

Report On Audit

**HOUSING AUTHORITY OF
CITY OF NEW BRUNSWICK**

**For the Year Ended
June 30, 2025**

Housing Authority of the City of New Brunswick
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**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

As management of the Housing Authority of the City of New Brunswick (the Authority), we are pleased to present the following Management's Discussion and Analysis (MD&A). This section provides supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to offer a clear and accessible overview of the financial statements included in this report.

The MD&A focuses on the Authority's current-year activities, significant changes, and known financial factors. Because it provides a high-level summary, readers are encouraged to review the accompanying financial statements and notes in full—beginning on page 19—to obtain a comprehensive understanding of the Authority's financial position and results of operations.

We encourage readers to consider the analysis presented here together with the Authority's complete financial statements and related disclosures contained throughout this report.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year, the Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by \$186,930, representing an increase of \$869,808, or 127%, compared to the prior year.

The Authority's net position as of June 30, 2025, totaled \$186,930. Of this amount, the unrestricted net position reflects a deficit of \$3,733,667, an improvement of \$1,384,471, or 27%, from the previous year. Additional details regarding unrestricted net position are presented in Note 22 of the financial statements.

The Authority's net investment in capital assets decreased by \$396,798, or 9%, resulting in an ending balance of \$3,919,393. This change primarily reflects:

- Capital asset purchases of \$820,528
- Depreciation expense of \$549,096
- Disposal of land totaling \$908,229
- Debt repayment of \$185,000

Further information is provided in Note 20 of the financial statements.

The Authority's restricted net position decreased by \$117,865, or 99%, ending the year at \$1,204. Additional details can be found in Note 21.

The Authority's total cash and cash equivalents on June 30, 2025, amounted to \$4,908,974, a decrease of \$123,233, or 2%, compared to the prior year.

- Operating cash decreased by \$102,224 (2%) to \$4,691,243
- Restricted deposits and reserves decreased by \$20,989 (9%) to \$217,731

Full details are available in the Statements of Cash Flows on pages 22–23.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL HIGHLIGHTS (CONTINUED)

Total assets and deferred outflows amounted to \$12,964,754, consisting of:

- Capital assets (net): \$4,014,393
- Deferred outflows: \$3,320,454
- Other assets: \$4,321
- Total current assets: \$5,625,586

Total current assets increased by \$189,266, or 3%, driven by:

- A decrease in operating cash of \$102,244
- A decrease in restricted cash of \$20,989
- An increase in accounts receivable of \$307,317
- An increase in prepaid expenses of \$5,182

Capital assets declined by \$636,797, or 14%, due to capital outlays of \$820,528, depreciation of \$549,096, and land disposal of \$908,229. Additional details are provided in Note 8 – Fixed Assets.

Right-to-use assets decreased by \$3,989, or 48%, ending the year at \$4,321. Further information is disclosed in Note 9 – Right to Use Asset.

Deferred outflows related to pension and OPEB costs increased by \$487,230, reaching \$3,320,454, while deferred inflows related to pension and OPEB costs decreased by \$1,059,981, ending at \$2,745,537. Pension and OPEB reporting details are available in Note 10.

Total liabilities were reported at \$10,032,287, consisting of:

- Current liabilities: \$873,762
- Noncurrent liabilities: \$9,158,525

Total liabilities increased by \$2,225,883, or 2%, from the prior year. Current liabilities decreased by \$73,392, while noncurrent liabilities increased by \$299,275.

The 8% decrease in current liabilities resulted from:

- Accounts payable: -\$101,238
- Accrued liabilities: + \$116,650
- Tenant security deposits: + \$5,255
- Unearned revenue: - \$4,305
- Current lease payable: + \$246
- Current portion of capital project bonds: - \$90,000

Noncurrent liabilities increased by \$299,275, or 3%, reflecting:

- Long-term capital bonds: -\$95,000 (paid off)
- Accrued compensated absences: -\$7,782, ending at \$125,363
- Noncurrent lease payable: -\$4,410, ending at \$505
- Other noncurrent liabilities: unchanged at \$116,186

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL HIGHLIGHTS (CONTINUED)

Accrued with other post-employment benefits (OPEB) and pension liabilities increased by \$406,467, ending at \$8,916,471. Further information regarding GASB 68 and GASB 75 is provided in Notes 18–19.

Total operating revenues were \$19,030,029, an increase of \$1,633,743, or 9%, over the prior year. Operating expenses totaled \$19,222,018, an increase of \$1,944,468, or 11%. This resulted in an operating loss of \$191,989, compared to operating income of \$181,736 the prior year—a decrease of \$310,725, or 262%.

Capital contributions from HUD totaled \$449,334, up \$230,132, or 105%, from the prior year.

Capital outlays for the year amounted to \$820,528, funded through HUD grants. Additional detail is provided in Note 8 – Fixed Assets.

The Authority's expenditures of federal awards totaled \$17,346,522, an increase of \$1,872,414, or 12%, compared to the prior fiscal year.

USING THIS ANNUAL REPORT

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

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program

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

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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 to low income and special needs populations. The financial statements can be found on pages 19 through 23.

Statements 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.

Statements 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

Statements of Cash Flows– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal 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 fiscal 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 62.

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.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The Schedule of Expenditures of Federal Awards

- 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 New Brunswick Housing are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2025. Type B programs for the Housing Authority of the City of New Brunswick are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2025.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between June 30, 2025, and June 30, 2024:

Computations of Net Position are as follows:

	Year Ended		Increase
	June-25	June-24	(Decrease)
Cash	\$ 4,908,974	\$ 5,032,207	\$ (123,233)
Other Current Assets	716,612	404,113	312,499
Capital Assets - Net	4,014,393	4,651,190	(636,797)
Other Assets	4,321	8,310	(3,989)
Deferred Outflows	3,320,454	2,833,224	487,230
Total Assets	12,964,754	12,929,044	35,710
Less: Current Liabilities	(873,762)	(947,154)	73,392
Less: Non Current Liabilities	(9,158,525)	(8,859,250)	(299,275)
Less: Deferred Inflows	(2,745,537)	(3,805,518)	1,059,981
Net Position	<u>\$ 186,930</u>	<u>\$ (682,878)</u>	<u>\$ 869,808</u>
Net Investment in Capital Assets	\$ 3,919,393	\$ 4,316,191	\$ (396,798)
Restricted Net Position	1,204	119,069	(117,865)
Unrestricted Net Position	(3,733,667)	(5,118,138)	1,384,471
Net Position	<u>\$ 186,930</u>	<u>\$ (682,878)</u>	<u>\$ 869,808</u>

Cash decreased by \$123,233 or 2%. Net cash provided by operating activities was \$53,187, net cash used by capital and related financing activities was \$235,392, and net cash provided by investing activities was \$58,972. The full details of this amount can be found in the Statements of Cash Flows on page 22-23 of this audit report.

Other current assets increased \$312,499 or 77%. Accounts receivable increased by \$307,317 and prepaid expenses increased by \$5,182.

Capital assets declined by \$636,797, or 14%, due to capital outlays of \$820,528, depreciation of \$549,096, and land disposal of \$908,229. Additional details are provided in Note 8 – Fixed Assets.

Right-to-use assets decreased by \$3,989, or 48%, ending the year at \$4,321. Further information is disclosed in Note 9 – Right to Use Asset.

Deferred outflows related to pension costs increased by \$487,230, reaching \$3,320,454, while deferred inflows related to pension costs decreased by \$1,059,981, ending at \$2,745,537. Pension reporting details are available in Note 10.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The 8% decrease in current liabilities resulted from:

- Accounts payable: -\$101,238
- Accrued liabilities: + \$116,650
- Tenant security deposits: + \$5,255
- Unearned revenue: - \$4,305
- Current lease payable: + \$246
- Current portion of capital project bonds: - \$90,000

Noncurrent liabilities increased by \$299,275, or 3%, reflecting:

- Long-term capital bonds: -\$95,000 (paid off)
- Accrued compensated absences: -\$7,782, ending at \$125,363
- Noncurrent lease payable: -\$4,410, ending at \$505
- Other noncurrent liabilities: unchanged at \$116,186

Accrued with other post-employment benefits (OPEB) and pension liabilities increased by \$406,467, ending at \$8,916,471. Further information regarding GASB 68 and GASB 75 is provided in Notes 18-19.

The Authority's reported net position is in the amount of \$186,930 is made up of three categories. The net investment in capital assets in the amount of \$3,919,393 represents a majority of the total net position. 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 fiscal year:

	June-25	June-24
Beginning Balance June 30	\$ 4,316,191	\$ 4,660,252
Acquisition in Fixed Assets	820,528	44,202
Depreciation Expense	(549,096)	(563,263)
Sale of Land - Net	(908,229)	-
Prior Period Adjustment	54,999	
Capital Project Debt Payment	185,000	175,000
Ending Balance June 30,	\$ 3,919,393	\$ 4,316,191

The Authority reported a restricted net position of \$1,204, representing a decrease of \$117,865 from the prior year. This balance represents available resources that may be used only for specific purposes stipulated by the grantor. The account balance consists of the amount of cash that is restricted to the leveraging program activities. Additional information on these funds can be found in Note 4 Restricted Cash and Note 21 Restricted Net Position.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Housing Authority of the City of New Brunswick operating results for June 30, 2025, reported an increase for unrestricted position of \$1,384,471 or 27% for an ending deficit balance of \$3,733,667. A full detail of these accounts can be found in the Notes to the Financial Statements Section Note – 22 Unrestricted Net Position.

The following summarizes the changes in Net Position between June 30, 2025, and June 30, 2024:

Computation of Changes in Net Position are as follows:

	Year Ended		Increase
	June-25	June-24	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 1,805,640	\$ 1,863,988	\$ (58,348)
HUD Subsidies	16,897,189	15,254,906	1,642,283
Fraud Recovery	1,364	8,287	(6,923)
Other Revenues	325,836	269,105	56,731
Total Operating Income	<u>19,030,029</u>	<u>17,396,286</u>	<u>1,633,743</u>
<u>Expenses</u>			
Operating Expenses	18,672,923	16,714,287	1,958,636
Depreciation Expense	549,095	563,263	(14,168)
Total Operating Expenses	<u>19,222,018</u>	<u>17,277,550</u>	<u>1,944,468</u>
Operating Income (Loss)			
Before Capital Grants	<u>(191,989)</u>	<u>118,736</u>	<u>(310,725)</u>
Interest Income	58,972	66,895	(7,923)
Extraordinary Maintenance	-	(103,870)	103,870
Special Items	230,807	-	230,807
Loss on Sale of Capital Assets	(3,977)	-	(3,977)
HUD Capital Grants	449,334	219,202	230,132
Total Non-Operating Income	<u>735,136</u>	<u>182,227</u>	<u>552,909</u>
Change in Net Position	543,147	300,963	242,184
Net Position Prior Year	(682,878)	(580,721)	(102,157)
Prior Period Adjustment	326,661	(403,120)	729,781
Total Net Position	<u>\$ 186,930</u>	<u>\$ (682,878)</u>	<u>\$ 869,808</u>

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Approximately 89% of the Authority's total operating revenue was derived from HUD operating subsidies, while 9% came from tenant rental income. Charges for services and fraud recovery collectively accounted for the remaining 2% of operating income. In addition, the Authority received \$449,334 in Capital Fund Program grants, an increase of \$230,132 compared with the prior fiscal year. Capital expenditures for the year ended June 30, 2025, totaled \$820,528.

The Authority's operating expenses cover a broad range of functions. The largest component was Housing Assistance Payments (HAP), representing 69% of total operating expenses. Other major categories included:

- Administrative expenses: 10%
- Tenant services: less than 1%
- Utilities: 7%
- Maintenance: 7%
- Other operating expenses: 4%
- Interest expense: less than 1%
- Depreciation: 2%

During the fiscal year, operating expenses exceeded operating revenues, resulting in an operating loss of \$191,989, compared with operating income of \$118,736 in the prior year. The primary drivers of this year-over-year change are summarized below:

Revenue Changes

- Tenant dwelling rent decreased \$58,348 (3%), primarily due to lower tenant household incomes.
- HUD PHA operating grants increased \$1,642,283 (11%).
- Fraud recovery revenue decreased \$6,923 (84%).
- Other revenue increased \$56,731 (21%).

Expense Changes

Increases:

- Administrative expenses: +\$13,276 (1%)
- Utility expenses: +\$130,081 (11%)
- Maintenance expenses: +\$127,596 (10%)
- Housing Assistance Payments: +\$1,783,707 (16%)

Decreases:

- Tenant service expenses: -\$4,885 (100%)
- Other operating expenses: -\$85,499 (10%)
- Interest expense: -\$5,640 (34%)
- Depreciation expense: -\$14,168 (3%)

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE) – CONTINUED

Net cash provided by operating activities totaled \$53,187, compared with \$625,020 in the prior fiscal year. Additional details are presented in the Statements of Cash Flows on pages 22–23 of this report.

The Authority's revenues are primarily composed of tenant rental income, HUD operating subsidies, and grant funding. HUD provides operating subsidies monthly based on predetermined funding levels, while capital and other grant funds are drawn down as eligible expenditures are incurred.

The following are financial highlights of significant items for a four-year period ending on June 30, 2025:

	June-25	June-24	June-23	June-22
Significant Income				
Total Tenant Revenue	\$ 1,805,640	\$ 1,863,988	\$ 1,694,058	\$ 1,448,984
HUD Operating Grants	16,897,189	15,254,906	15,514,137	15,256,882
HUD Capital Grants	449,334	219,202	273,003	208,060
Investment Income	58,972	66,895	38,701	2,793
Other Income	327,200	269,105	218,582	2,103,243
Total	\$ 19,538,335	\$ 17,674,096	\$ 17,738,481	\$ 19,019,962
Payroll Expense				
Administrative Salaries	\$ 1,356,454	\$ 1,106,437	\$ 1,201,753	\$ 1,077,070
Maintenance Labor	371,856	323,927	292,432	203,664
Employee Benefits Expense	464,526	762,413	437,794	922,723
Total Payroll Expense	\$ 2,192,836	\$ 2,192,777	\$ 1,931,979	\$ 2,203,457
Other Significant Expenses				
Other Administrative Expenses	\$ 412,487	\$ 435,292	\$ 372,918	\$ 543,420
Utilities Expense	1,271,480	1,141,399	973,456	1,174,569
Maintenance Supplies	297,256	173,181	150,873	382,470
Maintenance Contract Cost	542,692	503,149	564,138	647,803
Insurance Premiums	321,884	289,935	247,197	218,820
Bad Debt Expense	25,666	155,675	70,886	54,260
Housing Assistance Payments	13,177,660	11,393,953	11,251,592	11,595,713
Total	\$ 16,049,125	\$ 14,092,584	\$ 13,631,060	\$ 14,617,055
Total Operating Expenses	\$ 19,222,018	\$ 17,277,550	\$ 16,621,793	\$ 17,878,351
Total of Federal Awards	\$ 17,346,522	\$ 15,474,108	\$ 15,787,140	\$ 15,464,942

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK PROGRAMS

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) Housing Authority of the City of New Brunswick flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

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 contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Business Activities

The Authority has issued bond anticipation notes to provide temporary financing for capital improvements in the City of New Brunswick. These notes are guaranteed by the City of New Brunswick.

BUDGETARY HIGHLIGHTS

The Authority submits its annual operating subsidy 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.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

NEW INITIATIVES

For the fiscal year 2025, the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 89% of its revenue from the Department of Housing and Urban Development, (2024 fiscal year was 88%), 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 rate 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 for the services.

The Authority is under way with phase two of the RAD conversion for the year 2026. The transfer of ownership began in January 2018 for phase one. While this process takes time, the Authority has remained diligent regarding maintaining the condition of their buildings.

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 New Brunswick all while being mindful of their responsibility to be good stewards of the public's tax dollars.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net book value in capital assets as of June 30, 2025, was \$4,014,393 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. Capital assets declined by \$636,797, or 14%, due to capital outlays of \$820,528, depreciation of \$549,096, and land disposal of \$908,229. Additional details are provided in Note 8 – Fixed Assets.

Major capital asset events during the fiscal year included the following:

- Upgrade to Security Camera's
- Vacant Unit Upgrades

	June-25	June-24	Increase (Decrease)
Land	\$ 591,762	\$ 1,499,991	\$ (908,229)
Building	2,333,317	2,333,317	-
Furniture, Equipment - Dwelling	388,512	388,512	-
Furniture, Equipment - Administration	1,649,444	1,273,132	376,312
Leashold Improvements	9,044,323	8,864,442	179,881
Construction in Process	1,562,645	1,298,310	264,335
Total Capital Assets	15,570,003	15,657,704	(87,701)
Less: Accumulated Depreciation	(11,555,610)	(11,006,514)	(549,096)
Net Book Value	<u>\$ 4,014,393</u>	<u>\$ 4,651,190</u>	<u>\$ (636,797)</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 – Long Term Debt

The Authority as of June 30, 2025, had \$95,000 outstanding in revenue bonds. These bonds were associated with the leveraging of the Authority's Capital Fund. Additional information on the Authority's long-term debt can be found in Note 16 of the financial statements, which is included in this report.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGETARY FACTORS

The Housing Authority of the City of New Brunswick remains primarily dependent on HUD funding to support its operations. As a result, the Authority is influenced more significantly by federal budget decisions than by local economic conditions. Ongoing pressures on the federal budget—including record deficits and competing national priorities—are expected to continue impacting overall funding availability.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGETARY FACTORS - CONTINUED

The Authority has submitted its capital budgets for fiscal year 2026 to HUD for approval, with no significant changes from prior years. The Capital Fund Program, which operates on a multi-year budget cycle, has remained relatively stable. These funds are designated for the modernization and improvement of public housing properties, as well as related administrative costs.

In preparing the Authority's budget for the fiscal year ending June 30, 2026, the following factors were taken into consideration:

- Economic conditions in the State of New Jersey, including employment levels, inflation, and recessionary trends, which directly affect tenant income and therefore rental revenue, as tenant rent contributions are income-based.
- Rising health insurance costs, which are expected to continue increasing employee benefit expenses over the next several years.
- Inflationary pressures on utilities, materials, and supplies, which may impact operating costs across multiple expense categories.
- Housing market trends, including rental availability and rent levels in the private market, which influence Section 8 voucher utilization and Housing Assistance Payments (HAP).
- The transition of Low-Income Public Housing units to RAD subsidy units, which may impact long-term funding and operational structures.
- Federal budget constraints, which may limit HUD appropriations even if full funding levels are authorized, given ongoing fiscal pressures at the national level.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is intended to provide residents, stakeholders, and other interested parties with a clear and comprehensive overview of the Authority's financial position and activities. Questions or requests for additional financial information should be directed to:

Mr. Dan Toto
Executive Director
Housing Authority of the City of New Brunswick
7 Van Dyke Avenue
New Brunswick, New Jersey 08901
Phone: (732) 745-0514

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the business activities of the Housing Authority of the City of New Brunswick, as of and for the years ended June 30, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of New Brunswick 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 and the business activities of the Housing Authority of the City of New Brunswick as of June 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years 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 New Brunswick 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 New Brunswick'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 New Brunswick'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 New Brunswick.
- Housing Authority of the City of New Brunswick'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 New Brunswick's basic financial statements. The accompanying supplemental information on pages 69-78 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 Schedule of Expenditures of Federal Awards, the Financial Data Schedule, 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, Financial Data Schedule, and the Capital Fund cost certifications, 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 March 13, 2026, in our consideration of the Housing Authority of the City of New Brunswick'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 New Brunswick'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 New Brunswick's internal control over financial reporting and compliance.



Lincroft, New Jersey
Date: March 13, 2026

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENTS OF NET POSITION - 1
AS OF JUNE 30, 2025 AND 2024

	June 30,	
	2025	2024
Assets		
Current Assets:		
Cash and Cash Equivalents		
Operating	\$ 4,691,243	\$ 4,793,487
Restricted	217,731	238,720
Total cash and equivalents	4,908,974	5,032,207
Accounts Receivables, Net of Allowances	512,374	205,057
Prepaid Expenses	204,238	199,056
Total Current Assets	5,625,586	5,436,320
Noncurrent Assets		
Capital Assets		
Land	591,762	1,499,991
Building	2,333,317	2,333,317
Furniture, Equipment - Dwelling	388,512	388,512
Furniture, Equipment - Administration	1,649,444	1,273,132
Leasehold Improvements	9,044,323	8,864,442
Construction in Process	1,562,645	1,298,310
Total Capital Assets	15,570,003	15,657,704
Less: Accumulated Depreciation	(11,555,610)	(11,006,514)
Net Book Value	4,014,393	4,651,190
Other Assets		
Right to Use Assets	4,321	8,310
Total Other Assets	4,321	8,310
Total Assets	9,644,300	10,095,820
Deferred Outflow of Resources		
State of New Jersey P.E.R.S. and OPEB	3,320,454	2,833,224
Total Assets and Deferred Outflow of Resources	\$ 12,964,754	\$ 12,929,044

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENTS OF NET POSITION - 2
AS OF JUNE 30, 2024 AND 2025

	June 30,	
	2025	2024
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 262,538	\$ 363,776
Accrued Liabilities	377,653	261,003
Tenant Security Deposit Payable	125,254	119,999
Unearned Revenue	8,907	13,212
Lease Payable - Current Portion	4,410	4,164
Current Portion - Long Term Debt	95,000	185,000
Total Current Liabilities	873,762	947,154
Noncurrent Liabilities		
Bonds, Notes and Loans Payable	-	95,000
Accrued Compensated Absences - Long-Term	125,363	133,145
Lease Payable - Noncurrent	505	4,915
Noncurrent - Other Liabilities	116,186	116,186
Accrued Net Pension and OPEB Liabilities	8,916,471	8,510,004
Total Noncurrent Liabilities	9,158,525	8,859,250
Total Liabilities	10,032,287	9,806,404
Deferred Inflow of Resources		
State of New Jersey P.E.R.S. and OPEB	2,745,537	3,805,518
Net Position:		
Net Investment in Capital Assets	3,919,393	4,316,191
Restricted	1,204	119,069
Unrestricted	(3,733,667)	(5,118,138)
Total Net Position	186,930	(682,878)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 12,964,754	\$ 12,929,044

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025 AND 2024

	June 30,	
	2025	2024
Revenue:		
Tenant Rental Revenue	\$ 1,805,640	\$ 1,863,988
HUD PHA Operating Grants	16,897,189	15,254,906
Fraud Recovery	1,364	8,287
Other Revenue	325,836	269,105
Total Revenue	19,030,029	17,396,286
Operating Expenses:		
Administrative Expenses	2,081,042	2,067,766
Tenant Services	-	4,885
Utilities Expense	1,271,480	1,141,399
Maintenance Expense	1,364,229	1,236,633
Other Operating Expenses	767,467	852,966
Interest Expense	11,045	16,685
Housing Assistance Payments	13,177,660	11,393,953
Depreciation Expense	549,095	563,263
Total Operating Expenses	19,222,018	17,277,550
Excess (Expenses) Revenue From Operations	(191,989)	118,736
Non Operating Income:		
Investment Income	58,972	66,895
Special Items - OPEB and Pension	230,807	-
Loss on Sale of Capital Assets	(3,977)	-
Extraordinary Maintenance	-	(103,870)
Excess Operating Revenue Before Capital Grant Contributions	93,813	81,761
Capital Grants	449,334	219,202
Change in Net Position	543,147	300,963
Beginning Net Position	(682,878)	(580,721)
Prior Period Adjustments	326,661	(403,120)
Beginning Net Position, Restated	(356,217)	(983,841)
Ending Net Position	\$ 186,930	\$ (682,878)

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENTS OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025 AND 2024

	June 30,	
	2025	2024
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 1,734,926	\$ 1,601,935
Receipts from Federal Grants	16,637,062	15,177,539
Receipts from Other Sources	328,577	277,392
Payments to Vendors and Suppliers	(2,005,402)	(1,703,717)
Payments for Housing Assistance Payments	(13,177,660)	(11,393,953)
Payments to Employees	(1,728,310)	\$ (1,430,364)
Payment of Employee Benefits	(464,526)	(762,413)
Payment of Utilities Expenses	(1,271,480)	(1,141,399)
Net Cash Provided by Operating Activities	53,187	625,020
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	449,334	219,202
Acquisitions and Construction of Capital Assets	(820,528)	(99,201)
Payment for Retirement of Debt	(185,000)	(175,000)
Lease Payable	(4,164)	(3,932)
Right to Use Assets - Copiers	3,989	3,989
Net Effect of Deferred Inflows and Outflows	(1,547,211)	(1,027,500)
Increase in Accrued Pension and OPEB Liabilities	406,467	1,178,517
Special Items	230,807	-
Sale of Land	904,253	-
Extraordinary Maintenance	-	(103,870)
Prior Period Adjustment	326,661	(403,120)
Net Cash (Used by and Related Financing Activities)	(235,392)	(410,915)
Cash Flow From Investing Activities		
Interest Income	58,972	66,895
Net Cash Provided by Investing Activities	58,972	66,895
Net (Decrease) Increase in Cash and Cash Equivalents	(123,233)	281,000
Beginning Cash	5,032,207	4,751,207
Ending Cash	\$ 4,908,974	\$ 5,032,207
<u>Reconciliation of Cash Balances:</u>		
Cash and Cash Equivalents - Unrestricted	\$ 4,691,243	\$ 4,793,487
Cash and Cash Equivalents - Restricted	217,731	238,720
Total Cash	\$ 4,908,974	\$ 5,032,207

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENTS OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025 AND 2024

	June 30,	
	2025	2024
Reconciliation of Operating (Expense) Income to Net Cash		
Provided by Operating Activities		
Excess of Revenue over Expenses	\$ (191,989)	\$ 118,736
Adjustments to reconcile excess expenses revenue to net cash provided by operating activities:		
Depreciation Expense	549,095	563,263
(Increase) Decrease in:		
Accounts Receivables	(307,317)	(61,642)
Prepaid Expenses	(5,182)	(67,585)
Increase (Decrease) in:		
Accounts Payable	(101,238)	(135,391)
Accrued Liabilities	116,650	159,163
Security Deposit Payable	5,255	3,690
Unearned Revenue	(4,305)	5,775
Accrued Compensated Absences - Noncurrent	(7,782)	39,011
Net Cash Provided by Operating Activities	\$ 53,187	\$ 625,020
 Supplementary information		
Interest expense paid during the year	\$ 11,045	\$ 19,388
Lease Payments paid during the year	\$ 4,164	\$ 3,932

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

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

Organization

The Authority is a governmental public corporation established under federal and state housing laws, as defined by New Jersey Statute N.J.S.A. 4A:12A-1 et seq. (the “Housing Authority Act”). Its purpose is to develop, acquire, and administer low-income housing and related programs that serve low- and moderate-income families residing in the City of New Brunswick. These activities are carried out in accordance with the rules and regulations of the U.S. Department of Housing and Urban Development (HUD).

The Authority is governed by an essentially autonomous Board of Commissioners, which is accountable to both HUD and the New Jersey Department of Community Affairs. The Board appoints an Executive Director, who is responsible for managing the Authority’s day-to-day operations. The Authority oversees the development, maintenance, and management of public housing within New Brunswick. The federal government provides operating and modernization subsidies to support these efforts.

The Authority’s financial statements encompass all of its accounts. It represents the lowest level of government over which the Board of Commissioners and the Executive Director exercise oversight responsibility. Although Board members are primarily appointed by the Mayor of New Brunswick and the City Council, the Board maintains independent authority, including the power to designate management, influence operations, and oversee accounting and fiscal matters. For these reasons, the Authority is not included in any broader governmental reporting entity and has determined that it is also excluded from the City of New Brunswick’s reporting entity.

In accordance with Section 2100 and 2300 of the Governmental Accounting Standards Board (GASB) Codification, the Authority evaluates whether any organization should be included as component units within its reporting entity. The criteria include:

- Legal separateness (ability to sue and be sued)
- Possession of corporate powers
- Appointment of a voting majority of the organization’s board
- Ability to impose its will on the organization
- Potential for financial benefit or burden
- Fiscal dependency on the Authority

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority’s reporting entity.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 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 similar to 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 July 2021, 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.

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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

Basis of Accounting – Continued

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 Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, redevelopment donations, and administrative management fees. The Authority recognizes rental revenue from tenants who entered into a lease agreement (contract) for a unit in the development with durations of less than one year. The Authority records revenue for such leases as prescribed by HUD. This standard indicates that government subsidy and tenant payments are to be considered subject to ASC 606. The Authority believes that both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Authority on behalf of the tenant, such as utilities monthly fees.

Additional revenue includes miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, redevelopment donations, and administrative management fees. Such fees are necessary to the primary activities of the operations and are recognized as revenue at the point in time such fees are incurred.

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 June 30 are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

HUD's rent subsidy program provides housing to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant's gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the City of New Brunswick's flat rental amount.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

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.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

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 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – Operating subsidies received from HUD are recorded as income when earned.
- 6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

Other accounting policies - Continued

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

9 – 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.

10- Advertising cost is charged to expense when incurred.

11- 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.

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13- 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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

Other accounting policies - Continued

14 - 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. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality a 10% of its net shelter rent.

15 - 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.

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."

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, redevelopment donations, administrative management fees.

Operating expenses include wages, utilities, maintenance, depreciation of capital assets, HAP tenant payments, 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.

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

17-Impairment Losses

The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with in accordance with GASB #42 *"Accounting for the Impairment or Disposal of Capital Assets and for Insurance Recoveries*. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. As of June 30, 2025, the Authority has determined that no impairment of its long-lived assets exists.

18- Recent Accounting Pronouncements

The Authority has implemented all new accounting pronouncements that are in effect and that may impact 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 NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

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 units.

The lease agreement has similar terms therefore; all lease contract revenue has been aggregated in the caption rental revenue 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.

Tenant(s) lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant(s) rental payment not received by the fifth day of each month will be charged a late fee. Any rental payment received in advance of the first day of the month is recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

Budgetary and Policy Control

The Authority submits its annual operating subsidy forms 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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

Activities - The programs administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-22	284
Public Housing Capital Fund	14.872		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-22	971

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD’s rent subsidy program provides housing assistance to low-income families so that they are able to lease “decent, safe, and sanitary” housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant’s gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family’s adjusted monthly income, (b) 10% of the family’s monthly income, or (c) Housing Authority of the City of New Brunswick flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority’s apartments to keep them clean, safe and in good condition.

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 contract that sets the participants’ rent at approximately 30% of household income subject to certain restrictions.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

Activities -Continued

Business Activities

The New Brunswick Housing Authority (NBHA) acts as the Redevelopment Authority for the City of New Brunswick. The NBHA coordinates and oversees all redevelopment projects that enhance the City of New Brunswick. The NBHA creates valuable partnerships and fosters collaboration to leverage both public and private resources for project development. The Authority focuses its efforts into development initiatives where the community is an active participant in improving their neighborhoods. The Authority provides valued technical assistance and support that builds community capacity by strengthening neighborhood cultures. This attracts and maintains development opportunities to sustain neighborhoods. As the Redevelopment Authority, the NBHA works with community leaders and developers to complete revitalization projects that create economic development opportunities within the City of New Brunswick.

Board of Commissioners

The following criteria define the scope of the entity for financial reporting purposes:

1. Oversight of Financial Independence
The Board has the authority to supervise and ensure the financial independence of any component unit.
2. Governing and Decision-Making Authority
The Board possesses ultimate governing authority, including responsibility for financial decision-making and accountability for those decisions.
3. Appointment and Accountability of Management
The Board appoints the Authority's management team, which is responsible for day-to-day operations and is directly accountable to the Board.
4. Influence Over Operations
The Board exercises significant influence over operations through budget approvals, contract authorization, control of facilities, and decisions regarding the hiring or retention of key managerial personnel.
5. Fiscal Control and Accountability
The Board maintains absolute authority over all funds of the Authority and assumes full accountability for fiscal matters.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

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.

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/2016divisioncombined.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. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 3 - PENSION PLAN -CONTINUED

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2025 amounted to \$194,737 and \$203,912 for 2024.

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 of GASB #68 can be found in Note 19 - Accrued Pension Liability.

NOTE 4 – CASH, CASH EQUIVALENTS

The Housing Authority of the City of New Brunswick records cash and cash equivalents at cost, which approximates market value. Cash, cash equivalents, and investments include bank deposits, petty cash, a money market checking account, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For purposes of the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with maturities of three months or less at the time of purchase.

Concentration of Credit Risk

HUD regulations require housing authorities to invest excess funds in obligations of the United States, certificates of deposit, or other federally insured investments. HUD also mandates that all deposits be fully collateralized at all times. Acceptable collateral includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the Authority. U.S. government obligations may also be used as security for deposits. All collateral must be held either by the Authority or by an unaffiliated bank or trust company on behalf of the Authority. These deposits, held at various banking institutions, are collateralized in accordance with the New Jersey Government Code and the Banking Law.

Risk Disclosures

Collateral for Deposits

Under N.J.S.A. 40A:5-14, New Jersey authorities must deposit public funds in a bank or trust company located in New Jersey and organized under federal or state law, or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 specifies the types of securities that may be purchased by New Jersey authorities.

The Authority must deposit funds in public depositories protected by the Governmental Unit Deposit Protection Act ("GUDPA"). Enacted in 1970, GUDPA provides safeguards to prevent governmental units from losing funds deposited in a New Jersey banking institution that later fails.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 4 – CASH, CASH EQUIVALENTS- CONTINUED

Interest Rate Risk

To limit exposure to fair value losses from rising interest rates, the Authority’s investment policy restricts investment maturities to no more than two years at the time of purchase. As of June 30, 2025, all deposits and investments met this standard, were available on demand, or had maturities of less than two years.

Credit Risk

Credit risk refers to the possibility that the value of a security or investment portfolio may decline due to actual or perceived reductions in the issuer’s ability to repay its debt. The Authority’s investment policy prohibits investing any portion of the portfolio in securities of a single issuer, except for securities issued by the U.S. Government, its agencies, or 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 as follows:

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>June-25</u>	<u>June-24</u>
Insured	\$ 508,762	\$ 508,579
Collateralized held by pledging bank's trust department in the Authority's name	4,400,212	4,523,628
Total	<u>\$ 4,908,974</u>	<u>\$ 5,032,207</u>

Restricted Cash

The Authority has total restricted cash on June 30, 2025, in the amount of \$217,731 and \$238,720 for 2024 which consists of the following:

	<u>Year Ended</u>	
	<u>June-25</u>	<u>June-24</u>
Bank of New York - Leveraging	\$ 1,204	\$ 1,081
HAP Reserve	-	13,475
Redevelopment Escrow	91,518	104,165
Tenant Security Deposit	125,009	119,999
Total Restricted Cash	<u>\$ 217,731</u>	<u>\$ 238,720</u>

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 4 – CASH, CASH EQUIVALENTS - CONTINUED

Restricted Cash

The restricted cash in the amount of \$-0- and \$13,475 for 2024 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Bank of America. 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.

The tenant security deposit restricted cash on June 30, 2025, was \$125,009 and \$119,999 in 2024. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing account.

The Authority has restricted cash in the amount of \$1,204 and \$1,081 as of June 30, 2025, and 2024 was for the capital leveraging program. It is held in trust at the Bank of New York with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Bank of New York are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project which the Authority is undertaking.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable on June 30, 2025, 2024, and 2023 consisted of the following:

	<u>June-25</u>	<u>June-24</u>	<u>June-23</u>
Tenants Accounts Receivable - Present	\$ 332,767	\$ 262,053	\$ 195,387
Tenants Accounts Receivable - Fraud Recovery	38,216	39,736	29,169
Less Allowance for Doubtful Accounts	<u>(196,901)</u>	<u>(176,274)</u>	<u>(97,765)</u>
Net Tenants Accounts Receivable	<u>174,082</u>	<u>125,515</u>	<u>126,791</u>
HUD Receivable	337,494	77,367	13,758
Accounts Receivable - Misc Charges	<u>798</u>	<u>2,175</u>	<u>2,866</u>
Accounts Receivable - Other	<u>338,292</u>	<u>79,542</u>	<u>16,624</u>
Total Accounts Receivable	<u>\$ 512,374</u>	<u>\$ 205,057</u>	<u>\$ 143,415</u>

Tenant Rent and Receivables Policy

Tenant rent is due on the first day of each month. Payments not received by the fifth day are considered past due, and late fees are assessed accordingly.

Tenant receivables are reported at the net amount management reasonably expects to collect, after deducting an allowance for doubtful accounts. Receivables deemed uncollectible are charged to bad debt expense following a periodic review conducted by management.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 5 - ACCOUNTS RECEIVABLE - CONTINUED

While generally accepted accounting principles (GAAP) in the United States require the use of the allowance method to recognize bad debts, the impact of applying the direct write-off method is not materially different from the results that would be achieved under the allowance method.

Any recoveries of previously written-off debts are recognized as income in the year they are received. For the fiscal period ending June 30, 2025, the total bad debt expense recorded was \$25,666 and for 2024 was \$155,675.

NOTE 6 - 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 amortized on a monthly basis. Prepaid expenses on June 30, 2025, and 2024 consisted of prepaid insurance premiums in the amount of \$204,238 and \$199,056 for 2024.

NOTE 7 - INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during the course of 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 June 30, 2025, are detailed in the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - FIXED ASSETS

Fixed assets primarily represent expenditures incurred to acquire, construct, place into operation, and improve the Authority's facilities. These assets are recorded at cost, as determined by appraisal.

Routine repairs, maintenance, and minor renewals are expensed in the year incurred, while major renewals and improvements are capitalized. Capitalization occurs when expenditures meet the requirements outlined in the Authority's Capitalization Policy. Under this policy, assets purchased or constructed at a cost of \$1,000 or less are expensed immediately.

Property and equipment are stated at cost, and donated fixed assets are recorded at their fair value on the date of donation.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 8 - FIXED ASSETS – CONTINUED

Depreciation Expense

Depreciation expense for June 30, 2025, was \$549,095 and \$563,263 for 2024.

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

The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with GASB #42 *"Accounting for the Impairment or Disposal of Capital Assets and for Insurance Recoveries"*. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. As of June 30, 2025, the Authority has determined that no impairment of its long-lived assets exists.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 8 - FIXED ASSETS - CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending June 30, 2025, and 2024:

	Balance June-24	Additions	Disposal	Balance June-25
Land and Improvements	\$ 1,499,991	\$ -	\$ (908,229)	\$ 591,762
Buildings & Improvements	2,333,317	-	-	2,333,317
Furniture & Equipment - Dwelling	388,512	-	-	388,512
Furniture & Equipment - Administration	1,273,132	376,312	-	1,649,444
Leasehold Improvements	8,864,442	179,881	-	9,044,323
Construction in Progress	1,298,310	264,335	-	1,562,645
Totals	15,657,704	820,528	(908,229)	15,570,003
Accumulated Depreciation	(11,006,514)	(549,096)	-	(11,555,610)
Net Book Value	\$ 4,651,190	\$ 271,432	\$ (908,229)	\$ 4,014,393

	Balance June-23	Additions	Disposal	Balance June-24
Land and Improvements	\$ 1,499,991	\$ -	\$ -	\$ 1,499,991
Buildings & Improvements	2,333,317	-	-	2,333,317
Furniture & Equipment - Dwelling	388,512	-	-	388,512
Furniture & Equipment - Administration	1,218,133	54,999	-	1,273,132
Leasehold Improvements	8,864,442	-	-	8,864,442
Construction in Progress	1,254,108	44,202	-	1,298,310
Totals	15,558,503	99,201	-	15,657,704
Accumulated Depreciation	(10,443,251)	(563,263)	-	(11,006,514)
Net Book Value	\$ 5,115,252	\$ (464,062)	\$ -	\$ 4,651,190

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 8 - FIXED ASSETS - CONTINUED

Below is a schedule of the netbook value of the fixed assets for the Housing Authority of the City of New Brunswick as of June 30, 2025:

<u>Net Book Value of the Assets</u>	<u>Balance June-25</u>
Land and Improvements	\$ 591,762
Buildings & Improvements	484,083
Furniture & Equipment - Dwelling	-
Furniture & Equipment - Administration	483,649
Leasehold Improvements	892,254
Construction in Progress	1,562,645
Net Book Value	<u>\$ 4,014,393</u>

NOTE 9 - RIGHT TO USE ASSETS

Right of use (ROU) assets represent the Authority's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. The lease liability is based on the future estimated cash payments discounted over the non-cancellable portion of the lease term. An implicit discount rate is included in the Authority's lease agreement. The operating lease ROU assets also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term ROU asset (operating lease) and on the straight-line basis over lease term.

In August 2022, the Authority entered into a lease with a copy company to lease a Xerox copier. The agreement requires 60 monthly payments of \$381. The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The discount rate used was 5.75% which is the weighted discount rate remaining.. The weighted average lease term is 14 months. The right to use assets are amortized on a straight-line basis over the life of the related lease. The amount of amortization expense for June 2025 was \$3,987.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 9 – RIGHT TO USE ASSETS – CONTINUED

The right to use assets are amortized on a straight-line basis over the life of the related lease.

Initial Copier Present Value	\$	19,945
Less Accumulated Depreciation		<u>(15,624)</u>
Net Right to Use Asset	\$	<u><u>4,321</u></u>

Future minimum lease payments under operating leases as of June 30, 2025, are as follows

June-26	\$	4,410
June-27		<u>505</u>
Total Lease Payable	\$	<u><u>4,915</u></u>

NOTE 10 – 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 18 and 19 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 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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 10- DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

The Authority's deferred outflows and inflows on June 30, 2025, are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 353,075	\$ 38,954	\$ 392,029
Changes in Assumptions	1,165,560	2,416	1,167,976
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	1,428,589	331,860	1,760,449
Total	\$ 2,947,224	\$ 373,230	\$ 3,320,454
Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 1,181,270	\$ 5,177	\$ 1,186,447
Changes in Assumptions	1,157,282	22,125	1,179,407
Net Difference Between Projected and Actual Earning on Pension Plan Investments	3,156	90,167	93,323
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	157,304	129,056	286,360
Total	\$ 2,499,012	\$ 246,525	\$ 2,745,537

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 OPEB and 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 \$392,029 and \$1,186,447.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 10- DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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 OPEB and 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 \$1,167,976 and \$1,117,407.

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 #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 \$93,323.

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 PERS, reflecting the average remaining service life of PERS 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 \$1,760,449 and \$286,360.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 11 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of June 30, 2025. Accounts payable by vendors are amounts owed to creditors as a result of delivered goods and completed services. Accounts payable on June 30, 2025, 2024 and 2023 consist of the following:

	June-25	June-24	June-23
Accounts Payable Vendors	\$ 87,337	\$ 269,927	\$ 407,727
Accounts Payable -PHA Projects	49,526	21,590	19,380
Accounts Payable - Other Government	125,675	72,259	72,060
Total Accounts Payable	\$ 262,538	\$ 363,776	\$ 499,167

NOTE 12 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under applicable federal, state, and local laws, the Authority’s programs are exempt from income, property, and excise taxes. However, pursuant to the terms of its Cooperation Agreement with the City of New Brunswick, the Authority is required to make Payments in Lieu of Taxes (PILOT) for its Public Housing (PHA-Owned) Program. Under this agreement, the Authority must remit to the municipality an amount equal to 10% of its net shelter rent as a substitute for real property taxes.

For the fiscal year ended June 30, 2025, the Authority accrued PILOT expense of \$53,416 (compared to \$72,259 for fiscal year 2024). As of June 30, 2025, the total PILOT payable amounted to \$125,675.

NOTE 13 – ACCRUED EXPENSES

The Authority reports accrued expenses on its Statement of Net Position. Entries accrued represent costs that have been incurred but are not yet paid as of the fiscal year-end. These amounts are recognized in the financial statements prior to actual disbursement and typically include items such as salaries, interest, taxes, and other obligations arising from current operations. Accrued liabilities as of June 30, 2025, 2024, and 2023 consist of the following:

	June-25	June-24	June-23
Compensated Absences - Current Portion	\$ 13,929	\$ 14,793	\$ 10,460
Wages and Payroll Taxes Payable	67,248	30,074	68,630
Accrued Interest Payable - Notes Payable	744	1,527	4,230
Accrued Expense - Utilities	204,214	214,609	18,520
Accrued Expense - Development Cost	91,518	-	-
Total Accrued Liabilities	\$ 377,653	\$ 261,003	\$ 101,840

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 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 deferred revenue for June 30, 2025, 2024 and 2023 consisted of July rent.

NOTE 15 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 101*. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Policy

Employee vacation time must be taken in the year earned. For unusual circumstances, unused vacation may be carried over to next year with the approval of the Executive Director. Employees may be compensated for accumulated vacation leave after October 1.

Employees' sick time may accumulate up to 150 sick days. Employees receive 10 sick days per year. At the end of each year, employees may either carry over all remaining sick days or carry over half of their earned sick days and be compensated for the other half up to \$10,000. At retirement, the employee is entitled to be paid 50% of the accumulated sick leave balance or up to \$10,000.

The Authority has determined that the potential liability for accumulated vacation and sick time on June 30, 2025, is as follows:

Balance on 30-Jun-24	Additions	Payments	Balance on 30-Jun-25	Current Portion
\$ 147,938	\$ -	\$ (8,646)	\$ 139,292	\$ 13,929

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 16 – LONG TERM DEBT

On June 30, 2025, the Authority had one (1) note payable. They consist of the following:

	Balance June-24	Payments	Balance June-25	June-25 Current Portion
Capital Leveraging Fund	\$ 280,000	\$ (185,000)	\$ 95,000	\$ 95,000

Capital Fund Leveraging Program - The Authority participated on December 23, 2004, with other New Jersey Housing Authorities in the issuance of \$79,860,000 in Series 2004 HMFA Bonds. The Authority portion of the Series 2004 HMFA Bonds is \$2,570,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Public and Indian Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2025.

The faith and credit of the New Brunswick Housing and Redevelopment Authority was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest in the Bonds is payable on May 1 and November 1 commencing on May 1, 2005. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day months.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD.

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

	<u>CFP Bonds</u>
June-26	\$ 95,000

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 17 – OTHER NON-CURRENT LIABILITY

During the year, the Authority incurred legal fees and escrow payments for the redevelopment of various properties in the City of New Brunswick.

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS

The Authority as of June 30, 2025, and 2024 reported accrued pension and OPEB liability amounts as follows:

	<u>June-25</u>	<u>June-24</u>
Accrued OPEB Liability	\$ 6,971,843	\$ 6,300,144
Accrued Pension Liability	1,944,628	2,209,860
Total OPEB and Pension Liability	<u>\$ 8,916,471</u>	<u>\$ 8,510,004</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2016 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note – 19 will discuss the effect of GASB #68 and the pension liability which arose from that.

OPEB Liability

The Authority as of June 30, 2025, reported a net OPEB liability in the amount of \$6,971,843 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2024, the last evaluation date, is as follows:

	<u>June-25</u>	<u>June-24</u>
Employer Total OPEB Liability	\$ 6,910,639	\$ 6,256,551
Plan Net Position	61,204	43,593
Employer Net OPEB Liability	<u>\$ 6,971,843</u>	<u>\$ 6,300,144</u>

The Authority allocation percentage is 0.389370% as of June 30, 2024, and 0.0392710% as of June 30, 2023.

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>.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Plan Description and Benefits Provided

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 employers 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's agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement 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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS -CONTINUED

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, 2025, was \$6,971,843.

Employees covered by benefits terms: On June 30, 2024 (the census date), the following employees were covered by the benefits terms:

Plan Members

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Net OPEB Liability

The total OPEB liability as of June 30, 2024, latest report, was determined by an actuarial valuation as of June 30, 2024, which was rolled forward to June 30, 2024. 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 on June 30, 2024, 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 = 2.75% to 6.55%

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-2021 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale. 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-2021 scale.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Certain actuarial assumptions used in the June 30, 2024, 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, 2024, and July 1, 2014, to June 30, 2024, 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, 2024, was 3.93% and 3.65% for June 30, 2023. 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 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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.93%	3.93%	4.93%
Total OPEB Liability	\$ 8,121,446	\$ 6,971,843	\$ 6,051,114

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS -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:

Change in Assumptions: Effective June 30, 2024.

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 5,896,756	\$ 6,971,843	\$ 8,354,103

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 year for the 2024.

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2025</u>
Service Cost	\$ 212,240
Interest on Total OPEB liability	215,886
Expected Investment Return	-
Administrative Expenses	-
Changes in Benefits Term	41,924
Current Period Deferred	
Inflows/Outflows of Resources	(416,327)
Changes in Assumptions or Other	
Inputs	675,942
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	159,054
Benefit Payments	(217,020)
Change in Plan	-
Net Change in Total OPEB Liability	671,699
Total OPEB Liability, Beginning	6,300,144
Total OPEB Liability, Ending	\$ 6,971,843

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2025, and 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFITS -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, 2025	\$	(437,642)
Year Ending June 30, 2026		(188,418)
Year Ending June 30, 2027		(32,379)
Year Ending June 30, 2028		(172,621)
Year Ending June 30, 2029		(109,977)
Therafter		117,964
Total	\$	<u>(823,073)</u>

NOTE 19 - ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2025, reported a net pension liability in the amount of \$1,944,628 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-25</u>	<u>June-24</u>
Employer Total Pension Liability	\$ 6,011,744	\$ 10,706,365
Plan Net Position	(4,067,116)	(8,496,505)
Employer Net Pension Liability	<u>\$ 1,944,628</u>	<u>\$ 2,209,860</u>

The Authority allocation percentage is 0.0143113155% for June 30, 2024, and 0.0152568531% as of June 30, 2023.

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 NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 19 – 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.

Net Pension Liability Information - Continued

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

Notes to Financial Statements June 30, 2025, and 2024

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology - Continued

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 include 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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

The actuarial assumptions used on the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2024. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at 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 weighting 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%
	100%	

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 NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 19 – 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 same amount for 2023 year, 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)	\$ 2,721,231	\$ 1,944,628	\$ 1,553,444

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	\$ (109,442)
Year Ending June 30, 2026	(61,086)
Year Ending June 30, 2027	1,258,660
Year Ending June 30, 2028	(7,741)
Year Ending June 30, 2029	1,073
Total	<u>\$ 1,081,464</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 NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 19 – 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	\$	179,075
Interest on the Total Pension Liability		422,261
Benefits Changes		-
Member Contributions		(64,352)
Administrative Expenses		1,893
Expected Investment Return Net of Investment Expenses		(2,237)
Pension Expense Related to Specific Liabilities of Individual Employers		(1,594)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		(6,994)
Changes of Assumptions		(195,639)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(11,674)
Total	\$	<u>320,739</u>

NOTE 20 – 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.

	<u>June-25</u>	<u>June-24</u>
Balance - July 1	\$ 4,316,191	\$ 4,660,252
Acquisition in Fixed Assets	820,528	44,202
Payment of Debt -CFFP	185,000	175,000
Depreciation Expense	(549,096)	(563,263)
Sale of Land	(908,229)	-
Prior Period Adjustment	54,999	-
Balance - June 30	<u>\$ 3,919,393</u>	<u>\$ 4,316,191</u>

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 21 – RESTRICTED NET POSITION

The Authority restricted net position account balance on June 30, 2025, is \$1,204 and \$119,069 for 2024. The details of the restricted reserve account balances are as follows:

	<u>June-25</u>	<u>June-24</u>
HCV - HAP Reserves	\$ -	\$ 13,823
State Leveraging Bond Reserve	1,204	1,081
Redevelopment Escrow	-	104,165
Total Restricted New Position	<u>\$ 1,204</u>	<u>\$ 119,069</u>

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005, excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005, excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets.

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 June 30, 2025, was not available.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 22 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance on June 30, 2025, is deficit (\$3,733,667). The details of the account balance is as follows:

	PIH Program Reserves	Section 8 HCV	COCC	Business Activities	Total
Balance June 30, 2023	\$ (1,004,336)	\$ (1,522,632)	\$ (3,471,981)	\$ 562,921	\$ (5,436,028)
Increase (Decrease) During the Year	685,842	269,106	31,888	(265,826)	721,010
Prior Period Adjustment	-	-	(403,120)	-	(403,120)
Balance June 30, 2024	(318,494)	(1,253,526)	(3,843,213)	297,095	(5,118,138)
Increase (Decrease) During the Year	679,374	108,022	358,367	(87,953)	1,057,810
Prior Period Adjustment	247,640	61,262	-	17,759	326,661
Balance June 30, 2025	\$ 608,520	\$ (1,084,242)	\$ (3,484,846)	\$ 226,901	\$ (3,733,667)

NOTE 23 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2025, were \$2,160,452 and \$2,279,319 for 2024.

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 program provides 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 expense. HUD contributions for the Housing Choice Voucher for June 30, 2025, were in the amount of \$14,286,019 and \$12,509,101 for 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 \$17,346,522 to the Authority which represents approximately 89% percent of the Authority's total revenue for the year ended June 30, 2025.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2025, and 2024

NOTE 25 – CONTINGENCIES AND COMMITMENTS

Litigation – On June 30, 2025, 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 year ended June 30, 2025.

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.

Construction Commitments

On June 30, 2025, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 26 - PRIOR PERIOD ADJUSTMENT

For year ending June 30, 2025

As of June 30, 2025, the Authority had a prior period adjustment in the amount of \$326,661 while recording GASB #68 and #75 Net Pension and OPEB Liability from the State of New Jersey audit report for the Pension and OPEB liability as of June 30, 2022.

NOTE 27 – SPECIAL ITEMS

As of June 30, 2025, the Authority showed a special item in the amount of \$230,807. This was due to the recording of GASB #68 Pension Liability from the State of New Jersey audit report for the Pension Liability as of June 30, 2023.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2025, and 2024

NOTE 28 – SUBSEQUENT EVENTS

The events described in the statements pertain to the period between the statement of net assets date and the availability of the financial statements for issuance. During this interim period, any events that occurred must be assessed for potential recognition or disclosure. The effects of subsequent events serve as evidence regarding conditions that existed after the statement of net assets date, necessitating disclosure in the accompanying notes.

Management has conducted an evaluation of the Authority's activity up to March 13, 2026, which is the date when the financial statements became available for issuance. Following this assessment, it has been determined that no subsequent events have transpired that would require recognition in the financial statements or disclosure in the notes accompanying the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information

June 30, 2025

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.

	2025	2024	2023	2022
Total OPEB Liability				
Service Cost	\$ 212,240	\$ 234,501	\$ 269,914	\$ 264,526
Interest on Total OPEB liability	215,886	228,312	135,989	129,386
Expected Investment Return	-	1,231	29	(745)
Administrative Expenses	-	4,955	4,179	3,544
Changes in Benefits Term	41,924	9,048	1,366	634
Current Period Deferred				
Inflows/Outflows of Resources	(416,327)	353,254	(70,766)	(165,343)
Changes in Assumptions or Other				
Inputs	675,942	(3,426)	(213,590)	(117,333)
Net Difference Between Projected and				
Actual Investments Earning on OPEB	159,054	625	(283,105)	1,554
Plan Investments				
Benefit Payments	(217,020)	-	-	-
Change in Plan	-	-	-	-
Net Change in Total OPEB Liability	671,699	828,500	(155,984)	116,223
Total OPEB Liability, Beginning	6,300,144	5,471,644	5,627,628	5,511,405
Total OPEB Liability, Ending	\$ 6,971,843	\$ 6,300,144	\$ 5,471,644	\$ 5,627,628
Covered, Employee Payroll	\$ 1,728,310	\$ 1,430,364	\$ 1,197,177	\$ 1,235,990
Total OPEB Liability as a percentage of covered employee payroll	364.53%	382.54%	470.07%	445.91%

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

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information

June 30, 2025

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

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 186,087	\$ 190,740	\$ 67,883	\$ 65,906
Interest on Total OPEB liability	152,765	182,015	427,515	425,825
Expected Investment Return	(2,344)	(3,230)	-	-
Administrative Expenses	3,044	2,712	-	-
Changes in Benefits Term	318	(545)	-	-
Current Period Deferred				
Inflows/Outflows of Resources	(169,089)	(177,243)	-	-
Changes in Assumptions or Other				
Inputs	(128,569)	(231,603)	-	-
Net Difference Between Projected and				
Actual Investments Earning on OPEB	1,393	1,025	-	-
Plan Investments				
Benefit Payments	-	-	(433,844)	(453,053)
Change in Plan	1,591,581	(8,580,841)	-	-
Net Change in Total OPEB Liability	1,635,186	(8,616,970)	61,554	38,678
Total OPEB Liability, Beginning	3,876,219	12,493,189	12,431,635	12,392,957
Total OPEB Liability, Ending	\$ 5,511,405	\$ 3,876,219	\$ 12,493,189	\$ 12,431,635
Covered, Employee Payroll				
Total OPEB Liability as a percentage of covered employee payroll	\$ 1,199,529	\$ 1,135,742	\$ 1,253,520	\$ 1,253,520
	323.15%	1100.00%	991.74%	991.74%

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information
June 30, 2025

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

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2025	2024	2023	2022	2021
Housing Authority's proportion of the net pension liability	0.0143113155%	0.01525668531%	0.0123238764%	0.0118630412%	0.0119740438%
Housing Authority's proportionate share of the net pension liability	\$ 1,944,628	\$ 2,209,860	\$ 1,859,843	\$ 1,405,355	\$ 1,952,653
Housing Authority's covered employee payroll	\$ 1,728,310	\$ 1,430,364	\$ 1,494,185	\$ 1,197,177	\$ 1,235,990
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.52%	154.50%	124.47%	117.39%	157.98%
Plan fiduciary net position as a percentage of the total pension liability	67.65%	56.99%	56.97%	70.65%	75.91%

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

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information
June 30, 2025

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.

	2020	2019	2018	2017	2016
Housing Authority's proportion of the net pension liability	0.01317880%	0.01399098%	0.01585072%	0.01177889%	0.01519358%
Housing Authority's proportionate share of the net pension liability	\$ 2,374,622	\$ 2,754,753	\$ 3,689,794	\$ 4,679,109	\$ 3,410,653
Housing Authority's covered employee payroll	\$ 1,199,529	\$ 1,135,742	\$ 1,253,520	\$ 1,253,116	\$ 1,176,866
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	197.96%	242.55%	294.35%	373.40%	289.81%
Plan fiduciary net position as a percentage of the total pension liability	43.43%	53.60%	48.01%	59.86%	52.07%

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

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information
June 30, 2025

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.

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 194,737	\$ 203,912	\$ 155,410	\$ 138,930	\$ 130,990
Contribution in relation to the contractually required contribution	(194,737)	(203,912)	(155,410)	(138,930)	(130,990)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 1,728,310	\$ 1,430,364	\$ 1,494,185	\$ 1,197,177	\$ 1,235,990
Contribution as a percentage of covered employee payroll	11.27%	14.26%	10.40%	11.60%	10.60%

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

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information
June 30, 2025

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.

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 128,191	\$ 139,165	\$ 146,840	\$ 140,353	\$ 130,624
Contribution in relation to the contractually required contribution	(128,191)	(139,165)	(146,840)	(140,353)	(130,624)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 1,199,529	\$ 1,135,742	\$ 1,253,520	\$ 1,253,116	\$ 1,176,866
Contribution as a percentage of covered employee payroll	10.69%	12.25%	11.71%	11.20%	11.10%

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

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

Programs funded by:

U.S. Department of Housing and Urban Development

CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Public and Indian Housing Program</u>				
NJ022	-	2,160,452	2,160,452	-
Grant Total 14.850	-	2,160,452	2,160,452	-
<u>Public Housing Capital Fund Program</u>				
NJ39P022501	-	900,051	900,051	-
Grant Total 14.872	-	900,051	900,051	-
<u>Section 8 Housing Choice Voucher Program</u>				
NJ39P022	-	14,286,019	14,286,019	-
Grant Total 14.871	-	14,286,019	14,286,019	-
Total Expenditures of Federal Awards	\$ -	\$ 17,346,522	\$ 17,346,522	\$ -

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of New Brunswick is under programs of the federal government for the year ended June 30, 2025. 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 New Brunswick, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the City of New Brunswick.

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 New Brunswick has not chosen to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:

The Housing Authority of the City of New Brunswick had \$95,000 has a loan balance outstanding on June 30, 2025. Note 16 presented on page 47 of this report has a full disclosure regarding the loan activity for the Housing Authority of the City of New Brunswick.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2025.

Note 6. Sub recipients:

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

New Brunswick Housing Authority (NJ022)
NEW BRUNSWICK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,764,461	\$766,586	\$1,059,567	\$100,629	\$4,691,243		\$4,691,243
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	\$1,204	\$91,518			\$92,722		\$92,722
114 Cash - Tenant Security Deposits	\$125,009				\$125,009		\$125,009
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$2,890,674	\$858,104	\$1,059,567	\$100,629	\$4,908,974	\$0	\$4,908,974
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$269,406		\$68,088		\$337,494		\$337,494
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous	\$798				\$798		\$798
126 Accounts Receivable - Tenants	\$332,767				\$332,767		\$332,767
126.1 Allowance for Doubtful Accounts - Tenants	-\$196,901				-\$196,901		-\$196,901
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	\$38,216				\$38,216		\$38,216
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0		\$0
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful	\$444,286	\$0	\$68,088	\$0	\$512,374	\$0	\$512,374
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$141,193	\$40,000	\$11,520	\$11,525	\$204,238		\$204,238
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From	\$339,330			\$0	\$339,330	-\$339,330	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$3,815,483	\$898,104	\$1,139,175	\$112,154	\$5,964,916	-\$339,330	\$5,625,586
161 Land	\$591,762				\$591,762		\$591,762
162 Buildings	\$2,333,317				\$2,333,317		\$2,333,317
163 Furniture, Equipment & Machinery - Dwellings	\$386,059			\$2,453	\$388,512		\$388,512

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
164 Furniture, Equipment & Machinery - Administration	\$1,522,570	\$33,163	\$65,689	\$28,022	\$1,649,444		\$1,649,444
165 Leasehold Improvements	\$9,044,323				\$9,044,323		\$9,044,323
166 Accumulated Depreciation	-\$11,426,283	-\$33,163	-\$65,689	-\$30,475	-\$11,555,610		-\$11,555,610
167 Construction in Progress	\$1,562,645				\$1,562,645		\$1,562,645
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,014,393	\$0	\$0	\$0	\$4,014,393	\$0	\$4,014,393
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current -							
173 Grants Receivable - Non Current							
174 Other Assets				\$4,321	\$4,321		\$4,321
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$4,014,393	\$0	\$0	\$4,321	\$4,018,714	\$0	\$4,018,714
200 Deferred Outflow of Resources	\$1,287,152	\$107,554	\$486,986	\$1,438,762	\$3,320,454		\$3,320,454
290 Total Assets and Deferred Outflow of Resources	\$9,117,028	\$1,005,658	\$1,626,161	\$1,555,237	\$13,304,084	-\$339,330	\$12,964,754
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$87,337				\$87,337		\$87,337
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$21,714		\$33,470	\$12,064	\$67,248		\$67,248
322 Accrued Compensated Absences - Current Portion	\$5,789		\$4,176	\$3,964	\$13,929		\$13,929
324 Accrued Contingency Liability							
325 Accrued Interest Payable	\$744				\$744		\$744
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects			\$49,526		\$49,526		\$49,526
333 Accounts Payable - Other Government	\$125,675				\$125,675		\$125,675
341 Tenant Security Deposits	\$125,254				\$125,254		\$125,254
342 Unearned Revenue	\$8,907				\$8,907		\$8,907
343 Current Portion of Long-term Debt - Capital	\$95,000				\$95,000		\$95,000
344 Current Portion of Long-term Debt - Operating							
345 Other Current Liabilities		\$91,518			\$91,518		\$91,518

New Brunswick Housing Authority (NJ022)
NEW BRUNSWICK, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2025					
	Project Total	1 Business Activities	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
346	Accrued Liabilities - Other	\$204,214	14,871		\$204,214		\$204,214
347	Inter Program - Due To			\$339,330	\$339,330	-\$339,330	\$0
348	Loan Liability - Current			\$4,410	\$4,410		\$4,410
310	Total Current Liabilities	\$674,634	\$87,172	\$359,768	\$1,213,092	-\$339,330	\$873,762
351	Long-term Debt, Net of Current - Capital						
352	Long-term Debt, Net of Current - Operating Borrowings						
353	Non-current Liabilities - Other	\$116,186			\$116,186		\$116,186
354	Accrued Compensated Absences - Non Current	\$52,101	\$37,588	\$35,674	\$125,363		\$125,363
355	Loan Liability - Non Current			\$505	\$505		\$505
356	FASB 5 Liabilities						
357	Accrued Pension and OPEB Liabilities	\$2,271,905	\$388,013	\$4,499,685	\$8,916,471		\$8,916,471
350	Total Non-Current Liabilities	\$2,324,006	\$504,199	\$4,535,864	\$9,158,525	\$0	\$9,158,525
300	Total Liabilities	\$2,998,640	\$595,717	\$4,895,632	\$10,371,617	-\$339,330	\$10,032,287
400	Deferred Inflow of Resources	\$1,589,271	\$183,040	\$144,451	\$2,745,537		\$2,745,537
508.4	Net Investment in Capital Assets	\$3,919,393			\$3,919,393		\$3,919,393
511.4	Restricted Net Position	\$1,204			\$1,204		\$1,204
512.4	Unrestricted Net Position	\$608,520	\$226,901	-\$1,084,242	-\$3,733,667		-\$3,733,667
513	Total Equity - Net Assets / Position	\$4,529,117	\$226,901	-\$1,084,242	\$186,930	\$0	\$186,930
600	Total Liabilities, Deferred Inflows of Resources and	\$9,117,028	\$1,005,658	\$1,626,161	\$13,304,084	-\$339,330	\$12,964,754

New Brunswick Housing Authority (NJ022)

NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,793,406		14,871		\$1,793,406		\$1,793,406
70400 Tenant Revenue - Other	\$12,234				\$12,234		\$12,234
70500 Total Tenant Revenue	\$1,805,640	\$0	\$0	\$0	\$1,805,640	\$0	\$1,805,640
70600 HUD PHA Operating Grants	\$2,611,170		\$14,286,019		\$16,897,189		\$16,897,189
70610 Capital Grants	\$449,334			\$420,846	\$449,334		\$449,334
70710 Management Fee					\$420,846	-\$420,846	\$0
70720 Asset Management Fee							
70730 Book Keeping Fee				\$96,781	\$96,781	-\$96,781	\$0
70740 Front Line Service Fee							
70750 Other Fees				\$52,517	\$52,517		\$52,517
70700 Total Fee Revenue				\$570,144	\$570,144	-\$517,627	\$52,517
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$31,707	\$11,574	\$15,691		\$58,972		\$58,972
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	\$73,091	\$95,737	\$1,364	\$692	\$273,319		\$1,364
71600 Gain or Loss on Sale of Capital Assets	-\$3,977		\$103,799		-\$3,977		\$273,319
72000 Investment Income - Restricted							-\$3,977
70000 Total Revenue	\$4,966,965	\$107,311	\$14,406,873	\$570,836	\$20,051,985	-\$517,627	\$19,534,358
91100 Administrative Salaries	\$208,783	\$234,151	\$535,259	\$378,261	\$1,356,454		\$1,356,454
91200 Auditing Fees	\$14,158				\$14,158		\$14,158
91300 Management Fee	\$302,046		\$118,800		\$420,846	-\$420,846	\$0
91310 Book-keeping Fee	\$22,531		\$74,250		\$96,781	-\$96,781	\$0
91400 Advertising and Marketing	\$3,299				\$3,299		\$3,299
91500 Employee Benefit contributions - Administrative	\$245,505		\$51,395	\$15,201	\$312,101		\$312,101
91600 Office Expenses	\$81,269	\$4,726	\$85,818	\$15,043	\$186,856		\$186,856
91700 Legal Expense	\$46,409	\$2,940			\$49,349		\$49,349
91800 Travel	\$859				\$859		\$859

New Brunswick Housing Authority (NJ022)

NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
91810 Allocated Overhead							
91900 Other	\$69,002	\$57,612	\$19,317	\$12,035	\$157,966		\$157,966
91000 Total Operating - Administrative	\$993,861	\$299,429	\$884,839	\$420,540	\$2,598,669	-\$517,627	\$2,081,042
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other							
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$308,437				\$308,437		\$308,437
93200 Electricity	\$343,152				\$343,152		\$343,152
93300 Gas	\$268,764				\$268,764		\$268,764
93400 Fuel							
93500 Labor							
93600 Sewer	\$351,127				\$351,127		\$351,127
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$1,271,480	\$0	\$0	\$0	\$1,271,480	\$0	\$1,271,480
94100 Ordinary Maintenance and Operations - Labor	\$371,856				\$371,856		\$371,856
94200 Ordinary Maintenance and Operations - Materials and	\$296,328		\$928		\$297,256		\$297,256
94300 Ordinary Maintenance and Operations Contracts	\$542,692				\$542,692		\$542,692
94500 Employee Benefit Contributions - Ordinary	\$152,425				\$152,425		\$152,425
94000 Total Maintenance	\$1,363,301	\$0	\$928	\$0	\$1,364,229	\$0	\$1,364,229
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

New Brunswick Housing Authority (NJ022)
NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
96110 Property Insurance			14,871				
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance	\$276,420		\$22,727	\$22,737	\$321,884		\$321,884
96100 Total Insurance Premiums	\$276,420	\$0	\$22,727	\$22,737	\$321,884	\$0	\$321,884
96200 Other General Expenses	\$139,981		\$226,520		\$366,501		\$366,501
96210 Compensated Absences							
96300 Payments in Lieu of Taxes	\$53,416				\$53,416		\$53,416
96400 Bad debt - Tenant Rents	\$25,666				\$25,666		\$25,666
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$219,063	\$0	\$226,520	\$0	\$445,583	\$0	\$445,583
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)	\$11,045				\$11,045		\$11,045
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$11,045	\$0	\$0	\$0	\$11,045	\$0	\$11,045
96900 Total Operating Expenses	\$4,135,170	\$299,429	\$1,135,014	\$443,277	\$6,012,890	-\$517,627	\$5,495,263
97000 Excess of Operating Revenue over Operating	\$831,795	-\$192,118	\$13,271,859	\$127,559	\$14,039,095	\$0	\$14,039,095
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			\$13,177,660		\$13,177,660		\$13,177,660
97350 HAP Portability-In							
97400 Depreciation Expense	\$549,095		\$0		\$549,095		\$549,095
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							

New Brunswick Housing Authority (NJ022)
NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
90000 Total Expenses	\$4,684,265	\$299,429	\$14,312,674	\$443,277	\$19,739,645	-\$517,627	\$19,222,018
10010 Operating Transfer In	\$212,597				\$212,597		\$212,597
10020 Operating transfer Out	-\$212,597				-\$212,597		-\$212,597
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)				\$230,807	\$230,807		\$230,807
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	\$230,807	\$230,807	\$0	\$230,807
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$282,700	-\$192,118	\$94,199	\$358,366	\$543,147	\$0	\$543,147
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,998,777	\$401,260	-\$1,239,703	-\$3,843,212	-\$682,878		-\$682,878
11040 Prior Period Adjustments, Equity Transfers and	\$247,640	\$17,759	\$61,262		\$326,661		\$326,661
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts -							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity			-\$1,084,242		-\$1,084,242		-\$1,084,242
11180 Housing Assistance Payments Equity			\$0		\$0		\$0
11190 Unit Months Available	3096		9900		12996		12996
11210 Number of Unit Months Leased	2970		9900		12870		12870
11270 Excess Cash	\$2,686,322				\$2,686,322		\$2,686,322

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	1 Business Activities	Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
11610 Land Purchases	\$0		14,871	\$0	\$0		\$0
11620 Building Purchases	\$0			\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$264,334			\$0	\$264,334		\$264,334
11660 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$185,000			\$0	\$185,000		\$185,000
13901 Replacement Housing Factor Funds	\$0			\$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 New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

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 and the business activities of Housing Authority of the City of New Brunswick, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of New Brunswick's basic financial statements, and have issued our report thereon dated March 13, 2026.

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 New Brunswick'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 New Brunswick's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of New Brunswick'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 New Brunswick'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.



Lincroft, New Jersey

Date: March 13, 2026

**INDEPENDENT AUDITOR'S REPORT
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City of New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

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

We have audited Housing Authority of the City of New Brunswick'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 New Brunswick's major federal programs for the year ended June 30, 2025. Housing Authority of the City of New Brunswick'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, Housing Authority of the City of New Brunswick complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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

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

We have audited the financial statements of Housing Authority of the City of New Brunswick as of and for the year ended June 30, 2025, and have issued our report thereon dated March 13, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole

Giampaolo & Associates

Lincroft, New Jersey
Date: March 13, 2026

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Schedule of Findings and Questioned Cost

Year Ended June 30, 2025

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
14.850	Public Housing Operating Fund	\$ 2,160,452
14.871	Section 8 Housing Choice Voucher Program	\$ 14,286,019
14.872	Public Housing Capital Fund	\$ 900,051

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 New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

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 New Brunswick (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 June 30, 2025. Management of Housing Authority of the City of New Brunswick 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 New Brunswick has agreed to and acknowledged that the procedures performed are appropriate to assist users in evaluating Housing Authority of the City of New Brunswick's compliance with the reporting requirements of the "UFRS Rule Information" column for the year ended June 30, 2025. 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 New Brunswick to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 New Brunswick's compliance with the requirements of "UFRS Rule Information" column for the year ended June 30, 2025. 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 New Brunswick 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.

Giampardo Associates

Lincroft, New Jersey
March 13, 2026

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 CFDAs, 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