expense		$31,271				$28,929			$1,523	$61,723	$61,723
91800 Travel											
91810 Allocated Overhead											
91900 Other		$625			$11,980	$135,315	$3,093		$2,564	$153,577	$153,577
91000 Total Operating - Administrative	$6,258	$31,896	$141	$687	$51,742	$1,522,780	$462,512	$0	$135,009	$2,211,025	$2,211,025
92000 Asset Management Fee											
92100 Tenant Services - Salaries											
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other						$24,500				$24,500	$24,500
92500 Total Tenant Services	$0	$0	$0	$0	$0	$24,500	$0	$0	$0	$24,500	$24,500
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	$0	$0	$0	$0	$0
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	$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	$0	$0	$0	$0	$0
96110 Property Insurance											
96120 Liability Insurance						$39,559			$2,082	$41,641	$41,641
96130 Workmen's Compensation						$4,040			$212	$4,252	$4,252
96140 All Other Insurance											
96100 Total insurance Premiums	$0	$0	$0	$0	$0	$43,599	$0	$0	$2,294	$45,893	$45,893
96200 Other General Expenses											
96210 Compensated Absences						$45,560	$7,526		$4,117	$57,203	$57,203
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	$0	$0	$45,560	$7,526	$0	$4,117	$57,203	$57,203
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)		$5,411								$5,411	$5,411
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	$0	$5,411	$0	$0	$0	$0	$0	$0	$0	$5,411	$5,411
96900 Total Operating Expenses	$6,258	$37,307	$141	$687	$51,742	$1,636,439	$470,038	$0	$141,420	$2,344,032	$2,344,032
97000 Excess of Operating Revenue over Operating Expenses	$3,080	-$37,295	$63,379	$282,787	$767,925	$30,550,341	$1,047,638	$0	$772,364	$33,450,219	$33,450,219
97100 Extraordinary Maintenance											

BERKELEY HOUSING AUTHORITY (CA058)

Berkeley, CA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 06/30/2021

	14.MSC Mainstream CARES Act Funding	6.1 Component Unit - Discretely Presented	2 State/Local	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	Subtotal	Total
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments					$881,965	$30,591,710	$923,848		$758,078	$33,155,601	$33,155,601
97350 HAP Portability-In						$39,328				$39,328	$39,328
97400 Depreciation Expense			$744		$521	$20,588			$1,274	$23,127	$23,127
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	$6,258	$37,307	$885	$687	$934,228	$32,288,065	$1,393,886	$0	$900,772	$35,562,088	$35,562,088
10010 Operating Transfer In	$199						$3,427			$3,626	$3,626
10020 Operating transfer Out					-$199	-$3,427			$0	-$3,626	-$3,626
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)	$199	$0	$0	$0	-$199	-$3,427	$3,427	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$3,279	-$37,295	$62,635	$282,787	-$114,760	-$104,712	$127,217	$0	$13,012	$232,163	$232,163
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$0	$0	$5,555,165	$3,699,565	$120,819	$773,272	$0	$0	$87,192	$10,236,013	$10,236,013
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$3,279				$3,279	$127,217	-$127,217			$0	$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						$773,514				$773,514	$773,514
11180 Housing Assistance Payments Equity						$22,263				$22,263	$22,263
11190 Unit Months Available					1029	23560			1176	25765	25765
11210 Number of Unit Months Leased					488	18749			1109	20346	20346
11270 Excess Cash											
11610 Land Purchases											
11620 Building Purchases											
11630 Furniture & Equipment - Dwelling Purchases											
11640 Furniture & Equipment - Administrative Purchases											
11650 Leasehold Improvements Purchases											
11660 Infrastructure Purchases											
13510 CFFP Debt Service Payments											
13901 Replacement Housing Factor Funds											

CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel
(925) 476-9930 efax
www.cropperaccountancy.com

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
Berkeley, California

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 business-type activities of the Berkeley Housing Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 1, 2021.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
December 1, 2021

CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

2700 Ygnacio Valley Road, Ste 270
Walnut Creek, CA 94598
(925) 932-3860 tel
(925) 476-9930 efax
www.cropperaccountancy.com

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
Berkeley, California

Report on Compliance for Each Major Federal Program

We have audited the Berkeley Housing Authority's 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, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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, 2021.

Report on Internal Control over Compliance

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

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

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

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 1, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
December 1, 2021

BERKELEY HOUSING AUTHORITY
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2021

N/A – There were no findings in the prior audit.

BERKELEY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Schedule I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements?	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	no
Major Programs:	
Housing Voucher Cluster	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers	14.879
HCV CARES Act Funding	14.HCC
Dollar threshold to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as low risk auditee?	yes

Schedule II – Financial Statement Findings

No matters were reported.

Schedule III - Federal Award Findings and Questioned Costs

No matters were reported.