

Report On Audit

**HOUSING AUTHORITY OF THE
CITY OF ENGLEWOOD**

**For the Year Ended
December 31, 2024**

Housing Authority of the City of Englewood
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**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

As Management of the Housing Authority of the City of Englewood (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and current known facts. It is highly summarized by necessity, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed entirely beginning on page 19 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded their liabilities at the close of the most recent fiscal year by \$3,636,474, An increase in the financial position of \$1,714,029 or 89% as compared to the prior year.

As noted above, the net position of the Authority was \$3,636,474 as of December 31, 2024. Of this amount, the unrestricted net position has a balance of \$907,274 representing an increase of \$1,693,635 215% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 20 the financial statements, which are included in this report.

The Authority's restricted net position increased \$52,925 or 8% percent from the prior year for an ending balance of \$749,569. Additional information on the Authority's restricted net position can be found in Note 19 of the financial statements, which is included in this report.

The Authority net investment in capital assets decreased \$32,531 or 2% for an ending balance of \$1,979,631.

The Authority's total cash and cash equivalents on December 31, 2024, is \$10,922,233 representing an increase of \$6,524,629 or 148% percent from the prior year. Operating cash increased \$6,486,154 or 178 percent for an ending balance of \$10,138,800. Total restricted cash increased \$38,475 or 5% percent for an ending balance of \$783,433. The full details of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority total assets and deferred outflows are \$16,555,688 of which deferred outflows are \$1,446,922, capital assets net book value are \$2,827,451, leaving total current assets at \$12,281,315. Total current assets increased from the previous year by \$6,420,160 or 110% percent. Unrestricted cash and cash equivalents increased by \$6,486,154 restricted cash increased by \$38,475, accounts receivables increased by \$457,137, and prepaid expenses decreased by \$579,606.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
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FINANCIAL HIGHLIGHTS - CONTINUED

The Authority reported a decrease in the netbook value of the capital assets in the amount of \$53,162 or 2% percent. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$66,170, less than the recording of depreciation expense in the amount of \$119,332. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$603,866 for an ending balance of \$1,446,922. The Authority reported an increase in the deferred inflow for the pension cost in the amount of \$206,388 for an ending balance of \$1,812,158. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 9 Deferred Outflows/Inflows of Resources.

The Authority total liabilities are reported at \$11,107,056, of which current liabilities are stated at \$5,726,146 and noncurrent liabilities are stated at \$5,380,910. Total liabilities increased during the year as compared to the prior year in the amount of \$5,050,447, or 83% percent. Total current liabilities increased during the year by \$4,806,624, leaving non-current liabilities for an increase of \$243,823 as compared to the previous year.

As previously stated, total current liabilities increased from the previous year by \$4,806,624 or 523% percent. Accounts payable decreased by \$739,251, accrued liabilities increased by \$7,054, tenant security deposit payable decreased by \$15,087, unearned revenue increased by \$5,552,912, and the current portion of long-term debt increased by \$996.

Total noncurrent liabilities increased by \$243,823 or 5% percent. Long-term obligations such as non-current compensated absences with an ending balance of \$92,055, with no offsetting assets, increased \$17,178 from the previous year. Long-term debt decreased \$23,217 for an ending balance of \$822,790. Accrued pension and OPEB liability increased \$249,862 or 6% percent. Additional information on accrued pension and OPEB on December 31, 2024, can be found in Notes 16 & 17 to the financial statements, which are included in this report.

The Authority had total operating revenue of \$14,101,161 as compared to \$10,956,461 from the prior year for an increase of \$3,144,700 or 29% percent. The Authority had total operating expenses of \$12,806,862 as compared to \$11,120,077 from the previous year for an increase of \$1,686,785 or 15% percent, resulting in excess income from operations in the amount of \$1,294,299 for the current year as compared to excess expenses from operations in the amount of \$163,616 in the prior year for an increase in excess revenue over expenses in the amount of \$1,457,915 or over 100% percent from the previous year.

The Authority had capital outlays in the amount of \$66,170 for the fiscal year. These expenditures were funded from the Authority's reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL HIGHLIGHTS - CONTINUED

The Authority Expenditures of Federal Awards amounted to \$12,029,917 for the year 2024 as compared to \$10,611,767 for the previous year 2023 for an increase of \$1,418,150 or 13% percent.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority most significant programs:

1. Business Activities – RAD Program
2. Section 8 Housing Choice Vouchers

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to determine the level of assurance provided for each of the other parts of this report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing for low income and special needs populations. The financial statements can be found on pages 19 through 23.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current 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 inflows and cash outflows in the future periods.

Statement of Cash Flows– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 63.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 69-70 of this report.

1. **Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations, and other assistance.
2. **Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the City of Englewood are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended December 31, 2024. Type B programs for the Housing Authority of the City of Englewood are those which are less than \$750,000 in expenditures for the fiscal year ended December 31, 2024.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE AUTHORITY

The following summarizes the Authority computation of Net Position between December 31, 2024, and December 31, 2023:

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	December-24	December-23	
Cash	\$ 10,922,233	\$ 4,397,604	\$ 6,524,629
Other Current Assets	1,359,082	1,463,551	(104,469)
Capital Assets - Net	2,827,451	2,880,613	(53,162)
Deferred Outflows	1,446,922	843,056	603,866
Total Assets	<u>16,555,688</u>	<u>9,584,824</u>	6,970,864
Less: Current Liabilities	(5,726,146)	(919,522)	(4,806,624)
Less: Non Current Liabilities	(5,380,910)	(5,137,087)	(243,823)
Less: Deferred Inflows	(1,812,158)	(1,605,770)	(206,388)
Net Position	<u>\$ 3,636,474</u>	<u>\$ 1,922,445</u>	<u>\$ 1,714,029</u>
Net Investment in Capital Assets	\$ 1,979,631	\$ 2,012,162	\$ (32,531)
Restricted Net Position	749,569	696,644	52,925
Unrestricted Net Position	907,274	(786,361)	1,693,635
Net Position	<u>\$ 3,636,474</u>	<u>\$ 1,922,445</u>	<u>\$ 1,714,029</u>

Cash increased by \$6,524,629. Net cash provided by operating activities was \$6,340,905, net cash used by capital and related financing activities was \$88,390, and net cash provided by investing activities was \$272,114. The full details of this amount can be found in the Statement of Cash Flows on page 22-23 of this audit report.

Other current assets decreased by \$104,469. Accounts receivable increased by \$475,137, and prepaid expenses decreased by \$579,606 during the fiscal year.

The Authority reported a decrease in the netbook value of the capital assets in the amount of \$53,162 or 2% percent. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$66,170, less than the recording of depreciation expense in the amount of \$119,332. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$603,866 for an ending balance of \$1,446,922. The Authority reported an increase in the deferred inflow for the pension cost in the amount of \$206,388 for an ending balance of \$1,812,158. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 9 Deferred Outflows/Inflows of Resources.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE AUTHORITY - CONTINUED

As previously stated, total current liabilities increased from the previous year by \$4,806,624 or 523% percent. Accounts payable decreased by \$739,251, accrued liabilities increased by \$7,054, tenant security deposit payable decreased by \$15,087, unearned revenue increased by \$5,552,912, and the current portion of long-term debt increased by \$996.

Total noncurrent liabilities increased by \$243,823 or 5% percent. Long-term obligations such as non-current compensated absences with an ending balance of \$92,055, with no offsetting assets, increased \$17,178 from the previous year. Long-term debt decreased \$23,217 for an ending balance of \$822,790. Accrued pension and OPEB liability increased \$249,862 or 6% percent. Additional information on accrued pension and OPEB on December 31, 2024, can be found in Notes 16 & 17 to the financial statements, which are included in this report.

The Authority reported a net position of \$3,636,474 is made up of three categories. The net investment in capital assets in the amount of \$1,979,631 represents a majority of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current year:

Balance December 31, 2023		\$	2,012,162
Acquisition in Fixed Assets			66,170
Depreciation Expense			(119,332)
Debt Payment			20,631
Balance December 31, 2024		\$	1,979,631

The Housing Authority of the City of Englewood operating results for December 31, 2024, reported an increase in unrestricted net position of \$1,693,635 for an ending deficit balance of \$907,274. A full detail of this account can be found in the Notes to the Financial Statements Section Note 20.

The Authority reported a restricted net position in the amount of \$749,569 which increased \$52,925 or 8% percent as compared to the prior year. A full detail of this account can be found in the Notes to the Financial Statements Section Note 19.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE AUTHORITY - CONTINUED

The following summarizes the Authority's changes in Net Position between December 31, 2024, and December 31, 2023:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	December-24	December-23	
<u>Revenues</u>			
Tenant Revenues	\$ 204,217	\$ 209,818	\$ (5,601)
HUD Subsidies	12,029,917	10,611,767	1,418,150
Other Revenues	1,867,027	134,876	1,732,151
Total Operating Income	<u>14,101,161</u>	<u>10,956,461</u>	<u>3,144,700</u>
<u>Expenses</u>			
Operating Expenses	12,687,531	11,004,102	1,683,429
Depreciation Expense	119,331	115,975	3,356
Total Operating Expenses	<u>12,806,862</u>	<u>11,120,077</u>	<u>1,686,785</u>
Operating Income before Non Operating Income	1,294,299	(163,616)	1,457,915
Interest Income	272,114	5,457	266,657
Interest Expense	-	(38,735)	38,735
Casualty Loss	-	(315,256)	315,256
Change in Net Position	1,566,413	(512,150)	2,078,563
Net Position Prior Year	1,922,445	2,402,951	(480,506)
Prior Period Adjustment	147,616	31,644	115,972
Total Net Position	<u>\$ 3,636,474</u>	<u>\$ 1,922,445</u>	<u>\$ 1,714,029</u>

Approximately 85% percent of the Authority's total revenue was provided by HUD operating subsidy, while 13% percent resulted from tenant revenue. Charges for various services and fraud recovery provided for the remaining 2% percent of the total operating income.

The Authority had capital expenditures of \$66,170 related to the replacement of equipment destroyed by Ida. The current year's addition included the replacement of electric ranges in tenant units.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE AUTHORITY - CONTINUED

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 84% percent of total operating expenses. Administrative expenses accounted for 9% percent, tenant services accounted for 1% percent, utilities expenses accounted for 1% percent, maintenance expenses accounted for 2% percent, other operating expenses accounted for 2% percent, and depreciation accounted for the remaining 1% of the total operating expenses.

The Authority's operating income exceeded its operating expenses resulting in excess income from operations in the amount of \$1,294,299 from operations as compared to excess expenses from operations of \$163,616 for the previous year. The key elements for the decrease in operating surplus in comparison to the prior year are as follows:

- Tenant rental income decreased \$5,601 or 3% percent from the previous year.
- The Authority experienced an increase in HUD operating grants in the amount of \$1,418,150, or 13% percent. Grants are awarded based on the Authority's needs against a preauthorized funding level.
- Other revenue increased by \$1,732,151, from the previous year for the collection of insurance proceeds.
- The Authority experienced an increase in the following expense accounts as listed below:
 - Administrative Expenses increased \$272,274 or 30% percent.
 - Tenant Services increased \$4,983 or 7% percent.
 - Maintenance Expense increased \$1,744 or 1% percent.
 - Other Operating Expenses increased \$21,787 or 9% percent for insurance repairs.
 - Housing Assistance Payments increased \$1,465,288 or 16% percent.
 - Depreciation Expense increased \$3,357 or 3% percent.
- The Authority experienced a decrease in the following expense accounts as listed below:
 - Utilities Expense decreased \$82,648 or 36% percent.

Total net cash provided by operating activities during the year was \$6,340,905. A full detail of this amount can be found in the Statement of Cash Flows on page 22-23 of this report.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS OF THE AUTHORITY - CONTINUED

The following are financial highlights of significant items for a four-year period ending on December 31, 2024:

	December-24	December-23	December-22	December-21
Significant Income				
Total Tenant Revenue	\$ 204,217	\$ 209,818	\$ 199,963	\$ 643,104
HUD Operating Grants	12,029,917	10,611,767	10,738,583	9,546,870
Investment Income	272,114	5,457	2,771	2,012
Other Income	1,867,027	134,876	167,458	97,080
Total	\$ 14,373,275	\$ 10,961,918	\$ 11,108,775	\$ 10,289,066
Payroll Expense				
Administrative Salaries	\$ 588,528	\$ 517,434	\$ 477,160	\$ 487,776
Tenant Services Salaries	51,883	48,560	45,360	215,376
Utilities Labor	35,500	35,500	7,903	35,000
Maintenance Labor	94,262	85,779	81,885	23,557
Employee Benefits Expense	394,980	291,123	303,719	504,234
Total Payroll Expense	\$ 1,165,153	\$ 978,396	\$ 916,027	\$ 1,265,943
Other Significant Expenses				
Other Administrative Expenses	\$ 577,574	\$ 181,323	\$ 231,651	\$ 242,705
Utilities Expense	145,929	172,247	122,655	278,132
Maintenance Supplies	27,779	20,986	31,566	40,441
Maintenance Contract Cost	48,685	69,358	45,992	49,401
Insurance Premiums	158,053	127,346	90,498	108,904
Housing Assistance Payments	10,808,418	9,341,487	9,497,207	8,659,239
Total	\$ 11,766,438	\$ 9,912,747	\$ 10,019,569	\$ 9,378,822
Total Operating Expenses	\$ 12,806,862	\$ 11,120,077	\$ 11,102,619	\$ 10,757,783
Total of Federal Awards	\$ 12,029,917	\$ 10,611,767	\$ 10,738,583	\$ 9,546,870

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
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THE HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD PROGRAMS

Section 8 Housing Choice Voucher Program:

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Rental Assistance Demonstration Program: Business Activities

The Rental Assistance Demonstration Program ("RAD") was created in order to give public housing authorities ("PHA's") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% percent of their income towards rent.

Section 8 New Construction and Substantial Rehabilitation

The New Construction and Substantial Rehabilitation Programs provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing financed with any type of construction or permanent financing, including the applicable FHA Multifamily Mortgage Insurance Programs. The maximum term of assistance provided by HUD under the New Construction and Substantial Rehabilitation Programs for a project financed with the proceeds of a loan insured by FHA is 20 years.

Blended Component Units

The Authority also has Component Units which consist of activities pertaining to Englewood Housing Management Services, Inc. (EHMS). The non-profit corporation was formed for the purpose of developing, operating, and managing low- and moderate-income housing in the City of Englewood. The program currently consists of four units. The audit report for EHMS covered the year ended December 31, 2024.

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Net Investment in Capital Assets" and are not available for future spending. The unrestricted position of the Authority is available for future use to provide program services.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2024, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

NEW INITIATIVES

For the fiscal year ending 2024 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 84% percent of its revenue from the Department of Housing and Urban Development, (2023 was 97% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of Englewood, all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's investment in capital assets as of December 31, 2024, was \$2,827,451 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$53,162 or 2% percent. Major capital expenditures of \$40,408 were made during the year. Major capital assets events during the year included the following:

- Roof Replacement
- Apartment Renovations

	December-23	December-23	Increase (Decrease)
Land	\$ 806,719	\$ 806,719	\$ -
Building	8,752,748	8,686,578	66,170
Furniture, Equipment - Dwelling	300,870	300,870	-
Furniture, Equipment - Administration	283,416	283,416	-
Total Fixed Assets	10,143,753	10,077,583	66,170
Accumulated Depreciation	(7,316,302)	(7,196,970)	(119,332)
Net Book Value	<u>\$ 2,827,451</u>	<u>\$ 2,880,613</u>	<u>\$ (53,162)</u>

Additional information on the Authority's capital assets can be found in Note 8 of the financial statements, which is included in this report.

2 - Debt Administration

As of December 31, 2024, the only note outstanding was with Connect One, formally called Bank of New Jersey, in the amount of \$846,230 of which \$23,440 was stated as the current portion. Interest is payable at 4.35% percent. The monthly payments are \$5,015, which includes both principal and interest.

Additional information on the Authority's debt on December 31, 2024, can be found in Note 15 of the notes to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of the City of Englewood is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The following factors were considered in preparing the Authority's budget for the year ending December 31, 2025.

- State of New Jersey economy includes the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued increases in health care insurance are expected to impact on employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other costs.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments. The Authority accepted the administration of a 15-year project-based housing choice vouchers.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Domingo Senande, Executive Director, Housing Authority of the City of Englewood, 111 West Street, Englewood, N.J. 07631, or call (201) 871-3451.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Englewood
111 West Street
Englewood, New Jersey 07631

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business type activities and blended component unit of the Housing Authority of the City of Englewood, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Englewood basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and blended component unit of the Housing Authority of the City of Englewood as of December 31, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 1 through 14 and pages 63-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Englewood's basic financial statements. The accompanying supplemental information on pages 69-80 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements. The blended component unit financial statements were also required by U.S. Department of Housing and Urban Development's Real Estate Assessment Center.

The Schedule of Expenditures of Federal Awards, the Financial Data Schedule and the blended component unit financial statements are 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards, the Financial Data Schedule, and the blended component unit financial statements, is 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 August 22, 2025, in our consideration of the Housing Authority of the City of Englewood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Englewood's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Englewood's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: August 22, 2025

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

	2024
Assets	
Current Assets:	
Cash and Cash Equivalents	
Operating	\$ 10,138,800
Restricted	783,433
Total cash and equivalents	10,922,233
Accounts Receivables, Net of Allowances	1,350,847
Prepaid Expenses	8,235
Total Current Assets	12,281,315
Noncurrent Assets	
Capital Assets	
Land	806,719
Building	8,752,748
Furniture, Equipment - Dwelling	300,870
Furniture, Equipment - Administration	283,416
Total Capital Assets	10,143,753
Less: Accumulated Depreciation	(7,316,302)
Net Book Value	2,827,451
Total Assets	15,108,766
Deferred Outflow of Resources	
Total Deferred Outflows of Resources	1,446,922
Total Assets and Deferred Outflow of Resources	\$ 16,555,688

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

	2024
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 90,764
Accrued Liabilities	25,847
Tenant Security Deposit Payable	33,166
Unearned Revenue	5,552,929
Mortgage Payable - Current Portion	23,440
Total Current Liabilities	5,726,146
Noncurrent Liabilities	
Mortgage Payable - Long Term	822,790
Accrued Compensated Absences - Long-Term	92,055
Accrued Pension and OPEB Liabilities	4,466,065
Total Noncurrent Liabilities	5,380,910
Total Liabilities	11,107,056
Deferred Inflow of Resources	
Total Deferred Inflow of Resources	1,812,158
Net Position:	
Net Investment in Capital Assets	1,979,631
Restricted	749,569
Unrestricted	907,274
Total Net Position	3,636,474
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 16,555,688

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024**

	2024
Revenue:	
Tenant Rental Revenue	\$ 204,217
HUD PHA Operating Grants	12,029,917
Other Revenue	1,867,027
Total Revenue	14,101,161
 Operating Expenses:	
Administrative Expense	1,166,102
Tenant Services	78,774
Utilities Expense	145,929
Maintenance Expense	227,858
Other Operating Expenses	260,450
Housing Assistance Payments	10,808,418
Depreciations Expense	119,331
Total Operating Expenses	12,806,862
 Excess Income From Operations	1,294,299
 Non Operating Income and (Expenses):	
Interest Income	272,114
Total Non Operating Income	272,114
 Change in Net Position	1,566,413
Beginning Net Position	1,922,445
Prior Period Adjustments	147,616
Beginning Net Position, Restated	2,070,061
 Ending Net Position	\$ 3,636,474

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

	2024
Cash Flow From Operating Activities	
Receipts from Tenants	\$ 197,682
Receipts from Federal Grants	16,925,849
Receipts from Misc. Sources	1,867,027
Payments to Vendors and Suppliers	(676,082)
Payments for Housing Assistance Payments	(10,808,418)
Payments to Employees	(770,173)
Payment of Employee Benefits	(394,980)
Net Cash Provided by Operating Activities	6,340,905
Cash Flow From Capital and Related Financing Activities	
Acquisitions and Construction of Capital Assets	(66,170)
Interest Expense	(37,878)
Principal Payments made on Mortgage	(22,221)
Change in Accrued Pension and OPEB Liabilities	249,862
Net Effect of Deferred Inflows and Outflows	(359,599)
Prior Period Adjustment	147,616
Net Cash (Used) by and Related Financing Activities	(88,390)
Cash Flow From Investing Activities	
Interest Income	272,114
Net Cash Provided by From Investing Activities	272,114
Net Increase in Cash and Cash Equivalents	6,524,629
Beginning Cash	4,397,604
Ending Cash	\$ 10,922,233
<u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 10,138,800
Restricted Deposits	783,433
Total Ending Cash	\$ 10,922,233

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024

	2024
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Excess of Income Over Revenue	\$ 1,294,299
Adjustments to reconcile excess expenses to net cash provided by operating activities:	
Depreciation Expense	119,331
(Increase) Decrease in:	
Accounts Receivables	(475,137)
Prepaid Expenses	579,606
Increase (Decrease) in:	
Accounts Payable	(739,251)
Accrued Liabilities	7,054
Unearned Revenue	5,552,912
Tenant Security Deposits	(15,087)
Compensated Absences - Non current	17,178
Net Cash Provided by Operating Activities	\$ 6,340,905
Supplemental Cash Flows Disclosures	
Interest Expense Paid During the Year	\$ 37,962

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Englewood in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low- and moderate-income families residing in the City of Englewood. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Englewood and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of Englewood reporting entity.

Based on the following criteria, the Authority has identified one entity which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.

As of December 31, 2024, based upon the application of these criteria, the Authority considers Englewood Housing Management Services, Inc. (EHMS) to be a component unit because the organization meets the financial accountability criteria for inclusion.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is like that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

The Authority adopted in January 2022, GASB Statement No. 87, *Accounting for Leases*. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease receivables and 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.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Significant Accounting Policies - Continued

Blended Component Unit

The Authority has identified the Englewood Housing Management Services, Inc. (EHMS) as a component unit. Englewood Housing Management Services, Inc. (EHMS) is economically dependent on the Housing Authority of the City of Englewood to provide funding via management services revenues administered by the Housing Authority of the City of Englewood which meets the financial accountability criteria for inclusion. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Corporation at the end of its year, which is December 31, 2024.

Basis of Accounting –

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner like private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Revenue Recognition

The major sources of revenue are HUD operating subsidies, tenants dwelling rents, HAP portability payments, management fees and all other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, cable charges and laundry income. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. However, tenant reimbursements for costs like utilities, which are based on consumption, are subject to ASC 606 and recognized as revenue when incurred. Additionally, the Authority also generates revenue from tenant charges and fees, laundry machine income and HAP portability payments all of which are considered integral to the primary operations and are recognized as revenue at the time they are received.

The Authority provides housing assistance payments to participating owners on behalf of eligible tenants. The Authority also provides decent, safe, and sanitary housing for extremely low and very low-income families. The revenue is recorded as earned since it is measurable and available.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Basis of Accounting – Continued

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by December 31, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by December 31, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

Report Presentation -

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Financial Reporting Entity

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined based on financial interdependency, selection of governing authority, designation of Management, ability to significantly influence operations, and accountability for fiscal matters.

All governmental activities and functions performed for the Authority are its direct responsibility. The financial reporting entity consists of:

- (a) the primary government, which is the Authority,
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

The decision to include a potential unit in the Authority's reporting entity is based on several criteria set forth in GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability. The Authority has identified a Component Unit which consists of activities pertaining to Englewood Housing Management Services, Inc. (EHMS). Englewood Housing Management Services, Inc. (EHMS) meets the financial accountability criteria for inclusion in the Authority financial statements. The non-profit corporation was formed for the purpose of developing, operating, and managing low- and moderate-income housing in the City of Englewood. The program currently consists of four units.

Board of Commissioners - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision-making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Other accounting policies are as follows

1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.

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

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

5 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

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

7 – The Authority does not have any infrastructure assets for its Enterprise Fund.

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

9- Advertising cost is charged to expense when incurred.

10- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

11- Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115. Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Other accounting policies - continued

12- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

13 - Net Position

In accordance with the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*, the Authority has classified its net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Other accounting policies - continued

13 - Net Position -continued

Unrestricted Net Position - This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

14 -Unearned Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenses have been incurred in compliance with grant restrictions. Amounts unspent are recorded in the statement of net position as unearned revenue.

15 Operating Revenue and Expenses

Operating revenue includes HUD operating subsidies, tenants dwelling rents, HAP portability payments, management fees and all other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, and laundry income. Operating expenses include wages, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent, and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

Nonoperating Revenue and Expenses

The Authority's nonoperating revenue relates primarily to interest income. For reporting purposes. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

16-Impairment Losses

In accordance with the Financial Accounting Standards Codification No. 360, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," the Authority reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying value amount of the real property to the future net un-discounted cash flow expected to be generated by the rental property including and any estimated proceeds from the eventual disposition of the real property. If the real property is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. As of December 31, 2024, the Authority believes that there has been no impairment of its long-lived assets.

17- Recent Accounting Pronouncements

The Authority has implemented all new accounting pronouncements that are in effect and that may impact on its financial statements. The Authority does not believe that there are any new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Budgetary and Policy Control –

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

Revenue from Rental Contracts

The Authority recognizes rental revenue from tenants who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant (s) prior to move in. Tenants have to be income qualified in accordance with income limitations before allowed to occupy unit the tenant(s) may also qualify for a Housing Assistance Payment (HAP). HAP payments are used to subsidize the tenants(s) rental payment to allow them the ability to afford a unit in the development.

The lease agreement has similar terms therefore all lease contract revenue has been aggregated in the caption rental income in the statement of income. The lease contract revenue is recognized at the end of each month when the performance obligation of providing a unit is complete. The performance obligation each month also includes applicable maintenance services provided to maintain the tenant(s) unit and the buildings(s). Since the performance of these services is completed simultaneously each month, they are treated as performance obligation.

Tenants(s) lease payments, including the HAP payment, are due on the first day of each month of the lease term. The monthly unit rental charge is determined based on the amount determined at the RAD conversion and increased annually by HUD published OCAF. Any tenant(s) rental payment is not received by the fifth day of each month. Will be charged a late fee. HAP payments received directly from a HUD are not subject to late fees. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

Rent Increases

Under the HAP Contract, the Authority RAD housing program may not increase rents charged to tenants more than the amount provided by the Section 8 regulations.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Activities - The programs administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ39-VO55-001	761
N/C S/R Program	14.182	NJ55-SRO-001	13
<u>Business Activities</u>			
Rental Assistance Demonstration Program (RAD)			152
John J. Foti Sr. Property			9
<u>Component Unit</u>			
Englewood Housing Management Services, Inc. (EHMS)			4

Business Activities - RAD

The Authority converted its 152 Public and Indian Housing Program units to Rental Assistance Demonstration Program (RAD) Project Based Vouchers (PBV). The conversion took place in December 2017. The RAD Program was created in order to give public housing authorities (PHA's") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% percent of their income towards rent.

The Authority also owns and manages a 9-unit apartment building at 115 Humphry Street, known as the John J. Foti, Sr. Property. Since there is no Federal funding, it is referred to as Business Activities on the Financial Data Schedule.

Blended Component Unit

The Authority also has Component Units which consist of activities pertaining to Englewood Housing Management Services, Inc. (EHMS). The non-profit corporation was formed for the purpose of developing, operating, and managing low- and moderate-income housing in the City of Englewood. The program currently consists of four units. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the entity at the end of its year, which was December 31, 2024.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

Activities - Continued

Section 8 Housing Choice Voucher Program:

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Section 8 New Construction and Substantial Rehabilitation

The New Construction and Substantial Rehabilitation Programs provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing financed with any type of construction or permanent financing, including the applicable FHA Multifamily Mortgage Insurance Programs. The maximum term of assistance provided by HUD under the New Construction and Substantial Rehabilitation Programs for a project financed with the proceeds of a loan insured by FHA is 20 years.

NOTE 2 - ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2024divisioncombined.pdf>

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employees' contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 6.64% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2024 is \$164,653.

Post Employment Retirement Benefits

The Authority provides post-employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects due to the adoption of GASB 68 can be found in Note 17- Accrued Pension Liability.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 4 – CASH, CASH EQUIVALENTS

The Authority's cash and cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment include cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

Concentration of Credit Risk

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized. Acceptable collateralization includes FDIC/FSLIC insurance, and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledges under the New Jersey Government Code of the Banking Law.

Risk Disclosures

Collateral for Deposits

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at the time of purchase. On December 31, 2024, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities. The Authority's checking accounts and investments are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure; the Authority's deposits may not be returned to it. The custodial credit risk categories are described below.

	Bank Balances	
<u>Depository Accounts</u>	Primary Government	Component Unit
Insured	\$ 250,500	\$ 250,000
Collateralized held by pledging bank's trust department in the Authority's name	10,024,321	-
Uninsured	-	397,412
Total Cash, Cash Equivalents	\$ 10,274,821	\$ 647,412

Englewood Housing Management Services, Inc. (EHMS) maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. Englewood Housing Management Services, Inc. (EHMS) has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent. As of December 31, 2024, the uninsured cash was \$397,412.

Restricted Deposits

The restricted deposits accounts on December 31, 2024, consist of the following:

<u>Restricted Deposits</u>	Primary Government	Component Unit
Tenant Security Deposit	\$ 31,236	\$ 1,930
HCV for Current liabilities	698	
Capital Repair Account	122,365	-
Critical Repair Account	55,772	-
Replacement Reserve Account	571,432	-
Total Restricted Cash	\$ 781,503	\$ 1,930

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 4 – CASH, CASH EQUIVALENTS - CONTINUED

Tenant Security Deposit Account

The Authority has total tenant security deposit restricted deposits on December 31, 2024, was in the amount of \$33,166. This amount is held as security deposits for them in an interest-bearing account.

HCV HAP Reserves

The restricted cash in the amount of \$-0- was reported under the Housing Choice Voucher Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Restricted Deposits -RAD Accounts

In connection with the RAD conversion, the Authority is required to maintain certain escrow accounts and reserves by HUD and Connect One. RAD capital reserve escrow funds are restricted for capital improvements related to properties specified in the mortgage agreement with Connect One. The details of the required reserve accounts are as follows:

	Capital Repair Account	Critical Repair Account	Replacement Reserve
Beginning Balance	\$ 118,410	\$ 54,007	512,332
Required Deposit Made	-	-	41,208
Interest Earned	3,955	1,765	17,892
Withdrawals Made	-	-	-
Ending Balance	\$ 122,365	\$ 55,772	\$ 571,432

Investments

The Authority's investments on December 31, 2024, included the following:

Investments	Maturities	Interest Rate	Fair Value
Certificate of Deposit	1/19/2025	0.50%	\$ 478,377
ICS Sweep Account	Upon Demand	3.97%	6,041,688
ICS Sweep Account	Upon Demand	3.97%	488,416
ICS Sweep Account	Upon Demand	3.97%	1,278,175
ICS Sweep Account	Upon Demand	3.97%	395,470
			\$ 8,682,126

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable on December 31, 2024, consisted of the following:

	Primary Government	Component Unit
Tenants Accounts Receivable	\$ 3,645	\$ 2,890
Less: Allowance for Doubtful Accounts	(3,645)	-
Net Tenants Accounts Receivable	-	2,890
Accounts Receivable - HUD	522,704	-
Accounts Receivable - Other Authorities	2,092	-
Accounts Receivable - Westmoor Gardens	23,161	-
Advance Receivable - Westmoor Gardens	400,000	400,000
Total Accounts Receivable	\$ 947,957	\$ 402,890

Tenant rent is due on the first day of each month. If a rent payment is not received by the 5th day of the month, it is considered past due and late fees are applied. Tenant receivables are reported at the amount management expects to collect from outstanding balances and are recorded net of allowance for doubtful accounts. Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debt; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Any bad debt recovered is shown as income in the year it is received.

NOTE 6 - INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during operations, reimbursements, or transfers. Short-term loans are reported as interfund short term receivable and payable as appropriate. The amounts between the various programs administered by the Authority on December 31, 2024, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 7 – PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off monthly. Acquisition of materials and supplies is accounted for by the consumption method, that is, the expenses are charged when the items are consumed. Inventory of supplies is recorded at the lower of cost (determined by using the “first-in-first- out” method) or market. Prepaid expenses on December 31, 2024, and 2023 consisted of the following:

	2024 Primary Government	2023 Primary Government
Prepaid Insurance Cost	\$ 8,235	\$ 7,477
Prepaid Operating Expenses	-	14,678
Prepaid HAP Payments - January 2024	-	565,686
Total Prepaid Expenses	<u>\$ 8,235</u>	<u>\$ 587,841</u>

NOTE 8 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated at cost as determined by an appraisal. Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred.

Depreciation Expense

Property and equipment are stated at cost. Donated fixed assets are stated at their fair value on the date donated. The Authority depreciation expense on December 31, 2024, was \$119,331 and for 2023 \$115,974. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements December 31, 2024

NOTE 8 - FIXED ASSETS - CONTINUED

Impairment Losses

The Housing Authority of the City of Englewood reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2024.

Below is a schedule of changes in fixed assets for the twelve months ending December 31, 2024:

	December-23	Additions	Transfer	December-24
Land	\$ 806,719	\$ -	\$ -	\$ 806,719
Building	8,686,578	66,170	-	8,752,748
Furniture, Equipment - Dwelling	300,870	-	-	300,870
Furniture, Equipment - Administration	283,416	-	-	283,416
Total Fixed Assets	10,077,583	66,170	-	10,143,753
Accumulated Depreciation	(7,196,970)	(119,332)	-	(7,316,302)
Net Book Value	<u>\$ 2,880,613</u>	<u>\$ (53,162)</u>	<u>\$ -</u>	<u>\$ 2,827,451</u>

Below is a schedule of the netbook value of the fixed assets for the Authority as of December 31, 2024:

<u>Net Book Value of the Fixed Assets</u>	<u>December-24</u>
Land	\$ 806,719
Building	1,864,242
Furniture, Equipment - Dwelling	-
Furniture, Equipment - Administration	156,490
Net Book Value	<u>\$ 2,827,451</u>

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The OPEB and Pension Liability discussed in Note 16 and 17 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for OPEB and PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 128,966	\$ 33,442	\$ 162,408
Changes in Assumptions	362,267	2,074	364,341
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	860,395	59,778	920,173
Total	\$ 1,351,628	\$ 95,294	\$ 1,446,922
Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 759,470	\$ 4,445	\$ 763,915
Changes in Assumptions	790,515	18,994	809,509
Net Difference Between Projected and Actual Earning on Pension Plan Investments	461	77,408	77,869
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	156,801	4,064	160,865
Total	\$ 1,707,247	\$ 104,911	\$ 1,812,158

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$162,408 and \$763,915.

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$364,341 and \$809,509.

Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and GASB 75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$77,869.

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for OPEB and PERS, reflecting the average remaining service life of ERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$920,173 and \$160,865

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 10 – ACCOUNTS PAYABLE

Accounts payable are a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an account payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable is an important aspect of a company's financial management, as they represent its short-term obligations to its vendors and suppliers. Accounts payable on December 31, 2024, consist of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Accounts Payable Vendors	\$ 69,648	\$ 45
Accounts Payable - Other Authorities	5,678	
Accounts Payable - PHA Program	15,393	
Total Accounts Payable	\$ 90,719	\$ 45

NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the rental units in accordance with the provisions of its Cooperation Agreement with the City of Englewood. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for the full real property taxes. PILOT payable on December 31, 2024, consists of the following:

	<u>Component Unit</u>
Balance Beginning of Year	\$ -
P.I.L.O.T. Accrued	11,093
Less: Payments Made	(11,093)
Total P.I.L.O.T. Payable	\$ -

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 12 – ACCRUED EXPENSES

Accrued expenses are Authority expenses that have been incurred but have not yet paid. These expenses are recognized in the financial statements before payment has been made, and typically refer to items such as salaries, interest, and taxes. Accrued expenses on December 31, 2024, consisted of the following:

		Primary Government
		<hr/>
Compensated Absences - Current Portion	\$	10,228
Accrued Interest Payable		3,170
Accrued - Various Vendors		896
Accrued Wages		11,553
Total Accrued Liabilities	\$	<hr/> <hr/> 25,847

NOTE 13 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

An employee may not carry over unused vacation days in which the vacation days are earned. When an employee’s employment is terminated, the employee will be entitled to receive payment for any unused accumulated vacation time.

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of voluntary resignation of employment, an employee shall be entitled to be paid for fifty (50%) percent of unused sick time not to exceed \$15,000.

For December 31, 2024, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

Balance December-23	Additions	Payment	Balance December-24	Current Portion
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 83,196	\$ 19,087	\$ -	\$ 102,283	\$ 10,228

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 14 – UNEARNED REVENUE

Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. Subject to ASC 606, rental payments with acceptance provisions and future delivery commitments, wherein the Authority has not completed its obligations under the lease, are also offset against the associated accounts receivable since the requirements for revenue recognition have not been met. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The Authority unearned revenue for December 31, 2024, consisted of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Prepaid Rents	\$ -	\$ 486
Unearned Flood Insurance Proceeds	5,552,443	
Total Unearned Revenue	<u>\$ 5,552,443</u>	<u>\$ 486</u>

NOTE 15 – LONG TERM DEBT

Note Payable – Connect One

The Authority received a note from Connect One formally called Bank of New Jersey in the amount of \$1,000,000 in connection with the Authority’s RAD program to provide long-term capital improvement funding for low-income properties in Englewood, New Jersey. The loan term is 20 years based upon a 30-year amortization schedule with an interest rate of 4.35% percent. Payments will be made in 240 equal monthly installments of principal and interest with a balloon payment at maturity. The balance on December 31, 2024, was \$846,230 of which \$23,440 is due within one year.

<u>Balance December-23</u>	<u>Payment</u>	<u>Balance December-24</u>	<u>Current Portion</u>
\$ 868,451	\$ (22,221)	\$ 846,230	\$ 23,440

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements
December 31, 2024

NOTE 15 – LONG TERM DEBT - CONTINUED

Note Payable – Connect One The annual debt service requirements to maturity, including principal and interest are as follows:

Year	Principal
2025	23,440
2026	24,481
2027	25,567
2028	26,701
2029	27,886
Subtotal	128,075
Therafter	718,155
Total	<u>\$ 846,230</u>

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority as of December 31, 2024, reported accrued pension and OPEB liability amounts as follows:

	<u>December-24</u>	<u>December-23</u>
Accrued OPEB Liability	\$ 2,796,619	\$ 2,728,587
Accrued Pension Liability	1,669,446	1,487,616
Total OPEB and Pension Liability	<u>\$ 4,466,065</u>	<u>\$ 4,216,203</u>

These amounts arose due to adoption of GASB #75 (OPEB) in 2018 year as well as GASB #68 (Pension) which was adopted in 2014 year. This note will discuss the liability associated with GASB #75, which is accrued to other postemployment benefits. Note - 17 will discuss the effect of GASB #68 pension liability which arose from that.

OPEB Liability

The Authority as of December 31, 2024, reported a net OPEB liability in the amount of \$2,796,619 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2023, the last evaluation date, is as follows:

	<u>June-23</u>
Employer Total OPEB Liability	\$ 2,774,822
Plan Net Position	21,797
Employer Net OPEB Liability	<u>\$ 2,796,619</u>

The Authority allocation percentage is 0.0186360% as of June 30, 2023.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS - CONTINUED

OPEB Liability – Plan Description and Benefits Provided

Plan Description: The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple- employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided: The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employees electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who:

- 1) retired on a disability pension; or
- 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS - CONTINUED

OPEB Liability – Plan Description and Benefits Provided -continued

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2023, was \$2,796,619

Employees covered by benefits terms: On June 30, 2023 (the census date), the following employees were covered by the benefits terms:

Plan Members

17

Net OPEB Liability

The total OPEB liability as of June 30, 2023, latest report, was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions: The total OPEB Liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.16%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2023 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2023 scale.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 16 – OPEB LIABILITIES - CONTINUED

Net OPEB Liability -Continued

Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2023 scale.

Certain actuarial assumptions used in the June 30, 2023, valuation was based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013, to June 30, 2023, and July 1, 2022, to June 30, 2023, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2023, was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.65%	3.65%	4.65%
Total OPEB Liability	\$ 3,239,376	\$ 2,796,619	\$ 2,440,489

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 16 – OPEB LIABILITIES - CONTINUED

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,376,797	\$ 2,796,619	\$ 3,334,119

Change in Assumptions: Effective June 30, 2023.

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for 2023.

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2023</u>
Service Cost	\$ 111,282
Interest on Total OPEB liability	108,345
Expected Investment Return	584
Administrative Expenses	2,351
Changes in Benefits Term	4,294
Inflows/Outflows of Resources	(167,636)
Inputs	(149,696)
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	158,508
Benefit Payments	-
Change in Plan	-
Net Change in Total OPEB Liability	68,032
Total OPEB Liability, Beginning	2,728,587
Total OPEB Liability, Ending	<u>\$ 2,796,619</u>

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 16 – OPEB LIABILITIES - CONTINUED

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

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

Year Ending June 30, 2024	\$	(317,275)
Year Ending June 30, 2025		(259,868)
Year Ending June 30, 2026		(140,584)
Year Ending June 30, 2027		(65,901)
Year Ending June 30, 2028		(133,024)
Thereafter		(142,562)
Total	\$	<u>(1,059,214)</u>

NOTE 17 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of December 31, 2024, reported a net pension liability in the amount of \$1,669,446 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2024, the last evaluation date, is as follows:

	<u>June-24</u>	<u>June-23</u>
Employer Total Pension Liability	\$ 9,044,233	\$ 5,175,028
Plan Net Position	(7,374,787)	(3,687,412)
Employer Net Pension Liability	\$ 1,669,446	\$ 1,487,616

The Authority allocation percentage is 0.0122861384% as of June 30, 2024.

Plan Description

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.gov/treasury/pensions/financial-reports.shtml.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

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

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employers, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED

Allocation Percentage Methodology

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2024, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2024.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024 the State's pension contribution was less than the actuarial determined amount.

Actuarial Assumptions

The total pension liability for June 30, 2024, measurement dates were determined by using an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total pension liability to June 30, 2024. The actuarial valuations used the following actuarial assumptions:

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00%, based on age
Thereafter	3.00-7.00%, based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2024.

The actuarial assumptions used on the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2024.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions -continued

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% on June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024, as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	4.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
High Yield	4.00%	4.95%
Private Credit	7.00%	8.10%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Discount Rate - Continued

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 projected benefit payments in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.0% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0% percent) or 1 percentage-point higher (8.0% percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of Net Pension Liability due to change in the Discount Rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,144,793	\$ 1,669,446	\$ 1,438,293

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year Ending June 30, 2025	\$ (159,047)
Year Ending June 30, 2026	(81,029)
Year Ending June 30, 2027	(39,516)
Year Ending June 30, 2028	86,210
Year Ending June 30, 2029	(189)
Total	<u>\$ (193,571)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Pension Expense

The components of allocable pension expense, which exclude pension expenses related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2024, are as follows:

Service Cost	\$	139,089
Interest on the Total Pension Liability		586,236
Benefits Changes		1,315
Member Contributions		(567,370)
Administrative Expenses		2,379
Expected Investment Return Net of Investment Expenses		(20,422)
Pension Expense Related to Specific Liabilities		-
of Individual Employers		(1,914)
Current Period Recognition (Amortization) of Deferred		-
Outflows and Inflows of Resources:		-
Difference Between Expected and Actual Experience		(54,257)
Changes of Assumptions		(30,774)
Differences Between Projected and Actual Investment		-
Earnings on Pension Plan Investments		51,877
Total	\$	<u>106,159</u>

NOTE 18 – NET INVESTMENT IN CAPITAL ASSETS

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

Balance December 31, 2023	\$	2,012,162
Acquisition in Fixed Assets		66,170
Depreciation Expense		(119,332)
Debt Payment		20,631
Balance December 31, 2024	\$	<u>1,979,631</u>

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 19 – RESTRICTED NET ASSETS

The Authority restricted net position account balance on December 31, 2024, is \$749,569. The details of the reserve account balances are as follows:

	RAD Capital Reserves	HCV HAP Reserve	Total
Balance December 31, 2023	\$ 684,749	\$ 11,895	\$ 696,644
Increase During the Year	64,820	-	64,820
Decrease During the Year	-	(11,895)	(11,895)
Balance December 31, 2024	<u>\$ 749,569</u>	<u>\$ -</u>	<u>\$ 749,569</u>

In connection with the Connect One loan (Note 15) and Cash (Note 4), the RAD units of the Authority are required to maintain certain replacement and capital repairs escrow accounts. In accordance with the bank loan, the restricted deposited and funded reserves are held by Connect One.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD reserves held for the Authority on December 31, 2024, was not made available.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements
December 31, 2024

NOTE 20 – UNRESTRICTED NET POSITION -

The Authority’s unrestricted net position account balance on December 31, 2024, is \$907,274. The details of the account balance are as follows:

	Section 8		Shelter Care	Business Activities	Component Unit	Total
	N/C - S/R	HCV				
Balance December 31, 2023	\$ 81,425	\$ 1,768,673	\$ 165	\$ (3,619,725)	\$ 983,101	\$ (786,361)
Increase During the Year	13,738	154,727	-	1,460,430	64,740	1,693,635
Decrease During the Year	-	-	-	-	-	-
Balance December 31, 2024	\$ 95,163	\$ 1,923,400	\$ 165	\$ (2,159,295)	\$ 1,047,841	\$ 907,274

Housing Choice Voucher Program - Reserves

Administrative fee paid by HUD to the Authority in excess of administrative expenses are also part of the undesignated fund balance and are considered to be administrative fee reserves. Administrative fee reserves accumulated prior to January 1, 2005, are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR 982.155 – i.e. other housing purposes permitted by state and local law. Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 21 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended December 31, 2024, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its buildings for the purpose of determining potential liability issues.

NOTE 22 – CONTINGENCIES AND COMMITMENTS

Litigation – On December 31, 2024, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended December 31, 2024.

Other Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters; etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 23 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The programs provide such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expenses. HUD contributions for the Section 8 Housing Choice Voucher for December 31, 2024, were in the amount of \$12,029,917.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 24 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$12,029,917 to the Authority which represents approximately 84% percent of the Authority's total revenue for the year ended December 31, 2024.

NOTE 25 - RELATED PARTIES

The Housing Authority of the City of Englewood charged Westmoor Gardens, Inc. for administrative expenses, salaries, and payroll related expenses with \$23,161 remains as receivable on December 31, 2024. Administrative expenses, salaries and payroll related expenses, and other charges as of December 31, 2024, consisted of:

	<u>December-24</u>	<u>December-23</u>
Administrative Salaries	\$ 103,334	\$ 120,545
Tenant Services Salaries	19,010	18,460
Maintenance Labor	152,245	142,467
Employee Benefits Cost	133,922	116,678
Management Fee	48,508	47,869
Total Charges	<u>\$ 457,019</u>	<u>\$ 446,019</u>

NOTE 26 - PRIOR PERIOD ADJUSTMENTS

For year ending December 31, 2024

As of December 31, 2024, the Authority had a prior period adjustment in the amount of \$147,616 while recording the opening OPEB and Pension Liability as of January 1, 2024, for the change in the discount rate from the prior year.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Notes to Financial Statements

December 31, 2024

NOTE 27 - SUBSEQUENT EVENTS

Hurricane Ida

On September 1, 2021, Hurricane Ida caused dangerous flooding across New Jersey. The Authority was in the affected area of the storm. The storm flash flood impacted the Authority senior building for a total of one hundred fifty-two (152) apartments need to be evacuated due to the with flood damage to the entire building which all of the tenants were displace to move to a hotel or with a family member.

The Authority purchased flood insurance in the current and previous years. As of August 9, 2024, all the tenants have not returned to their units with a preliminary date of June 1, 2026. Per Management, the estimated amount of damage is to be \$15 million dollars. The insurance company has not made their final cost estimate for the damage. Management already applied for FEMA funds to cover any shortfall of expenses. The Town of Englewood has been asked to sponsor FEMA application for the hotel relocation cost of the tenants estimated to be about \$4 million dollars.

In the opinion of Authority, any liability resulting from excess expenses should not be material in relation to the Authority financial position and results of operations as the cost of the damage would be covered by insurance and FEMA funds.

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru August 22, 2025, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Required Supplementary Information

December 31, 2024

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below:

	2023	2022	2021	2020
Total OPEB Liability				
Service Cost	\$ 111,282	\$ 127,402	\$ 128,257	\$ 93,044
Interest on Total OPEB liability	108,345	62,316	62,734	76,383
Expected Investment Return	584	(359)	(361)	(1,172)
Administrative Expenses	2,351	1,707	1,718	1,522
Changes in Benefits Term	4,294	306	308	159
Inflows/Outflows of Resources	(167,636)	(105,943)	(106,653)	(84,544)
Inputs	(149,696)	(56,510)	(56,889)	(64,285)
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	158,508	(28,919)	(56,229)	796,559
Benefit Payments	-	-	-	-
Change in Plan	-	-	-	-
Net Change in Total OPEB Liability	68,032	-	(27,115)	817,666
Total OPEB Liability, Beginning	2,728,587	2,728,587	2,755,702	1,938,036
Total OPEB Liability, Ending	\$ 2,796,619	\$ 2,728,587	\$ 2,728,587	\$ 2,755,702
Covered, Employee Payroll	\$ 718,290	\$ 605,990	\$ 639,403	\$ 605,990
Total OPEB Liability as a percentage of covered employee payroll	389.34%	450.27%	426.74%	454.74%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Required Supplementary Information

December 31, 2024

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below:

	2019	2018
<u>Total OPEB Liability</u>		
Service Cost	\$ 95,367	\$ 57,035
Interest on Total OPEB liability	91,004	104,598
Expected Investment Return	1,615	-
Administrative Expenses	1,356	-
Changes in Benefits Term	(272)	-
Inflows/Outflows of Resources	(88,618)	-
Inputs	(115,798)	-
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	512	-
Benefit Payments	-	(24,263)
Change in Plan	(949,216)	-
Net Change in Total OPEB Liability	(964,050)	137,370
Total OPEB Liability, Beginning	2,902,086	2,764,716
Total OPEB Liability, Ending	<u>\$ 1,938,036</u>	<u>\$ 2,902,086</u>
Covered, Employee Payroll	\$ 561,539	
Total OPEB Liability as a percentage of covered employee payroll	345.13%	

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Required Supplementary Information
December 31, 2024

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2024	2023	2022	2021	2020
Housing Authority's proportion of the net pension liability	0.0122861384%	0.0123194644%	0.0123193564%	0.011273646%	0.011273646%
Housing Authority's proportionate share of the net pension liability	\$ 1,669,446	\$ 1,487,616	\$ 1,859,160	\$ 1,838,437	\$ 1,838,437
Housing Authority's covered employee payroll	\$ 718,290	\$ 687,273	\$ 950,105	\$ 609,396	\$ 609,396
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	232.42%	216.45%	195.68%	301.68%	301.68%
Plan fiduciary net position as a percentage of the total pension liability	34.48%	34.48%	21.51%	24.09%	24.09%

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Required Supplementary Information

December 31, 2024

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2019	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.011118474%	0.00863812%	0.00323170%	0.00323170%	0.00874048%
Housing Authority's proportionate share of the net pension liability	\$ 2,003,380	\$ 2,014,287	\$ 2,010,817	\$ 2,061,133	\$ 1,954,055
Housing Authority's covered employee payroll	\$ 605,990	\$ 561,539	\$ 539,244	\$ 534,241	\$ 505,074
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	330.60%	358.71%	372.90%	402.18%	386.88%
Plan fiduciary net position as a percentage of the total pension liability	43.43%	53.60%	48.01%	59.86%	52.07%

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Required Supplementary Information
December 31, 2024

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2024	2023	2022	2021	2020
Contractually required contribution	\$ 164,653	\$ 164,653	\$ 155,353	\$ 123,328	\$ 123,328
Contribution in relation to the contractually required contribution	(164,653)	(164,653)	(155,353)	(123,328)	(123,328)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 718,290	\$ 639,403	\$ 639,403	\$ 609,396	\$ 609,396
Contribution as a percentage of covered employee payroll	22.92%	23.96%	16.35%	20.24%	20.24%

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

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Required Supplementary Information

December 31, 2024

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2019	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.011118474%	0.00863812%	0.00323170%	0.00323170%	0.00874048%
Housing Authority's proportionate share of the net pension liability	\$ 2,003,380	\$ 2,014,287	\$ 2,010,817	\$ 2,061,133	\$ 1,954,055
Housing Authority's covered employee payroll	\$ 605,990	\$ 561,539	\$ 539,244	\$ 534,241	\$ 505,074
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	330.60%	358.71%	372.90%	402.18%	386.88%
Plan fiduciary net position as a percentage of the total pension liability	43.43%	53.60%	48.01%	59.86%	52.07%

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024**

Programs funded by:
U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39PO55	14.871	-	11,981,739	11,981,739	-
Grant Total 14.871		-	11,981,739	11,981,739	-
<u>N/C S/R Section 8 Program</u>					
NJ055SR0001	14.182	-	48,178	48,178	-
Grant Total 14.182		-	48,178	48,178	-
Total Expenditures of Federal Awards		\$ -	\$ 12,029,917	\$ 12,029,917	\$ -

**HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2024**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of Englewood under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the City of Englewood, it is not intended to and does not present the financial position, change in net position, or cash flow of the Housing Authority of the City of Englewood.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Housing Authority of the City of Englewood has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:

Housing Authority of the City of Englewood has one mortgage payable in the amount of \$846,230 outstanding on December 31, 2024. See Note 15 on pages 46-47 of this report for full detail.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2024.

Note 6. Sub recipients:

Of the federal expenditures presented in the schedule above, the Housing Authority of the City of Englewood did not provide federal awards to any sub recipients.

ENGLEWOOD HOUSING MANAGEMENT SERVICES, INC.
Statements of Financial Position
As of December 31, 2024 and 2023

	December 31,	
	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted	\$ 645,482	\$ 582,286
Cash and Cash Equivalents - Restricted	1,930	1,930
Cash and Cash Equivalents	647,412	584,216
Accounts Receivable - Tenants	2,890	1,020
Accounts Receivable - Other	400,000	400,000
Total Current Assets	1,050,302	985,236
Fixed Assets		
Land	54,400	54,400
Building Improvements	520,473	520,473
Furniture & Fixtures - Administrative	1,141	1,141
Furniture & Fixtures - Dwelling Units	7,155	7,155
Total	583,169	583,169
Less: Accumulated Depreciation	(491,779)	(489,750)
Net Book Value	91,390	93,419
Total Assets	\$ 1,141,692	\$ 1,078,655
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 45	\$ 155
Accrued Liabilities	-	33
Security Deposit Payable	1,930	1,930
Unearned Revenues	486	17
Total Current Liabilities	2,461	2,135
Net Assets		
Net Assets without Donor Restriction	1,139,231	1,076,520
Total Liabilities and Net Assets	\$ 1,141,692	\$ 1,078,655

ENGLEWOOD HOUSING MANAGEMENT SERVICES, INC.
Statements of Activities and Changes in Net Assets
For The Twelve Months Ended December 31, 2024 and 2023

	December 31,	
INCOME	2024	2023
Tenants Rental Income	\$ 73,583	\$ 71,823
Interest Income	16,113	737
Management Fee Revenue	17,500	17,500
Total Revenue	107,196	90,060
OPERATING EXPENSES		
Administrative Expenses	4,881	5,593
Utilities	494	458
Maintenance and Repairs	8,511	5,176
Taxes and Insurance	28,570	23,620
Total Operating Expenses	42,456	34,847
Income from Operations Before Depreciation	64,740	55,213
Depreciation Expense	(2,029)	(2,409)
Change in Total Net Assets without Donor Restriction	62,711	52,804
Beginning Net Assets without Donor Restriction	1,076,520	1,023,716
Net Assets without Donor Restriction	\$ 1,139,231	\$ 1,076,520

ENGLEWOOD HOUSING MANAGEMENT SERVICES, INC.
Statements of Cash Flows
For The Twelve Months Ended December 31, 2024 and 2023

	<u>December 31,</u>	
	2024	2023
Cash Flows from Operating Activities:		
Net Income from Operations	64,740	55,213
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Interest Income	(16,113)	(737)
Changes in Assets - Decrease (Increase)		
Accounts Receivables	(1,870)	2,466
Changes in Liabilities - Increase (Decrease)		
Accounts Payable	(110)	(3,979)
Accrued Liabilities	(33)	(7)
Unearned Revenues	469	(673)
Net Cash Provided by Operating Activities	47,083	52,283
Cash Flow from Investing Activities		
Interest Income	16,113	737
Net Cash Provided by Investing Activities	16,113	737
Cash Flow from Financing Activities		
Acquisitions of Capital Assets	-	(1,523)
Net Cash (Used) Financing Activities	-	(1,523)
Net Increase in Cash	63,196	51,497
Cash at Beginning of Year	584,216	532,719
Cash at End of Year - December 31,	\$ 647,412	\$ 584,216
Supplemental Disclosures		
Interest expense paid during the year	\$ -	\$ -

Englewood Housing Authority (NJ055)
ENGLEWOOD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2024

	14.218 Community Development Block	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	Total
111 Cash - Unrestricted		\$645,482	\$95,613	\$6,409,050	\$2,988,490	\$165	\$10,138,800	\$10,138,800
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted				\$749,569			\$749,569	\$749,569
114 Cash - Tenant Security Deposits		\$1,930		\$31,236			\$33,166	\$33,166
115 Cash - Restricted for Payment of Current Liabilities					\$698		\$698	\$698
100 Total Cash	\$0	\$647,412	\$95,613	\$7,189,855	\$2,989,188	\$165	\$10,922,233	\$10,922,233
121 Accounts Receivable - PHA Projects					\$2,092		\$2,092	\$2,092
122 Accounts Receivable - HUD Other Projects					\$522,704		\$522,704	\$522,704
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous		\$400,000		\$423,161			\$823,161	\$823,161
126 Accounts Receivable - Tenants		\$2,890		\$3,645			\$6,535	\$6,535
126.1 Allowance for Doubtful Accounts - Tenants		\$0		-\$3,645			-\$3,645	-\$3,645
126.2 Allowance for Doubtful Accounts - Other		\$0		\$0			\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful	\$0	\$402,890	\$0	\$423,161	\$524,796	\$0	\$1,350,847	\$1,350,847
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current								
142 Prepaid Expenses and Other Assets				\$8,235			\$8,235	\$8,235
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	\$0	\$1,050,302	\$95,613	\$7,621,251	\$3,513,984	\$165	\$12,281,315	\$12,281,315
161 Land		\$54,400		\$752,319			\$806,719	\$806,719
162 Buildings		\$520,473		\$8,232,275			\$8,752,748	\$8,752,748
163 Furniture, Equipment & Machinery - Dwellings		\$7,155		\$263,715			\$300,870	\$300,870
164 Furniture, Equipment & Machinery - Administration		\$62,302		\$212,026	\$7,947		\$283,416	\$283,416
165 Leasehold Improvements								
166 Accumulated Depreciation		-\$62,300		-\$6,755,866	-\$6,357		-\$7,316,302	-\$7,316,302
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$91,390	\$0	\$2,704,469	\$1,590	\$0	\$2,827,451	\$2,827,451
171 Notes, Loans and Mortgages Receivable - Non-Current								

Englewood Housing Authority (NJ055)
 ENGLEWOOD, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2024

	14.218 Community Development Block	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	Total
172 Notes, Loans, & Mortgages Receivable - Non Current -								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$0	\$91,390	\$0	\$2,704,469	\$1,590	\$0	\$2,827,451	\$2,827,451
200 Deferred Outflow of Resources				\$1,235,400	\$211,522		\$1,446,922	\$1,446,922
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,141,692	\$95,613	\$11,561,120	\$3,727,096	\$165	\$16,555,688	\$16,555,688
311 Bank Overdraft								
312 Accounts Payable <= 90 Days		\$45	\$450	\$50,910	\$18,288		\$69,693	\$69,693
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable				\$2,053	\$9,500		\$11,553	\$11,553
322 Accrued Compensated Absences - Current Portion				\$3,511	\$6,717		\$10,228	\$10,228
324 Accrued Contingency Liability								
325 Accrued Interest Payable				\$3,170			\$3,170	\$3,170
331 Accounts Payable - HUD PHA Programs					\$15,393		\$15,393	\$15,393
332 Account Payable - PHA Projects					\$5,678		\$5,678	\$5,678
333 Accounts Payable - Other Government								
341 Tenant Security Deposits		\$1,930		\$31,236			\$33,166	\$33,166
342 Unearned Revenue		\$486		\$5,552,443			\$5,552,929	\$5,552,929
343 Current Portion of Long-term Debt - Capital				\$23,440			\$23,440	\$23,440
344 Current Portion of Long-term Debt - Operating								
345 Other Current Liabilities								
346 Accrued Liabilities - Other				\$896			\$896	\$896
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$0	\$2,461	\$450	\$5,667,659	\$55,576	\$0	\$5,726,146	\$5,726,146
351 Long-term Debt, Net of Current - Capital				\$822,790			\$822,790	\$822,790
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current				\$31,603	\$60,452		\$92,055	\$92,055
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities				\$3,040,105	\$1,425,960		\$4,466,065	\$4,466,065
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$3,894,498	\$1,486,412	\$0	\$5,380,910	\$5,380,910
300 Total Liabilities	\$0	\$2,461	\$450	\$9,562,157	\$1,541,988	\$0	\$11,107,056	\$11,107,056

Englewood Housing Authority (NJ055)
ENGLEWOOD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	14,218	6.2	14,182 N/C S/R Section 8 Programs	1 Business Activities	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	Subtotal	Total
400 Deferred Inflow of Resources				\$1,550,450	\$261,708		\$1,812,158	\$1,812,158
508.4 Net Investment in Capital Assets				\$1,858,239			\$1,979,631	\$1,979,631
511.4 Restricted Net Position	\$30,002	\$91,390		\$749,569			\$749,569	\$749,569
512.4 Unrestricted Net Position	\$0	\$1,047,841	\$95,163	-\$2,159,295	\$1,923,400	\$165	\$907,274	\$907,274
513 Total Equity - Net Assets / Position	\$30,002	\$1,139,231	\$95,163	\$448,513	\$1,923,400	\$165	\$3,636,474	\$3,636,474
600 Total Liabilities, Deferred Inflows of Resources and	\$0	\$1,141,692	\$85,613	\$11,561,120	\$3,727,096	\$165	\$16,555,688	\$16,555,688

Englewood Housing Authority (NJ055)
ENGLEWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2024

	14.218 Community Development Block	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	Total
70300 Net Tenant Rental Revenue		\$73,583		\$130,634			\$204,217	\$204,217
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	\$0	\$73,583	\$0	\$130,634	\$0	\$0	\$204,217	\$204,217
70600 HUD PHA Operating Grants			\$48,178		\$11,981,739		\$12,029,917	\$12,029,917
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		\$16,113	\$1,601	\$161,746	\$69,042		\$248,502	\$248,502
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue		\$17,500		\$1,849,527			\$1,867,027	\$1,867,027
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted				\$23,612			\$23,612	\$23,612
70000 Total Revenue	\$0	\$107,196	\$49,779	\$2,165,519	\$12,050,781	\$0	\$14,373,275	\$14,373,275
91100 Administrative Salaries			\$7,941	\$49,834	\$530,753		\$588,528	\$588,528
91200 Auditing Fees		\$4,275	\$450	\$10,825	\$9,155		\$24,705	\$24,705
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative		\$606	\$3,347	\$29,484	\$256,702		\$289,533	\$289,533
91600 Office Expenses			\$2,013	\$13,586	\$191,926		\$208,131	\$208,131
91700 Legal Expense			\$534	\$6,052	\$47,466		\$54,052	\$54,052
91800 Travel			\$26		\$1,127		\$1,153	\$1,153
91810 Allocated Overhead								
91900 Other								
91000 Total Operating - Administrative	\$0	\$4,881	\$14,311	\$109,781	\$1,037,129	\$0	\$1,166,102	\$1,166,102
92000 Asset Management Fee								
92100 Tenant Services - Salaries			\$426		\$51,457		\$51,883	\$51,883
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services			\$176		\$26,715		\$26,891	\$26,891

Englewood Housing Authority (NJ055)
ENGLEWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2024

	14.218 Community Development Block	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	Total
92400 Tenant Services - Other								
92500 Total Tenant Services	\$0	\$0	\$602	\$0	\$78,172	\$0	\$78,774	\$78,774
93100 Water				\$17,256			\$17,256	\$17,256
93200 Electricity		\$494		\$36,893			\$37,187	\$37,187
93300 Gas				\$28,024			\$28,024	\$28,024
93400 Fuel								
93500 Labor				\$35,500			\$35,500	\$35,500
93600 Sewer				\$6,538			\$6,538	\$6,538
93700 Employee Benefit Contributions - Utilities				\$21,424			\$21,424	\$21,424
93800 Other Utilities Expense								
93000 Total Utilities	\$0	\$494	\$0	\$145,435	\$0	\$0	\$145,929	\$145,929
94100 Ordinary Maintenance and Operations - Labor				\$94,262			\$94,262	\$94,262
94200 Ordinary Maintenance and Operations - Materials		\$2,932		\$24,847			\$27,779	\$27,779
94300 Ordinary Maintenance and Operations Contracts		\$5,579		\$43,106			\$48,685	\$48,685
94500 Employee Benefit Contributions - Ordinary				\$57,132			\$57,132	\$57,132
94000 Total Maintenance	\$0	\$8,511	\$0	\$219,347	\$0	\$0	\$227,858	\$227,858
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
96110 Property Insurance		\$7,404		\$65,473			\$72,877	\$72,877
96120 Liability Insurance		\$10,073		\$33,133			\$43,206	\$43,206
96130 Workmen's Compensation			\$135	\$16,490	\$5,874		\$22,499	\$22,499
96140 All Other Insurance				\$19,471			\$19,471	\$19,471
96100 Total Insurance Premiums	\$0	\$17,477	\$135	\$134,567	\$5,874	\$0	\$158,053	\$158,053
96200 Other General Expenses					\$23,658		\$23,658	\$23,658
96210 Compensated Absences				\$10,476	\$8,609		\$19,085	\$19,085
96300 Payments in Lieu of Taxes		\$11,093		\$10,683			\$11,093	\$11,093
96400 Bad debt - Tenant Rents								
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$0	\$11,093	\$0	\$21,159	\$32,267	\$0	\$64,519	\$64,519
96710 Interest of Mortgage (or Bonds) Payable				\$37,878			\$37,878	\$37,878

Englewood Housing Authority (NJ055)
ENGLEWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit	Fiscal Year End: 12/31/2024							14.238	Subtotal	Total
	14.218	6.2	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care				
	Community Development Block	Component Unit - Blended								
	Project Total									
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$37,878	\$0	\$0	\$37,878	\$37,878	\$37,878	
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$37,878	\$0	\$0	\$37,878	\$37,878	\$37,878	
96900 Total Operating Expenses	\$0	\$42,456	\$15,048	\$668,167	\$1,153,442	\$0	\$1,879,113	\$1,879,113	\$1,879,113	
97000 Excess of Operating Revenue over Operating	\$0	\$64,740	\$34,731	\$1,497,352	\$10,897,339	\$0	\$12,494,162	\$12,494,162	\$12,494,162	
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments			\$20,993		\$10,787,425		\$10,808,418	\$10,808,418	\$10,808,418	
97350 HAP Portability-In										
97400 Depreciation Expense		\$2,029		\$112,598	\$1,589		\$119,331	\$119,331	\$119,331	
97500 Fraud Losses	\$3,115									
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$0	\$44,485	\$36,041	\$780,765	\$11,942,456	\$0	\$12,806,862	\$12,806,862	\$12,806,862	
10010 Operating Transfer In										
10020 Operating transfer Out										
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$0	\$62,711	\$13,738	\$1,384,754	\$108,325	\$0	\$1,566,413	\$1,566,413	\$1,566,413	
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$22,221	\$0	\$0	\$22,221	\$22,221	\$22,221	
11030 Beginning Equity	\$0	\$1,076,520	\$81,425	-\$1,052,529	\$1,783,747	\$165	\$1,922,445	\$1,922,445	\$1,922,445	
11040 Prior Period Adjustments, Equity Transfers and				\$116,288	\$31,328		\$147,616	\$147,616	\$147,616	
11060 Changes in Compensated Absence Balance										
11070 Changes in Unrecognized Pension Transition										

Englewood Housing Authority (NJ055)
 ENGLEWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2024							
	Project Total	14.218 Community Development Block	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	Subtotal	Total
11080 Changes in Special Term/Severance Benefits									
11090 Changes in Allowance for Doubtful Accounts -									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity						\$1,923,400		\$1,923,400	\$1,923,400
11180 Housing Assistance Payments Equity						\$0		\$0	\$0
11190 Unit Months Available	0	0	48	156	108	10452	0	10764	10764
11210 Number of Unit Months Leased	0	0	48	81	98	8558	0	8785	8785
11270 Excess Cash	\$0							\$0	\$0
11610 Land Purchases	\$0							\$0	\$0
11620 Building Purchases	\$0							\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0							\$0	\$0
11650 Leasehold Improvements Purchases	\$0							\$0	\$0
11660 Infrastructure Purchases	\$0							\$0	\$0
13510 CFFP Debt Service Payments	\$0							\$0	\$0
13901 Replacement Housing Factor Funds	\$0							\$0	\$0

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

Board of Commissioners
Housing Authority of the City of Englewood
111 West Street
Englewood, New Jersey 07631

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 governmental activities business type activities and blended component unit of Housing Authority of the City of Englewood, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Englewood's basic financial statements, and have issued our report thereon dated August 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing Authority of the City of Englewood's internal control over financial reporting (internal control) as a basis for designing 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 Housing Authority of the City of Englewood's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Englewood'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Englewood’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 financial statements. 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.

Giampaolo & Associates

Lincroft, New Jersey
Date: August 22, 2025

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

Board of Commissioners
Housing Authority of the City of Englewood
111 West Street
Englewood, New Jersey 07631

**Report on Compliance for Each Major Federal Program
*Opinion on Each Major Federal Program***

We have audited Housing Authority of the City of Englewood's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Englewood's major federal programs for the year ended December 31, 2024. The Housing Authority of the City of Englewood's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the City of Englewood 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 December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Englewood's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the City of Englewood's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Englewood's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Lincroft, New Jersey

Date: August 22, 2025

HOUSING AUTHORITY OF THE CITY OF ENGLEWOOD

Schedule of Findings and Questioned Cost

Year Ended December 31, 2024

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, _____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Vouchers Program	\$ 11,981,739

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee X yes _____ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Englewood
111 West Street
Englewood, New Jersey 07631

We have performed the applicable procedures enumerated in the American Institute of Certified Public Accountants' Statement of Position (SOP) 02-1, Performing Agreed-Upon Procedures Engagements that Address the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), by Housing Authority of the City of Englewood (the PHA) compliance with the reporting requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), for the year ended December 31, 2024. Management of Housing Authority of the City of Englewood is responsible for compliance with the requirements of the electronic submission of the items listed in the "UFRS Rule Information" column.

The management of Housing Authority of the City of Englewood has agreed to and acknowledged that the procedures performed are appropriate to assist users in evaluating Housing Authority of the City of Englewood's compliance with the reporting requirements of the "UFRS Rule Information" column for the year ended December 31, 2024. This report may not be suitable for any other purpose. The procedures may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the findings are included in the attached Appendix.

We were engaged by the Housing Authority of the City of Englewood to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged in and did not conduct an examination or review engagement, the objective of which would be the expression of the "UFRS Rule Information" column an opinion or conclusion, respectively, on Housing Authority of the City of Englewood's compliance with the requirements of "UFRS Rule Information" column for the year ended December 31, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Housing Authority of the City of Englewood and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the PHA and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Guampolo's Associates
 Lincroft, New Jersey
 August 22, 2025

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic Financial Statements (inclusive of auditor reports)	Agrees