

HOUSING AUTHORITY OF THE  
CITY OF GARFIELD  
Garfield, New Jersey

COMPARATIVE FINANCIAL STATEMENTS  
For the Years Ended March 31, 2025, and 2024

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
Garfield, New Jersey  
FINANCIAL STATEMENTS

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Housing Authority of the City of Garfield**

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2025. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

#### **A- Financial Highlights**

- 1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$7,518,442 (net position) as opposed to \$6,470,750 for the prior fiscal year.
- 2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position deficit of (\$3,367,368).
- 3 – The Authority's cash and cash equivalent balances at March 31, 2025, were \$1,751,359 (excluding tenant security deposits), representing an increase of \$559,021 from the prior fiscal year.
- 4 – Total operating revenues increased by \$507,541 to \$4,781,082 which primarily attributed to an increase in HUD operating subsidy and tenant rental revenue. Total Operating Expenses for the twelve-month period ending March 31, 2025, were \$4,648,875.
- 5 – The Authority's capital outlays for the fiscal year were \$531,355 all of which was funded by the Authority's Capital Fund Program.
- 6 – The Authority's Expenditures of Federal and State Awards amounted to \$2,286,307 compared to \$2,799,525 for the prior fiscal year.

#### **B – Using the Annual Report**

##### **1 – Management's Discussion and Analysis**

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

### **2 – Financial Statements**

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.

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

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

The financial statements report on the Authority's activities. The 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 9 through 12.

### **3 – Notes To Financial Statements**

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report on pages 13 through 28.

### **4 – Supplemental Information**

The schedule of expenditures of Federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Uniform Guidance, Audits of States, Local Governments, and Non-profit Organizations. The Schedule of Expenditures of Federal Awards can be found on page 29 of this report.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

### **C – The Authority as a Whole**

The Authority's Unrestricted Net Position increased during the fiscal year by \$824,882 primarily due to changes to actuarial calculations related to OPEB and Pension. Additionally, the Authority's operating revenues exceeded expenses by \$444,123 when adjusted for depreciation of \$311,916. Operating revenues are primarily pre-determined subsidies received from HUD. Operating revenues for the year were \$4,781,082 and operating expenses excluding depreciation expense of \$311,916 were \$4,336,959.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and construction in progress). During the current fiscal year, the Authority received \$523,661 in capital grants for modernization of its units.

### **D – Budgetary Highlights**

For the year ended March 31, 2025, individual programs or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

### **E – Capital Assets and Debt Administration**

#### **1 – Capital and Right of Use Assets**

As of March 31, 2025, the Authority's investment in capital assets for its Proprietary Fund was \$10,885,810 (net of accumulated depreciation) and its right of use assets were \$10,265. This investment includes land, buildings, equipment and construction in progress. The right of use assets includes a copier lease.

Major capital assets purchased from grants and operations of \$531,355 during the fiscal year pertained to expenditures made in accordance with both the Authority's Capital Fund Program and proceeds from operations. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in Note 6 to the Financial Statements which is included in this report.

#### **2 – Long Term Debt**

The Authority does not have any long-term debt outstanding at this time.

### **F – Economic Factors and Next Year's Budgets and Rates**

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

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The need for Congress to reduce the federal deficit and the possible continued cutbacks in HUD subsidies and grants.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### G – Summary of significant changes from March 31, 2024, to March 31, 2025

FDS Line 122 – Accounts Receivable HUD will fluctuate from year to year depending on the timing of subsidy and CFP draws from ELOCCS.

FDS Line 125 – Accounts Receivable Miscellaneous reports the current portion of leases receivable under GASB-87.

FDS Line 167 – Construction in Progress will vary from year to year depending on the Capital Projects accomplished during that current fiscal year.

FDS Line 174 – Other Assets consists of the long-term portion of leases receivable measured at the present value of future payments. The Authority was required to adopt GASB-87 "Leases" as of July 1, 2022. Additionally, Line 174 includes the right of use asset presented at the present value of minimum lease payments for a copier lease.

FDS Line 200 and 400 – Deferred Outflows and Inflows of Resources vary from year to year based on changes in actuarial calculations for the NJ State Pension Fund. Additionally, Deferred Inflows includes \$958,695 in deferred lease payments as required by GASB-87.

FDS Line 357 – The Authority adjusts its OPEB and Pension liability to the state reports each year. This year the total liabilities decreased by \$651,169.

FDS Line 706 – The increase is primarily due to an increase in HUD's inflation factors for operating subsidies.

FDS Line 11040 – The actuarial costs for pension liabilities and deferred outflows and inflows were adjusted through prior period adjustments.

### H – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Garfield, 71 Daniel P. Conte Court, Garfield, New Jersey 07026, or call (973) 340-4170.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Cash and Other Current Assets		
Capital Assets - Net	\$ 3,647,078	\$ 3,127,806
Other Assets	10,885,810	10,663,000
Deferred Outflows	1,009,410	1,046,084
Total Assets	<u>17,274,819</u>	<u>16,516,925</u>
Current Liabilities	636,701	716,171
Non Current Liabilities	6,263,743	5,744,252
Less: Total Liabilities	<u>6,900,444</u>	<u>6,460,423</u>
Deferred Inflows	2,855,933	3,585,752
Net Position	<u>\$ 7,518,442</u>	<u>\$ 6,470,750</u>
Invested in Capital Assets	10,885,810	10,663,000
Unrestricted Net Position	(3,367,368)	(4,192,250)
Total Net Position	<u>\$ 7,518,442</u>	<u>\$ 6,470,750</u>

Computations of Changes in Net Position are as follows:

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
<u>Revenues</u>		
Tenant Revenues	\$ 2,871,094	\$ 2,764,303
HUD Subsidies and Other Government Grants	1,762,646	1,401,028
Other Income	147,342	108,210
Total Operating Revenues	<u>4,781,082</u>	<u>4,273,541</u>
<u>Expenses</u>		
Administration	1,032,538	827,834
Tenant Services	197,670	208,843
Utilities	763,973	677,669
Maintenance	1,917,177	2,268,057
General Expense and Tenant Bad Debt	425,601	498,749
Depreciation Expense	311,916	303,996
Total Operating Expenses	<u>4,648,875</u>	<u>4,785,148</u>
Deficiency of Operating Revenues Over Expenses	132,207	(511,607)
<u>Non-Operating Revenues</u>		
Interest on Investments	105,383	129,225
Deficiency of Revenues Over Expenses Before Capital Grants Received	237,590	(382,382)
HUD Capital Grants	523,661	1,366,535
Excess Revenues/(Deficiency)	761,251	984,153
Net Position Prior Year	6,470,750	5,100,621
Prior Period Adjustment	286,441	385,976
Total Net Position	<u>\$ 7,518,442</u>	<u>\$ 6,470,750</u>



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Garfield  
Garfield, New Jersey

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Housing Authority of the City of Garfield, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Garfield's 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 net position of the Authority as of March 31, 2025, and 2024, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Garfield 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 Garfield'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.

**INDEPENDENT AUDITORS' REPORT**  
(Continued)

***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 Garfield'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 Garfield'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 the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Authority Contributions to the Public Employees Retirement System and Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios presented on pages 1-5 and 30-33 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the 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.

INDEPENDENT AUDITORS' REPORT  
(Continued)

**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 Garfield's basic financial statements. The accompanying schedule of expenditures of federal awards is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the financial data schedule, and the statement and certification of completed modernization grants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the Housing Authority of the City of Garfield'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 Garfield'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 Garfield's internal control over financial reporting and compliance.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
December 30, 2025

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
Garfield, New Jersey  
STATEMENT OF NET POSITION  
At March 31, 2025 and 2024

	March 31, 2025	March 31, 2024
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents - Unrestricted	\$ 1,737,981	\$ 1,148,479
Cash - Restricted for Modernization	13,378	43,859
Cash - Tenant Security Deposits	195,270	195,270
Investments	1,392,727	1,337,045
Accounts Receivable - Tenants (Net of allowance of \$82,545 and \$85,545)	93,908	36,014
Current Portion of Leases Receivable	30,395	27,948
Account Receivable - HUD	-	194,508
Prepaid Expenses and Other Current Assets	-	144,683
Total Current Assets	183,419	144,683
<b><u>FIXED ASSETS</u></b>		
Land	3,647,078	3,127,806
Buildings and Improvements	732,912	732,912
Furniture, Equipment and Machinery	24,493,416	24,493,416
Construction in Progress	1,705,721	1,705,721
Total Fixed Assets	2,912,114	2,380,759
Less: Accumulated Depreciation	29,844,163	29,312,808
Net Fixed Assets	(18,958,353)	(18,649,808)
Right of Use Asset (Net of Accumulated Amortization \$10,182 and \$6,810)	10,885,810	10,663,000
Leases Receivable	10,265	13,651
Deferred Outflow of Resources	999,145	1,032,433
Total Assets and Deferred Outflow of Resources	1,732,521	1,680,035
	\$ 17,274,819	\$ 16,516,925

See Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
 Garfield, New Jersey  
 STATEMENT OF NET POSITION  
 At March 31, 2025 and 2024

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

	<u>March 31, 2025</u>	<u>March 31, 2024</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 67,556	\$ 51,384
HUD		
Accrued Payroll and Related Taxes	-	120,754
Due to Tenants:		
Security Deposits	34,779	33,977
Accrued Liabilities:		
Accrued Expenses	195,270	195,270
Compensated Absences - Current	30,361	62,776
Payment in Lieu of Taxes	25,062	23,055
Lease Payable	210,923	209,763
Unearned Revenues	3,405	3,389
Total Current Liabilities	69,345	15,803
Lease Payable - Non Current	636,701	716,171
Compensated Absences - Noncurrent	7,247	10,266
Accrued Pension and OPEB Liability	225,554	207,486
Total Liabilities	6,030,942	5,526,500
	6,900,444	6,460,423
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred Inflows Pension	224,276	189,273
Deferred Inflows - OPEB	1,672,962	2,359,134
Deferred Inflows - Leases (Net of Accumulated Amortization of \$125,953 and \$47,333)	958,695	1,037,345
Total Deferred Inflows	2,855,933	3,585,752
<u>NET POSITION</u>		
Net Investment in Capital Assets	10,885,810	10,663,000
Unrestricted Net Position	(3,367,368)	(4,192,250)
Total Net Position	\$ 7,518,442	\$ 6,470,750

See Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
Garfield, New Jersey  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended March 31, 2025 and 2024

	March 31, 2025	March 31, 2024
<b><u>OPERATING REVENUES</u></b>		
Tenant Rental & Other Revenue	\$ 2,871,094	\$ 2,764,303
HUD Grants - Operating	1,734,782	1,401,028
Other Government Grants	27,864	31,962
Lease Interest	62,797	64,486
Other Income	84,545	11,762
Total Revenues	4,781,082	4,273,541
<b><u>OPERATING EXPENSES</u></b>		
Administration	1,032,538	827,834
Tenant Services	197,670	208,843
Utilities	763,973	677,669
Ordinary Maintenance & Operations	1,917,177	2,268,057
General Expense	425,601	494,297
Bad Debt -Other	-	4,452
Depreciation Expense	311,916	303,996
Total Operating Expenses	4,648,875	4,785,148
<b>EXCESS OF OPERATING EXPENSES OVER REVENUES</b>	132,207	(511,607)
<b>Non Operating Revenues/(Expenses):</b>		
Interest Income	105,383	129,225
Income / (Loss) Before Contributions and Transfers	237,590	(382,382)
Capital Grants	523,661	1,366,535
<b>INCREASE/ (DECREASE) IN NET POSITION</b>	761,251	984,153
Beginning Net Position	6,470,750	5,100,621
Prior Period Adjustment	286,441	385,976
Ending Net Position	\$ 7,518,442	\$ 6,470,750

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
Garfield, New Jersey  
COMPARATIVE STATEMENTS OF CASH FLOWS  
For The Years Ended March 31, 2025 and 2024

	March 31, 2025	March 31, 2024
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 2,866,742	\$ 2,768,409
From Government Agencies for Operating Grants	1,957,154	1,547,603
For Other Operating Revenues	178,183	100,545
Cash Paid:		
To Employees for Operations	(1,601,766)	(1,605,905)
To Suppliers for Operations	(2,883,299)	(2,809,899)
Net Cash Provided (Used) by Operating Activities	517,014	753
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Capital Grants Received	523,661	1,366,535
Acquisition of Property and Equipment	(531,355)	(1,417,940)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(7,694)	(51,405)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase / (Sale of) Investments	(55,682)	(31,114)
Cash Received for Security Deposits	-	5,888
Investment Income	105,383	129,225
Net Cash Provided by Investing Activities	49,701	103,999
Net increase (decrease) in Cash and Cash Equivalents	559,021	53,347
Cash and Equivalents at Beginning of Period	1,387,608	1,334,261
Cash and Equivalents at End of Period	\$ 1,946,629	\$ 1,387,608
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations		
Operating Income (Loss)	\$ 132,207	\$ (511,607)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	308,511	300,591
Deferred Outflow of Resources	(52,486)	318,492
Deferred Inflow of Resources	(729,786)	(416,766)
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	(57,894)	7,463
Accounts Receivable - HUD	194,508	114,613
Prepaid Expenses and Other Current Assets	(38,736)	9,927
Lease Receivable	30,841	24,297
Right of Use Asset	3,387	3,373
Increase(Decrease) in Liabilities		
Accounts Payable	(104,582)	(30,833)
Accrued Expenses	(32,415)	(6,871)
Accrued Payroll and Related Taxes	802	(3,337)
Compensated Absences	20,075	80,073
Lease Payable	(3,003)	(3,369)
Deferred Revenue	53,542	(3,357)
OPEB and Pension Liability	790,883	96,472
PILOT Payable	1,160	21,592
Net Cash Provided/(Used) by Operating Activities	\$ 517,014	\$ 753

Cash paid for interest for 2025 and 2024 was \$38 and \$85

See Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies:**

1. **Organization and Activities** – The Housing Authority of The City of Garfield (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act"). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the City of Garfield, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government. The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The Authority has concluded that it is excluded from the City's reporting entity since the City does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

**2. Significant Accounting Policies**

**Basis of Accounting** – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

**Revenue** – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

**Federal Grant Revenue** – Operating subsidies, and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program.

**Tenant Charges** – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies (Continued):**

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

Right to Use Assets—The Authority has recorded right to use lease assets as a result of implementing GASB Statement No. 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 any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows of Resources—In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has two items that meet this criterion: pension deferrals and other post-employment benefits (OPEB) deferrals.

Deferred Inflows of Resources—In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has three items that meet the criterion for this category: pension deferrals, OPEB deferrals, and leases.

Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus” and Statement NO. 38 “Certain Financial Statement Note Disclosures”, which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the 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 Invested in Capital Assets, Net of Related Debt. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted Net Position – This component includes net assets subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):**

Unrestricted Net Position – This component consists of net assets that do not meet the definition of Restricted Net Position or Invested in Capital Assets, Net of Related Debt. The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

Significant accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.
- 10 – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.
- 11 – The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.
- 12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):**

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

**Accounting for Impairment or Disposal of Long-Lived Assets**

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2025, the Authority has not recognized any reduction in the carrying value of its fixed assets.

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Leases**

On July 1, 2021, the Authority was required to adopt Governmental Accounting Standards Board No. 87, Leases. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Additional information regarding the Authority's lease receivables and lease liabilities can be found in Note 14 to these financial statements.

**NOTE 2 – Cash and Cash Equivalents**

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey as required by state statute N.J.S.A. 17: 9-41, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian but not in the Authority's name.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2025

**NOTE 2 – Cash and Cash Equivalents - Continued**

Cash and Cash Equivalents (including tenant security deposits) of \$1,946,629 and \$1,387,608 at March 31, 2025 and 2024 consisted of the following:

	<u>3/31/2025</u>	<u>3/31/2024</u>
Checking Accounts	\$ 1,737,981	\$ 1,148,479
Cash-Restricted for Modernization	13,378	43,859
Tenant Security Deposit Accounts	<u>195,270</u>	<u>195,270</u>
Total Cash and Equivalents	<u>\$ 1,946,629</u>	<u>\$ 1,387,608</u>

The carrying amount of the Authority's cash and cash equivalents including tenant security deposits as of March 31, 2025, was \$1,946,629 and the bank balances were \$2,024,328. Of the bank balances, \$250,000 was covered by FDIC insurance and \$1,774,328 was covered by a third-party collateral pool maintained by the banks as required by New Jersey statutes and New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name. Cash equivalents, except petty cash are held in the Authority's name. The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority.

**NOTE 3 – Investments**

Investments of \$1,392,727 and \$1,337,045 at March 31, 2025, and 2024, respectively, consist of eight certificates of deposit.

The certificates of deposit have varying maturity dates greater than three months from the date of purchase and are stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis.

Interest rates on the certificates varied from .1% to 4% during the current fiscal year.

Investments are measured at fair value. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are adjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 inputs provide the most realizable measure of fair value as of the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 3 – Investments - Continued**

All of the Authority's investments at March 31, 2025 and 2024 are included in Level 2 of the hierarchy \$250,000 of the Authority's investments were covered by FDSIC and the remainder were covered by third party collateral agreements and GUDPA as required by NJ statute and HUD.

**NOTE 4 – Tenant Accounts Receivable**

The Authority carries its tenant accounts receivable at cost less the allowance for uncollectable accounts based on an Accounts Receivable Aging Report of balances over 90 days. On a periodic basis the Authority reviews its receivable and establishes an allowance for uncollectable accounts based on previous history, collections and age of receivables. Accounts are written off when management determines that a sufficient period of time has elapsed without receiving payment. The accounts to be written off are present to the board for approval.

**NOTE 5 – Capital Assets**

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal years ended March 31, 2025, and 2024:

	Balance April 1, 2024	Additions	Disposals	Transfers/ Other	Balance March 31, 2025
Land	\$ 732,912	\$ -	\$ -	\$ -	\$ 732,912
Buildings and Improvements	24,493,416	-	-	-	24,493,416
Dwelling Equipment	610,022	-	-	-	610,022
Furniture and Equipment	1,095,699	-	-	-	1,095,699
Construction in Progress	2,380,759	531,355	-	-	2,912,114
Total Fixed Assets	\$ 29,312,808	\$ 531,355	\$ -	\$ -	\$ 29,844,163
Accumulated Depreciation	(18,649,808)	(308,545)	-	-	(18,958,353)
Net Fixed Assets	\$ 10,663,000	222,810	\$ -	-	\$ 10,885,810

	Balance April 1, 2023	Additions	Disposals	Transfers/ Other	Balance March 31, 2024
Land	\$ 732,912	\$ -	\$ -	\$ -	\$ 732,912
Buildings and Improvements	24,493,416	-	-	-	24,493,416
Dwelling Equipment	610,022	-	-	-	610,022
Furniture and Equipment	1,044,294	51,405	-	-	1,095,699
Construction in Progress	1,014,224	1,366,535	-	-	2,380,759
Total Fixed Assets	\$ 27,894,868	\$ 1,417,940	\$ -	\$ -	\$ 29,312,808
Accumulated Depreciation	(18,349,217)	(300,591)	-	-	(18,649,808)
Net Fixed Assets	\$ 9,545,651	1,117,349	\$ -	-	\$ 10,663,000

Depreciation expense for the fiscal years ended March 31, 2025, and 2024 was \$311,916 and \$303,396, respectively. Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$2,000 are expensed when incurred.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 5 – Capital Assets - Continued**

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	40
Furniture	15
Equipment	5
Vehicles	5
Computers	3

**NOTE 6 – Right to Use Assets**

	Balance <u>April 1, 2024</u>	<u>Additions</u>	<u>Disposals</u>	Transfers/ <u>Other</u>	Balance <u>March 31, 2025</u>
Intangible Right to Use - Copier	\$ 17,024	\$ -	\$ -	\$ -	\$ 17,024
Accumulated Amortization	3,373	-	3,386	-	6,759
Net Right to Use Asset	<u>13,651</u>	<u>-</u>	<u>(3,386)</u>	<u>-</u>	<u>10,265</u>

Right to Use Assets are amortized on a straight-line basis over the life of the asset. The discount rate used was 5.5% and the asset is being amortized over the life of the lease. The lease matures in 2028. See Note 14 for additional information.

**NOTE 7 – Payment in Lieu of Taxes (PILOT)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City. Under the Cooperation Agreement, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2025, and 2024, respectively, PILOT expense was accrued in the amount of \$210,923 and \$209,763.

**NOTE 8 – Accrued Compensated Absences**

Accrued compensated absences of \$250,616 and \$230,541 at March 31, 2025, and 2024 represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accrued vacation leave earned in the event of retirement or termination of service. Employees may be compensated for accumulated sick leave in the event of retirement, at the rate of 1/2 of the employee's daily rate based on the average compensation received during the employee's final year of employment, exclusive of any overtime or special payments, subject to a maximum of \$15,000.

**NOTE 9 – Pension Plan**

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: [www.state.nj.us/terasury/pensions/annrpts.shtml](http://www.state.nj.us/terasury/pensions/annrpts.shtml).  
Benefits Provided - 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

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 9 – Pension Plan - Continued**

The following represents the membership tiers for PERS:

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for the noncontributory group benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount.

The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment, and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employers, for the reduced normal and accrued liability contributions provided under this law. The 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 ending June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

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

At June 30, 2024, and 2023, the most current measurement dates, the Authority reported \$1,697,107 and \$1,907,373 respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentage as of June 30, 2024, and 2023 was .0124897070% and 0.0131822975%, respectively.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2025

**NOTE 9 – Pension Plan**

The components of the Authority’s net pension liability as of March 31, 2025, and 2024 were determined as of the measurement dates of June 30, 2024, and 2023, the most recent evaluation date is as follows:

	<u>2025</u>	<u>2024</u>
Total Pension Liability	\$ 5,384,999	\$ 5,537,478
Plan Fuciary Net Position	<u>3,687,892</u>	<u>3,630,105</u>
Net Pension Liability	<u>\$ 1,697,107</u>	<u>\$ 1,907,373</u>

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The Authority’s net pension liability for the fiscal year ended March 31, 2025, was determined at a measurement date of July 1, 2023 which was rolled forward to June 30, 2024. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	based on years of service
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 bases year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2018, to June 30, 2021. In accordance with State statute, the long term expected rate of return on plan investments (7% 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 the PERS's target asset allocation as of June 30, 2024, are summarized in the following table:

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 9 – Pension Plan**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

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. 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 Authority's proportionate share of the net pension liability to changes in the discount rate- The following presents the net pension liability of the Authority as of March 31, 2025 and March 31, 2024 using the measurement dates of June 30, 2024 and 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Assumption (7.0%)	1% Increase (8.00%)
March 31, 2025	\$ 2,274,020	\$ 1,697,107	\$ 1,232,600
	1% Decrease (6.00%)	Current Assumption (7.0%)	1% Increase (8.00%)
March 31, 2024	\$ 2,056,553	\$ 1,907,373	\$ 1,430,893

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
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March 31, 2025

**NOTE 9 – Pension Plan**

For the year ended March 31, 2025, and 2024, the Authority recognized pension liability of \$1,697,834 and \$1,907,107, respectively. At March 31, 2025, and 2024 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025 Deferred Outflows of Resources	2025 Deferred Inflows of Resources	2024 Deferred Outflows of Resources	2024 Deferred Inflows of Resources
Changes of assumptions	\$ 2,108	\$ 19,309	\$ 4,195	\$ 802,309
Differences between expected and actual experience	33,996	4,518	18,256	7,805
Net differences between projected and actual earnings on plan investments	-	78,690	8,793	-
Changes in proportion	94,973	121,759	208,956	65,752
Subtotal	<u>\$ 131,077</u>	<u>\$ 224,276</u>	<u>\$ 240,200</u>	<u>\$ 875,866</u>
Authority's contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 131,077</u>	<u>\$ 224,276</u>	<u>\$ 240,200</u>	<u>\$ 875,866</u>

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

Year ended March 31:	
2025	\$ (72,055)
2026	55,754
2027	(32,076)
2028	(18,517)
2029	482
Total	<u>\$ (66,413)</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relating to pensions will be recognized in pension expense as shown in the below chart. The 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) over the average of the expected remaining service lives which is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63 for the years 2024, 2023, 2022, 2021, 2020, and 2019 respectively.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
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 March 31, 2025

**NOTE 10 – Post Employment Retirement Benefits**

Plan Description

The Authority administers a cost sharing multiple employer defined benefit postemployment health care benefit (OPEB) plan. The Authority was required to adopt a resolution to participate in the Plan. Coverage under the plan is available to employee spouses and benefits may continue to surviving spouses. For additional information about the plan, please refer to the State of New Jersey (the State), Division of Pension and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drugs to retirees and their covered dependents of the Authority. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, the Authority elects to provide post-retirement medical coverage to its employees and must file a resolution with the Division. Under Chapter 88, the Authority has elected to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows the Authority to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the Authority may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement.

BASIS OF PRESENTATION

GASB Statement No. 75 requires the Authority to recognize its proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

NET OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$4,333,834 and \$3,619,127 was measured as of June 30, 2024, and June 30, 2023, and was determined by an actuarial valuation as of that date. The components of the net OPEB liability at March 31, 2025, and March 31, 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Total OPEB Liability	\$ 4,295,788	\$ 3,590,919
Plan Fiduciary Net Position	(38,045)	(28,208)
Net OPEB Liability	<u>\$ 4,333,834</u>	<u>\$ 3,619,127</u>
Plan Fiduciary Net Position as a % of Total OPEB Liability	-0.89%	-0.79%

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2025

**NOTE 10– Other Post Employee Retirement Benefits (OPEB) - Continued**

The total OPEB liability as of June 30, 2024, was determined by actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases:

Public Employess Retirement System (PERS)

Rate for all Future Years 2.75-6.55% based on years of service

Mortality: PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

**DISCOUNT RATE**

The discount rates for June 2024 and June 2023 were 3.93% and 3.65% respectively. This represents the municipal bond return rate as chosen by the State of New Jersey. The source of 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.

**SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The below presents the total OPEB liability of the Authority as of March 31, 2025 and March 31, 2024, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
March 31, 2024	<u>2.93%</u>	<u>3.93%</u>	<u>4.93%</u>
Total OPEB Liability	\$ 5,048,450	\$ 4,333,834	\$ 3,761,490
March 31, 2024	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Total OPEB Liability	\$ 4,192,103	\$ 3,619,127	\$ 3,158,257

**SENSITIVITY TO NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE**

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
March 31, 2025			
Total OPEB Liability	\$ 3,665,539	\$ 4,333,834	\$ 5,193,074
March 31, 2024			
Total OPEB Liability	\$ 3,075,832	\$ 3,619,127	\$ 4,314,711

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 10– Other Post Employee Retirement Benefits (OPEB) - Continued**

**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

	2025 Deferred Outflows of Resources	2025 Deferred Inflows of Resources	2024 Deferred Outflows of Resources	2024 Deferred Inflows of Resources
Changes of assumptions	\$ 724,535	\$ 719,389	\$ 468,813	\$ 1,023,011
Differences between expected and actual experience	219,478	734,301	166,895	982,837
Net differences between projected and actual earnings on plan investments	-	1,962	-	597
Changes in proportion	657,431	217,310	804,127	352,689
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 1,601,444</u>	<u>\$ 1,672,962</u>	<u>\$ 1,439,835</u>	<u>\$ 2,359,134</u>

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

Year Ending	
March 31:	
2025	\$ (272,047)
2026	(117,124)
2027	(20,127)
2028	(107,305)
2029	(68,364)
Thereafter	73,328
	<u>\$ (511,638)</u>

**NOTE 11 – Risk Management**

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended March 31, 2025, and March 31, 2024, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials' errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 12 – Construction Commitments**

At March 31, 2025, and March 31, 2024, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs 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 (HUD). At March 31, 2025 there are no material contingencies and commitments.

**NOTE 13 – Economic Dependency**

For the year ended March 31, 2025, and March 31, 2024, a substantial portion of the Authority's revenues were received from the United States Department of HUD, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

**NOTE 14 Leases**

As Described in Note 1, the Authority was required to Adopt GASB 87 as of July 1, 2022. The Authority has entered into various operating leases with third parties where the Authority is the lessor and lessee. The following is a description of leases entered into as both a lessor and lease.

**Lessor:**

The Authority has entered into 3 leases with various cell phone companies in which it rents rooftop space. The Authority recognizes a lease receivable with a term greater than 12 months in its financial statements. At the commencement of the lease, the Authority initially measures the leases receivable at the present value of the payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable adjusted for lease payments received at or before lease commencement. Subsequently, the deferred inflows of resources are recognized as revenue on a straight-line basis over the life of the lease term. The Authority has used an internal borrowing rate of 5.5% to present value the lease receivables. The balance of the lease's receivable on March 31, 2025, and 2024 was \$999,145 and \$1,062,433 respectively. Deferred Inflows on March 31, 2025, and on 2024 were \$958,725 and \$1,037,345 net of accumulated amortization of \$125,953 and \$47,333 respectively.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2025

**NOTE 14 Leases - Continued**

Deferred Inflows of Resources – The deferred inflow of resources on lease activity for fiscal year 2025 is as follows:

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Ending Balance</u>
Deferred Inflows of Resources on Leases	<u>\$ 1,037,345</u>	<u>\$ 78,650</u>	<u>\$ 958,695</u>

Lessee:

The Authority has entered into an operating lease for a copy machine. The lease has a 5-year term and a lease liability based upon an annual lease payment of \$3,456. The lease liability is measured at a discount rate of 6%. As a result, the Authority has recorded a right to use asset with a net book value of \$10,265 and \$13,652 as of March 31, 2025, and 2024 respectively. The right of use asset activity is reflected in the Capital Asset section of this report.

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2025, are as follows:

Fiscal Year <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,405	\$ 51	\$ 3,456
2027	3,422	34	3,456
2028	3,438	17	3,455
	<u>\$ 10,265</u>	<u>\$ 102</u>	<u>\$ 10,367</u>

**NOTE 15 – Prior Period Adjustment**

For the year ended March 31, 2025, and 2024, the Authority made certain adjustments to beginning equity with the effect being a net increase of \$286,441 and \$385,976. The adjustment is the result of the Authority adjusting to the actuarial calculations from the audit report for the NJ State Pension liability and related deferred inflows and outflows.

**Note 16 – Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through December 30, 2025, the date on which the financial statements were available to be issued and concluded that one subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
 Garfield, New Jersey  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended March 31, 2025

<u>LOW INCOME HOUSING PROGRAM</u>	
Operating Subsidy (CFDA #14.850a)	\$ 1,430,047
Capital Fund Program (CFDA #14.872)	<u>828,396</u>
Total Federal Financial Assistance	<u>\$ 2,258,443</u>
State Awards	
Department of Human Services	
Congregate Services	<u>\$ 27,864</u>
Total Federal and State Awards	<u>\$ 2,286,307</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal and State Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

Housing Authority of the City of Garfield  
 Schedule of Proportionate Share of the Net Pension Liability  
 of the Public Employees Retirement System (PERS)  
 For the Year Ended March 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Housing Authority's Proportion of the Net Pension Liability	0.01249%	0.01318%	0.0134%	0.0136%	0.0117%	0.0110%	0.01239%	0.01128%	0.01132%	0.01359%
Housing Authority's Proportionate Share of the Net Pension Liability	1,697,107	1,909,373	2,018,327	1,612,421	1,922,967	1,973,186	2,439,936	2,625,749	3,351,517	\$ 3,051,582
Housing Authority's Covered Employee Payroll	1,070,296	1,006,803	993,966	944,874	1,759,424	1,218,867	1,125,341	933,674	1,117,004	\$ 1,116,699
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	158.56%	189.65%	203.06%	170.65%	109.30%	161.89%	216.82%	281.23%	300.05%	273.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.0%	52.5%	58.22%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

Housing Authority of the City of Garfield  
 Schedule of Authority Contributions to the  
 Public Employees Retirement System (PERS)  
 For the Year Ended March 31, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	175,737	174,177	165,315	159,400	173,520	152,187	168,949	151,393	145,897	\$ 114,000
Contribution in Relation to the Contractually Required Contribution	(175,737)	(174,177)	(165,315)	(159,400)	(173,520)	(152,187)	(168,949)	(151,393)	(145,897)	\$ (114,000)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	1,070,296	1,006,803	944,874	1,759,424	1,759,424	1,218,867	1,125,341	933,674	\$1,116,699	\$ -
Contribution as a Percentage of Covered Employee Payroll	16.42%	17.30%	17.50%	9.06%	9.86%	12.49%	15.01%	16.21%	13.07%	#DIV/0!

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

Housing Authority of the City of Garfield  
Schedule of Changes in the Housing Authority's  
Total OPEB Liability and Related Ratios  
For the Year Ended March 31, 2025

<u>Total OPEB Liability</u>	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Housing Authority's Proportion of the Net OPEB Liability	0.024204%	0.024117%	0.023528%	0.020843%	0.021113%	0.018780%
Housing Authority's Proportionate Share of the Net OPEB Liability	4,333,834	3,619,127	3,799,677	\$ 3,751,694	\$ 3,789,068	\$ 2,543,681
Housing Authority's Covered Employee Payroll	1,070,296	1,006,803	\$ 993,966	\$ 944,874	\$ 1,759,424	\$ 1,218,867
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	404.92%	359.47%	382.27%	397.06%	215.36%	208.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.88%	-0.78%	-0.32%	0.28%	0.92%	1.98%

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.

Housing Authority of the City of Garfield  
Schedule of Authority Contributions to the  
Other Post-Employment Benefits Plan (OPEB)  
For the Year Ended March 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 386,817	\$ 356,165	\$ 345,700	\$ 280,563	\$ 310,918	\$ 301,354
Contribution in Relation to the Contractually Required Contribution	(386,817)	(356,165)	(345,700)	(280,563)	(310,918)	(301,354)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	1,070,296	1,006,803	\$ 993,966	\$ 944,874	\$ 1,759,424	\$ 961,961
Contribution as a Percentage of Covered Employee Payroll	36.14%	35.38%	34.78%	29.69%	17.67%	31.33%

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.

Garfield Housing Authority (NJ034)  
GARFIELD, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,606,922		\$144,437	\$1,751,359		\$1,751,359
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits	\$195,270			\$195,270		\$195,270
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,802,192	\$0	\$144,437	\$1,946,629	\$0	\$1,946,629
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government		\$27,954		\$27,954		\$27,954
125 Accounts Receivable - Miscellaneous	\$30,395			\$30,395		\$30,395
126 Accounts Receivable - Tenants	\$176,453			\$176,453		\$176,453
126.1 Allowance for Doubtful Accounts - Tenants	-\$82,545			-\$82,545		-\$82,545
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$124,303	\$27,954	\$0	\$152,257	\$0	\$152,257
131 Investments - Unrestricted	\$1,392,727			\$1,392,727		\$1,392,727
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$143,029		\$12,437	\$155,466		\$155,466
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From	\$17,704			\$17,704	-\$17,704	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$3,479,955	\$27,954	\$156,874	\$3,664,783	-\$17,704	\$3,647,079
161 Land	\$536,476		\$196,436	\$732,912		\$732,912
162 Buildings	\$24,493,416			\$24,493,416		\$24,493,416
163 Furniture, Equipment & Machinery - Dwellings	\$610,022			\$610,022		\$610,022
164 Furniture, Equipment & Machinery - Administration	\$877,998		\$217,701	\$1,095,699		\$1,095,699
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$18,870,451		-\$87,902	-\$18,958,353		-\$18,958,353
167 Construction in Progress	\$2,912,114			\$2,912,114		\$2,912,114
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,559,575	\$0	\$326,235	\$10,885,810	\$0	\$10,885,810
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets	\$1,009,409			\$1,009,409		\$1,009,409
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$11,568,984	\$0	\$326,235	\$11,895,219	\$0	\$11,895,219
200 Deferred Outflow of Resources	\$1,477,929		\$254,592	\$1,732,521		\$1,732,521
290 Total Assets and Deferred Outflow of Resources	\$16,526,868	\$27,954	\$737,701	\$17,292,523	-\$17,704	\$17,274,819
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$63,894		\$3,664	\$67,558		\$67,558
313 Accounts Payable > 90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$24,512		\$10,267	\$34,779		\$34,779
322 Accrued Compensated Absences - Current Portion	\$11,397		\$13,665	\$25,062		\$25,062
324 Accrued Contingency Liability						
325 Accrued Interest Payable						

Garfield Housing Authority (NJ034)  
GARFIELD, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$210,923			\$210,923		\$210,923
341 Tenant Security Deposits	\$195,270			\$195,270		\$195,270
342 Unearned Revenue	\$66,678		\$2,667	\$69,345		\$69,345
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$3,405			\$3,405		\$3,405
346 Accrued Liabilities - Other	\$30,361			\$30,361		\$30,361
347 Inter Program - Due To		\$17,704		\$17,704	-\$17,704	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$606,440	\$17,704	\$30,263	\$654,407	-\$17,704	\$636,703
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other	\$7,247			\$7,247		\$7,247
354 Accrued Compensated Absences - Non Current	\$102,570		\$122,984	\$225,554		\$225,554
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$4,448,775		\$1,582,167	\$6,030,942		\$6,030,942
350 Total Non-Current Liabilities	\$4,558,592	\$0	\$1,705,151	\$6,263,743	\$0	\$6,263,743
300 Total Liabilities	\$5,165,032	\$17,704	\$1,735,414	\$6,918,150	-\$17,704	\$6,900,446
400 Deferred Inflow of Resources	\$2,638,770		\$217,162	\$2,855,932		\$2,855,932
508.4 Net Investment in Capital Assets	\$10,559,575		\$336,514	\$10,896,089		\$10,896,089
511.4 Restricted Net Position						
512.4 Unrestricted Net Position	-\$1,836,509	\$10,250	-\$1,551,389	-\$3,377,648	\$0	-\$3,377,648
513 Total Equity - Net Assets / Position	\$8,723,066	\$10,250	-\$1,214,875	\$7,518,441	\$0	\$7,518,441
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$16,526,868	\$27,954	\$737,701	\$17,292,523	-\$17,704	\$17,274,819

Garfield Housing Authority (NJ034)  
GARFIELD, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,837,464			\$2,837,464		\$2,837,464
70400 Tenant Revenue - Other	\$33,630			\$33,630		\$33,630
70500 Total Tenant Revenue	\$2,871,094	\$0	\$0	\$2,871,094	\$0	\$2,871,094
70600 HUD PHA Operating Grants	\$1,734,782			\$1,734,782		\$1,734,782
70610 Capital Grants	\$523,661			\$523,661		\$523,661
70710 Management Fee			\$495,107	\$495,107	-\$495,107	\$0
70720 Asset Management Fee			\$54,720	\$54,720	-\$54,720	\$0
70730 Book Keeping Fee			\$35,920	\$35,920	-\$35,920	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$585,747	\$585,747	-\$585,747	\$0
70800 Other Government Grants		\$27,864		\$27,864		\$27,864
71100 Investment Income - Unrestricted	\$153,425		\$14,754	\$168,179		\$168,179
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	\$65,716	\$18,829		\$84,545		\$84,545
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$5,348,678	\$46,693	\$600,501	\$5,995,872	-\$585,747	\$5,410,125
91100 Administrative Salaries	\$246,428		\$253,710	\$500,136		\$500,136
91200 Auditing Fees	\$7,560		\$5,500	\$13,060		\$13,060
91300 Management Fee	\$495,107			\$495,107	-\$495,107	\$0
91310 Book-keeping Fee	\$35,920			\$35,920	-\$35,920	\$0
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$150,894		\$176,115	\$327,009		\$327,009
91600 Office Expenses	\$60,469		\$46,828	\$107,297		\$107,297
91700 Legal Expenses	\$8,499		\$40,000	\$48,499		\$48,499
91800 Travel			\$463	\$463		\$463
91810 Allocated Overhead						
91900 Other	\$36,074			\$36,074		\$36,074
91000 Total Operating - Administrative	\$1,040,949	\$0	\$522,616	\$1,563,565	-\$531,027	\$1,032,538
92000 Asset Management Fee	\$54,720			\$54,720	-\$54,720	\$0
92100 Tenant Services - Salaries	\$85,056	\$31,284		\$119,340		\$119,340
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$47,197	\$12,194		\$59,391		\$59,391
92400 Tenant Services - Other	\$15,724	\$3,215		\$18,939		\$18,939
92500 Total Tenant Services	\$150,977	\$46,693	\$0	\$197,670	\$0	\$197,670
93100 Water	\$57,760			\$57,760		\$57,760
93200 Electricity	\$321,699		\$1,262	\$322,961		\$322,961
93300 Gas	\$279,555		\$848	\$280,403		\$280,403
93400 Fuel						
93500 Labor	\$46,250			\$46,250		\$46,250
93600 Sewer	\$34,179			\$34,179		\$34,179
93700 Employee Benefit Contributions - Utilities	\$22,420			\$22,420		\$22,420
93800 Other Utilities Expense						
93000 Total Utilities	\$761,863	\$0	\$2,110	\$763,973	\$0	\$763,973
94100 Ordinary Maintenance and Operations - Labor	\$656,877			\$656,877		\$656,877
94200 Ordinary Maintenance and Operations - Materials and Other	\$309,771		\$4,747	\$314,518		\$314,518
94300 Ordinary Maintenance and Operations Contracts	\$553,947		\$36,686	\$590,633		\$590,633
94500 Employee Benefit Contributions - Ordinary Maintenance	\$355,149			\$355,149		\$355,149

Garfield Housing Authority (NJ034)  
GARFIELD, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
94000 Total Maintenance	\$1,875,744	\$0	\$41,433	\$1,917,177	\$0	\$1,917,177
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$83,420			\$83,420		\$83,420
96120 Liability Insurance	\$41,710			\$41,710		\$41,710
96130 Workmen's Compensation	\$41,710		\$27,160	\$68,870		\$68,870
96140 All Other Insurance						
96100 Total Insurance Premiums	\$166,840	\$0	\$27,160	\$194,000	\$0	\$194,000
96200 Other General Expenses						
96210 Compensated Absences	\$6,078		\$14,531	\$20,609		\$20,609
96300 Payments in Lieu of Taxes	\$210,923			\$210,923		\$210,923
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96600 Severance Expense						
96000 Total Other General Expenses	\$217,001	\$0	\$14,531	\$231,532	\$0	\$231,532
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)	\$69			\$69		\$69
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$69	\$0	\$0	\$69	\$0	\$69
96900 Total Operating Expenses	\$4,268,163	\$46,693	\$607,850	\$4,922,706	-\$585,747	\$4,336,959
97000 Excess of Operating Revenue over Operating Expenses	\$1,080,515	\$0	-\$7,349	\$1,073,166	\$0	\$1,073,166
97100 Extraordinary Maintenance						
97200 Casually Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$293,779		\$18,137	\$311,916		\$311,916
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$4,561,942	\$46,693	\$625,967	\$5,234,622	-\$585,747	\$4,648,875
10010 Operating Transfer In	\$104,110			\$104,110		\$104,110
10020 Operating Transfer Out	-\$104,110			-\$104,110		-\$104,110
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$786,736	\$0	-\$25,486	\$761,250	\$0	\$761,250

Garfield Housing Authority (NJ034)  
GARFIELD, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2025

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$7,574,875	\$10,250	-\$1,114,376	\$6,470,749	\$0	\$6,470,749
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$361,455		-\$75,013	\$286,442		\$286,442
11050 Changes In Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes In Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	5472	0	0	5472	0	5472
11210 Number of Unit Months Leased	4789	0	0	4789	0	4789
11270 Excess Cash	\$2,391,526			\$2,391,526		\$2,391,526
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$352,435		\$0	\$352,435		\$352,435
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0		\$0
11680 Infrastructure Purchases	\$0		\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0		\$0
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 Garfield  
Garfield, New Jersey

We have audited, 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, the financial statements of Housing Authority of the City of Garfield ("the Authority") as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Garfield's basic financial statements and have issued our report thereon dated December 30, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Housing Authority of the City of Garfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002.

**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. The 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.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
December 30, 2025



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners  
Housing Authority of the City of Garfield  
Garfield, New Jersey

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

#### **Opinion on Each Major Federal Program**

We have audited Housing Authority of the City of Garfield's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2025. The Housing Authority of the City of Garfield's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Qualified Opinion on Capital Fund Program*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Low Rent Public Housing Program for the year ended March 31, 2025.

#### **Basis for Qualified and Unmodified Opinions**

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

#### *Matter(s) Giving Rise to Qualified Opinion on Capital Fund Program*

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Garfield did not comply with requirements regarding the Capital Fund Program described in finding numbers 2025-001, 2025-002.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

#### **Responsibilities of Management on Compliance**

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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 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 internal over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on Internal Control over Compliance

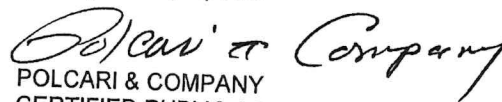
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. Our audit did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Garfield Housing Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
December 30, 2025

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
GARFIELD, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
MARCH 31, 2025

**Finding 2024-001**

Capital Fund Program (CFDA#14.872)  
Type of Deficiency: Material Weakness  
Compliance Requirement: Special Tests – Prevailing Wages

**Condition:**

We selected 9 contracts for the Capital fund Program. One of the contracts selected, although required to adhere to the prevailing wage rates and benefits, accepted a bid for general carpentry services that contained a hourly rate less than prevailing wages for the locality the Authority is located in. The Authority did not follow the compliance requirements of 24CFR sections 905 and Department of Labor (DOL) (40 USC 3141,3144,3146,3147). Additionally, they could not provide the required HUD-11 form "Record of Employee Interview" and certified payroll report related to the work performed by the contractor.

**Criteria:**

As a condition of receiving federal I awards, the PHA agrees to comply with laws, regulations and provisions of grant agreements and contracts and to also maintain internal controls to provide reasonable assurance of compliance with these requirements. Projects funded with Capital Funds that are developed or modernized in accordance with 24 CFR 905 Subpart F are subject to wage requirements 42 USC 1437j(a) and 24 CFR section 905.308

**Cause:**

The Authority did not implement the proper controls to ensure that all bids were in conformity with the requirements of the bid packet.

**Effect of Condition:**

The effect of not complying with the requirements in the Compliance Supplement resulted in payments to a contractor for wages less than prevailing rates for a project funded with Capital Funds which may result in a potential loss of funding.

**Recommendation:**

We recommend that the Authority adopt controls and procedures to ensure compliance with the requirements of the Low Rent Public Housing Program.

**Status - Closed**

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
Garfield, New Jersey  
March 31, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified? \_\_\_\_\_ yes      X   no

Significant Deficiencies identified that are not 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 Deficiencies identified that are not considered to be material weakness(es)?   X   yes    \_\_\_\_\_ none reported

Type of audit report issued on compliance for major programs:

Modified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.   X   yes    \_\_\_\_\_ no

Identification of Major Programs

CFDA

Number    Name of Federal Program or Cluster

14.872    Capital Fund Program

14.850    Low Rent Public Housing Program

Dollar Threshold used to distinguish between type A and type B Programs

\$750,000

Auditee qualified as low-risk?

\_\_\_\_\_ yes      X   no

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**  
2025-001, 2025-002

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
GARFIELD, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
MARCH 31, 2025

**Finding 2025-001**

Capital Fund Program (CFDA#14.872)  
Type of Deficiency: Significant Deficiency  
Compliance Requirement: Special Tests – Competitive Bidding

**Condition:**

We Selected five contracts funded by the Capital Fund Program. We noted that the costs related to the rental of emergency generators were not competitively bid after it was known that the replacement standby generators would take more than a year to replace and install. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required.

**Criteria:**

As a condition of receiving federal awards, the PHA agrees to comply with laws, regulations and provisions of grant agreements and contracts and to also maintain internal controls to provide reasonable assurance of compliance with these requirements. Projects funded with Capital Funds that are developed or modernized in accordance with 24 CFR 905 Subpart F are required to follow the more stringent of federal or state laws. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required. Under that statute, any contracts entered into before July 1, 2025, were subject to \$44,000 bid threshold if the entity retained a Qualified Purchasing Agent (QPA) The Authority made lease payments paid from the capital fund program of 46,510 and an additional \$14, 561.25 from funds received under the Hud operating subsidy grant.

**Cause:**

The Authority did not implement the proper controls to ensure that all bids were in conformity with the requirements of the bid packet.

**Effect of Condition:**

The effect of not complying with the requirements in the Compliance Supplement resulted in payments to a contractor for goods and services for a project funded with Capital Funds which may result in a potential loss of funding.

**Recommendation:**

We recommend that the Authority adopt controls and procedures to ensure compliance with the requirements of the Low Rent Public Housing Program.

**Response:**

The authority will implement more stringent controls to the extent necessary to ensure that labor and material are provided and completed within 90 days from the date of a emergency contract awarded without public bidding pursuant to N.J. S A. 40A:11-6.

HOUSING AUTHORITY OF THE CITY OF GARFIELD  
GARFIELD, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
MARCH 31, 2025

**Finding 2025-002**

Capital Fund Program (CFDA#14.872)  
Type of Deficiency: Significant Deficiency  
Compliance Requirement: Special Tests – Competitive Bidding

**Condition:**

We Selected five contracts funded by the Capital Fund Program. We noted that the 50% deposit given in April 2024 to a contractor on an emergency basis was not supported by a surety bond. Additionally, the work done for the emergency did not occur for over one year. The elevator was not competitively bid after it was known that the work did not take place on an expedited basis due to the emergency designation. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required.

**Criteria:**

As a condition of receiving federal awards, the PHA agrees to comply with laws, regulations and provisions of grant agreements and contracts and to also maintain internal controls to provide reasonable assurance of compliance with these requirements. Projects funded with Capital Funds that are developed or modernized in accordance with 24 CFR 905 Subpart F are required to follow the more stringent of federal or state laws. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required. Under that statute, any contracts entered into before July 1, 2025, were subject to \$44,000 bid threshold if the entity retained a Qualified Purchasing Agent (QPA) The Authority made advance payments paid from the capital fund program of 86,000.

**Cause:**

The Authority did not implement the proper controls to ensure that all bids were in conformity with the requirements of the bid packet.

**Effect of Condition:**

The effect of not complying with the requirements in the Compliance Supplement resulted in payments to a contractor for goods and services for a project funded with Capital Funds which may result in a potential loss of funding.

**Recommendation:**

We recommend that the Authority adopt controls and procedures to ensure compliance with the requirements of the Low Rent Public Housing Program.

**Response:**

The authority will implement more stringent controls to the extent necessary to ensure that labor and material are provided and completed within 90 days from the date of a emergency contract awarded without public bidding pursuant to N.J. S A. 40A:11-6.

HOUSING AUTHORITY OF THE CITY OF GARFIELD

71 Daniel P. Conte Ct. Garfield, New Jersey 07026

Phone: (973)340-4170

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**Corrective Action Plan**

For the year ended March 31, 2025

U. S. Department of Housing and Urban Development:

The Housing Authority of the City of Garfield respectfully submits the following corrective action plan for the year ended March 31, 2025.

Auditor:

Polcari & Company CPA  
2035 Hamburg Tpke  
Unit H  
Wayne, New Jersey 07470

The findings from March 31, 2025, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Federal Award Findings and Questioned Costs

**Finding 2025-001**

Capital Fund Program (CFDA#14.872)  
Type of Deficiency: Significant Deficiency  
Compliance Requirement: Special Tests – Competitive Bidding

**Condition:**

We Selected five contracts funded by the Capital Fund Program. We noted that the costs related to the rental of emergency generators were not competitively bid after it was known that the replacement standby generators would take more than a year to replace and install. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required.

**Criteria:**

As a condition of receiving federal I awards, the PHA agrees to comply with laws, regulations and provisions of grant agreements and contracts and to also maintain internal controls to provide reasonable assurance of compliance with these requirements. Projects funded with Capital Funds that are developed or modernized in accordance with 24 CFR 905 Subpart F are required to follow the more stringent of federal or state laws. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required. Under that statute, any contracts entered into before July 1, 2025, were subject to \$44,000 bid threshold if the entity retained a Qualified Purchasing Agent (QPA) The Authority made lease payments paid from the capital fund program of 46,510 and an additional \$14, 561.25 from funds received under the Hud operating subsidy grant.

**Cause:**

The Authority did not implement the proper controls to ensure that all bids were in conformity with the requirements of the bid packet.

**Effect of Condition:**

The effect of not complying with the requirements in the Compliance Supplement resulted in payments to a contractor for goods and services for a project funded with Capital Funds which may result in a potential loss of funding.

**Recommendation:**

We recommend that the Authority adopt controls and procedures to ensure compliance with the requirements of the Low Rent Public Housing Program.

**View of Responsible Officials and Corrective Actions:**

The Authority's legal counsel provided the following statement in response to the finding:

The authority will implement more stringent controls to the extent necessary to ensure that labor and material are provided and completed within 90 days from the date of a emergency contract awarded without public bidding pursuant to N.J. S A. 40A:11-6.

**Finding 2025-002**

Capital Fund Program (CFDA#14.872)  
Type of Deficiency: Significant Deficiency  
Compliance Requirement: Special Tests – Competitive Bidding

**Condition:**

We Selected five contracts funded by the Capital Fund Program. We noted that the 50% deposit given in April 2024 to a contractor on an emergency basis was not supported by a surety bond. Additionally, the work done for the emergency did not occur for over one year. The elevator was not competitively bid after it was known that the work did not take place on an expedited basis due to the emergency designation. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required.

**Criteria:**

As a condition of receiving federal I awards, the PHA agrees to comply with laws, regulations and provisions of grant agreements and contracts and to also maintain internal controls to provide reasonable assurance of compliance with these requirements. Projects funded with Capital Funds that are developed or modernized in accordance with 24 CFR 905 Subpart F are required to follow the more stringent of federal or state laws. NJ statute NJSA:40A:11-3 is the controlling statute for determining when competitive bidding is required. Under that statute, any contracts entered into before July 1, 2025, were subject to \$44,000 bid threshold if the entity retained a Qualified Purchasing Agent (QPA) The Authority made advance payments paid from the capital fund program of 86,000.

**Cause:**

The Authority did not implement the proper controls to ensure that all bids were in conformity with the requirements of the bid packet.

**Effect of Condition:**

The effect of not complying with the requirements in the Compliance Supplement resulted in payments to a contractor for goods and services for a project funded with Capital Funds which may result in a potential loss of funding.

**Recommendation:**

We recommend that the Authority adopt controls and procedures to ensure compliance with the requirements of the Low Rent Public Housing Program.

**View of Responsible Officials and Corrective Actions:**

The Authority's legal counsel provided the following statement in response to the finding:

The authority will implement more stringent controls to the extent necessary to ensure that labor and material are provided and completed within 90 days from the date of a emergency contract awarded without public bidding pursuant to N.J. S A. 40A:11-6.

SYNOPSIS OF THE HOUSING AUTHORITY OF THE CITY OF GARFIELD AUDIT REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2025, as required by N.J.S. 40A:5A-16. The Housing Authority of the City of Garfield owns 453 units of family and elderly low income housing.

COMBINED COMPARATIVE BALANCE SHEET  
AS OF MARCH 31

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash, Cash Equivalents & Investments	\$ 3,339,356	\$ 2,724,653
Accounts Receivable	124,303	258,470
Other Assets	183,419	144,683
LS&E (Net of Accumulated Depreciation)	10,885,810	10,663,000
Right of Use Asset	10,265	13,651
Lease Receivable (net of Accumulated Amortization)	999,145	1,032,433
Deferred Outflow of Resources	<u>1,732,521</u>	<u>1,680,035</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 17,274,819</u>	<u>\$ 16,516,925</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 97,917	\$ 234,914
Security Deposits	195,270	195,270
Accrued Liabilities	6,527,260	6,000,781
Lease Payable	10,652	13,655
Deferred Credits	<u>69,345</u>	<u>15,803</u>
Total Liabilities	<u>6,900,444</u>	<u>6,460,423</u>
Deferred Inflow of Resources	<u>2,855,933</u>	<u>3,585,752</u>
<b>NET POSITION</b>		
Invested in Fixed Assets, Net of Related Debt	10,885,810	10,663,000
Unrestricted Net Position	<u>(3,367,368)</u>	<u>(4,192,250)</u>
Total Net Position	<u>\$ 7,518,442</u>	<u>\$ 6,470,750</u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN UNRESTRICTED NET POSITION  
FOR THE YEAR ENDED

	<u>3/31/2025</u>	<u>3/31/2024</u>
<b>INCOME</b>		
Operating Income	\$ 2,871,094	\$ 2,764,303
Operating Grants	1,734,782	1,401,028
Other Income	<u>175,206</u>	<u>108,210</u>
Total Income	<u>4,781,082</u>	<u>4,273,541</u>
<b>EXPENDITURES</b>		
Operating Expenditures	<u>4,648,875</u>	<u>4,785,148</u>
Total Expenditures	<u>4,648,875</u>	<u>4,785,148</u>
<b>EXCESS (DEFICIENCY) OF</b>		
INCOME OVER EXPENDITURES	132,207	(511,607)
Net Position - Beg. of year	6,470,750	5,100,621
Prior Period Adjustments & Equity Transfers	286,441	385,976
Interest Income	105,383	129,225
Gain on Sale of Assets	-	-
Capital Grants	<u>523,661</u>	<u>1,366,535</u>
Net Position - End of year	<u>\$ 7,518,442</u>	<u>\$ 6,470,750</u>

The above synopsis was prepared from the audit reports of the Housing Authority of the City of Garfield for the years ended March 31, 2025 and 2024. The audit reports submitted by Polcari & Company, CPAs are on file at the Authority's office at 7 Daniel P. Conte Court, Garfield, New Jersey 07026.

Mr. Martin P. Geisler  
Executive Director