Report On Audit

HOUSING AUTHORITY OF THE BOROUGH OF MADISON

For the Year Ended March 31, 2026

Housing Authority of the Borough of Madison

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HOUSING AUTHORITY OF THE BOROUGH OF MADISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2026

As the management of the Housing Authority of the Borough of Madison (the "Authority"), we are pleased to present the following Management's Discussion and Analysis (MD&A). This section is provided as supplementary information in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Its purpose is to offer readers a clear and concise overview of the Authority's financial performance and position for the current reporting period.

The Management's Discussion and Analysis (MD&A) focuses on the Authority's current year operations, significant financial transactions and events, material changes from the prior year, and other known factors that may affect the Authority's financial condition. As this discussion is necessarily presented in a summarized format, readers are encouraged to review the Authority's complete financial statements and accompanying notes, which begin on page 19 of this report, to gain a more comprehensive understanding of the Authority's financial position and results of operations.

We encourage readers to consider the information presented in this section together with the Authority's financial statements and related disclosures presented elsewhere in this report in order to obtain a more comprehensive understanding of the Authority's overall financial condition and results of operations.

Financial Highlights

Comparative Analysis of Fiscal Years 2026 and 2025

The Authority remained in a strong financial position during fiscal year 2026. Total net position increased by $108,547, or 2%, from $5,727,613 in 2025 to $5,836,160 in 2026. While the increase was modest compared to the prior year, the Authority continued to generate positive operating results and maintain strong liquidity.
Key highlights include:

- Total assets increased by $659,360, or 6%, to $10,909,164.
- Cash and cash equivalents increased by $573,834, or 21%, to $3,279,343.
- Operating revenues increased by $205,055, or 3%, to $6,364,531.
- Operating expenses increased by $448,419, or 8%, to $6,034,560.
- Change in net position totaled $492,836 compared to $718,726 in the prior year.

Financial Highlights -Continued

Net Position

Total net position increased from $5,727,613 to $5,836,160, representing continued financial stability. The increase was primarily attributable to positive operating income and strong investment earnings.

Components of net position were:

- Net investment in capital assets decreased $113,571, reflecting annual depreciation exceeding current-year capital additions.
- Restricted net position increased $69,058, or 14%, to $580,074.
- Unrestricted net position increased $153,060, or 15%, to $1,201,502, indicating improved financial flexibility and available resources for future operations.

Statement of Net Position Analysis

Assets

Total current assets increased by $864,129, or 19%, reaching $5,370,905. Major contributors included:

- Operating cash increased by $369,074, or 20%, due primarily to positive cash flows from operations.
- Restricted cash increased by $204,760, or 23%.
- Accounts receivable increased by $143,397, or 168%, suggesting higher amounts due from program or tenant-related sources at year-end.
- Prepaid expenses increased by $72,226, or 81%.
- Investments increased by $74,672 to $1,701,634, reflecting the Authority's continued emphasis on preserving and growing reserves.

Capital assets, net of accumulated depreciation, decreased by $176,473, or 3%, to $5,259,476. During the year, the Authority completed construction projects that were previously classified as construction-in-progress and added approximately $440,000 of building and equipment assets. However, annual depreciation expense of $314,299 reduced overall net book value.

Deferred outflows of resources increased significantly by $343,898, or 162%, primarily related to pension and OPEB accounting adjustments.

Financial Highlights -Continued
Liabilities and Deferred Inflows
Total liabilities increased from $3,109,868 to $4,908,317, an increase of $1,798,449, or 58%. The primary driver was pension and OPEB liability adjustments.

Significant changes included:

- Accrued pension and OPEB liabilities increased by $1,679,867, or 190%, to $2,563,881.
- Unearned revenue increased by $234,238, or 138%, due to advances related to grant funding and HAP programs.
- Accounts payable decreased by $125,841, or 47%, indicating timely vendor payments and improved working capital management.
- Mortgage debt declined by approximately $63,857 through scheduled principal repayments.

Deferred inflows of resources declined substantially from $1,624,211 to $652,871, a decrease of $971,340, or 60%. The reduction was primarily associated with State of New Jersey pension and OPEB reporting adjustments.

Results of Operations
Total revenue increased 3% to $6,364,531. Revenue growth was generated from increases in both rental income and federal operating subsidy funding.

Revenue sources included:

- Tenant rental revenue increased $95,720, or 8%, to $1,234,248.
- HUD operating grants increased $97,338, or 2%, to $4,915,350.
- Other revenue increased $11,997, or 6%, to $214,933.

Operating expenses increased by 8% to $6,034,560.
Significant fluctuations included:

- Administrative expenses increased $191,312, or 21%.
- Utilities expense increased $82,171, or 74%, reflecting inflationary pressures and increased utility costs.
- Housing Assistance Payments increased $301,829, or 9%, consistent with higher subsidy utilization and increased payment standards.
- Maintenance expenses increased $36,039, or 10%.

Financial Highlights -Continued
Results of Operations - Continued

- Tenant services expenses decreased $66,645, or 73%.

- Other operating expenses decreased $104,845, or 21%.

Operating income declined from $573,335 to $329,971, a decrease of 42%, because expense growth exceeded revenue growth during the year.

Interest income increased by $17,474, or 12%, to $162,865 due to higher cash balances and favorable investment yields.

Overall change in net position totaled $492,836 compared with $718,726 in the prior year, reflecting lower operating margins but continued positive results.

Cash Flow Analysis
The Authority's cash position remained exceptionally strong.
Cash and cash equivalents increased by $573,834, bringing total cash balances to $3,279,343 at year-end.

Sources and uses of cash included:

- Operating activities provided $537,141 of cash.

- Investing activities provided $88,193 from interest earnings net of investment purchases.

- Capital and financing activities used only $51,500 of cash despite ongoing debt service and capital investments.

The Authority ended the year with unrestricted cash of $2,187,490 and restricted cash of $1,091,853, providing substantial liquidity to meet future operational and capital needs.

In addition, the Authority's expenditures of Federal Awards for the year amounted to $4,915,350, compared to $4,818,012 in the prior year—an increase of $97,338. This reflects continued support for federally funded housing programs and initiatives.

Financial Highlights -Continued

The following summarizes the computation of Net Position between March 31, 2026, and March 31, 2025:

Computations of Net Position are as follows:

	Year Ended March-26	Year Ended March-25	Increase (Decrease)
Cash	$ 3,279,343	$ 2,705,509	$ 573,834
Other Current Assets	2,091,562	1,801,267	290,295
Capital Assets - Net	5,259,476	5,435,949	(176,473)
Other Assets - Lease Receivable	278,783	307,079	(28,296)
Deferred Outflows	555,786	211,888	343,898
Total Assets	11,464,950	10,461,692	1,003,258
Less: Current Liabilities	(786,189)	(663,740)	(122,449)
Less: Non Current Liabilities	(4,189,730)	(2,446,128)	(1,743,602)
Less: Deferred Inflows	(652,871)	(1,624,211)	971,340
Net Position	$ 5,836,160	$ 5,727,613	$ 108,547
Net Investment in Capital Assets	$ 4,054,584	$ 4,168,155	$ (113,571)
Restricted Net Position	580,074	511,016	69,058
Unrestricted Net Position	1,201,502	1,048,442	153,060
Net Position	$ 5,836,160	$ 5,727,613	$ 108,547

Financial Highlights -Continued

The following summarizes the changes in Net Position between March 31, 2026, and March 31, 2025:

Computation of Changes in Net Position are as follows:

	Year Ended March-26	Year Ended March-25	Increase (Decrease)
Revenues			
Tenant Revenues	$ 1,234,248	$ 1,138,528	$ 95,720
HUD Subsidies	4,915,350	4,818,012	97,338
Other Revenues	214,933	202,936	11,997
Total Operating Income	6,364,531	6,159,476	205,055
Expenses			
Operating Expenses	5,720,261	5,284,090	436,171
Depreciation Expense	314,299	302,051	12,248
Total Operating Expenses	6,034,560	5,586,141	448,419
Operating Income before Non Operating Income	329,971	573,335	(243,364)
Interest Income	162,865	145,391	17,474
Change in Net Position	492,836	718,726	(225,890)
Net Position Prior Year	5,727,613	4,454,173	1,273,440
Prior Period Adjustment	(384,289)	554,714	(939,003)
Total Net Position	$ 5,836,160	$ 5,727,613	$ 108,547

Financial Highlights -Continued

The following are financial highlights of significant items for a four-year period ending on March 31, 2026:

	March-26	March-25	March-24	March-23
Significant Income				
Total Tenant Revenue	$ 1,234,248	$ 1,138,528	$ 1,043,534	$ 975,016
HUD Operating Grants	4,915,350	4,818,012	4,440,710	3,960,020
Other Government Grants	-	-	-	72,450
Investment Income	162,865	145,391	120,967	67,721
Other Income	214,933	202,936	388,909	334,402
Total	$ 6,527,396	$ 6,304,867	$ 5,994,120	$ 5,409,609
Payroll Expense				
Administrative Salaries	$ 560,224	$ 428,678	$ 431,219	$ 427,352
Utilities Labor	20,000	20,000	20,000	20,000
Maintenance Labor	147,662	137,850	131,307	116,236
Employee Benefits Expense	423,529	367,669	333,492	130,295
Total Payroll Expense	$ 1,151,415	$ 954,197	$ 916,018	$ 693,883
Other Significant Expenses				
Other Administrative Expenses	$ 212,212	$ 188,844	$ 178,840	$ 196,336
Utilities Expense	159,829	78,052	101,339	121,875
Maintenance Supplies	36,612	40,543	32,555	41,546
Maintenance Contract Cost	119,797	108,707	135,101	113,863
Insurance Premiums	85,885	84,210	75,332	64,488
Housing Assistance Payments	3,586,273	3,284,444	3,083,381	2,721,875
Total	$ 4,200,608	$ 3,784,800	$ 3,606,548	$ 3,259,983
Total Operating Expenses	$ 6,034,560	$ 5,586,141	$ 5,557,682	$ 4,752,234
Total of Federal Awards	$ 4,915,350	$ 4,818,012	$ 4,440,710	$ 4,032,470

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

1. Business Activities – RAD Program
2. Section 8 Moving to Work Demonstration Program
3. Community Development Block Grants/Entitlement Grants
4. Resident Opportunity and Supportive Services

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

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

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

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

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

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

Overview of the Financial Statement Presentation – Continued

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 64.

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

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

The schedule of Expenditures of Federal Awards can be found on pages 71-72 of this report.

1. **Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations, and other assistance.

The Schedule of Expenditures of Federal Awards - Continued

2. **Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Borough of Madison are those which equal or exceeded $1,000,000 in expenditures for the fiscal year ended March 31, 2026. Type B programs for the Housing Authority of the Borough of Madison are those which are less than $1,000,000 in expenditures for the fiscal year ended March 31, 2026.

The Authority as a Whole

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and construction in progress).

The Housing Authority of the Borough of Madison Programs

HUD Moving to Work Demonstrations

The HUD Moving to Work (MTW) demonstration program allows selected public housing authorities (PHAs) to test new, locally designed strategies to improve housing assistance by waiving certain regulations and combining funds. The program focuses on three objectives: reducing costs, providing incentives for work, and increasing housing choices for low-income families. Examples of demonstration projects include waiving some rules for work requirements and implementing alternative rent structures, which are rigorously evaluated to determine their effectiveness. Section 8 Housing Choice Voucher Program

Rental Assistance Demonstration Program: Business Activities

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

Community Development Block Grant (CDBG) Program

The Community Development Block Grant (CDBG) Program supports community development activities to build stronger and more resilient communities. To support community development, activities are identified through an ongoing process. Activities may address needs such as infrastructure, economic development projects, public facilities installation, community centers, housing rehabilitation, public services, clearance/acquisition, microenterprise assistance, code enforcement, homeowner assistance, etc.

The Housing Authority of the Borough of Madison Programs - Continued

Resident Opportunity and Support Services – ROSS:

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

Budgetary Highlights

For the year ended March 31, 2026, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

New Initiatives

For the fiscal year ended 2026, the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 75% percent of its revenue from the Department of Housing and Urban Development, (2025 was 76% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

Capital Assets and Debt Administration

1 – Capital Assets

The Authority's investment in capital assets as of March 31, 2026, was $5,259,476 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was $176,473.

The Authority had capital expenditures in the amount of $137,826 related to the replacement of equipment. The current year's additions included the following:

- Replacement of Apartment Flooring
- Bathroom Upgrades
- Replacement of Apartment Windows
- Replacement of Appliances
- New Office Furniture

	March-26	March-25	Increase (Decrease)
Land	$ 1,059,729	$ 1,059,729	$ -
Building	14,227,826	13,796,905	430,921
Furniture, Equipment - Dwelling	821,114	812,789	8,325
Furniture, Equipment - Administration	270,013	268,813	1,200
Construction in Progress	-	302,620	(302,620)
Total Fixed Assets	16,378,682	16,240,856	137,826
Accumulated Depreciation	(11,119,206)	(10,804,907)	(314,299)
Net Book Value	$ 5,259,476	$ 5,435,949	$ (176,473)

Additional information on the Authority's capital assets on March 31, 2026, can be found in Note 8 to the financial statements, which is included in this report.

2 - Debt Administration

As of March 31, 2026, the only note outstanding was with Provident Bank, in the amount of $1,204,892, of which $67,602 was stated as the current portion. Interest is payable at 2.75% percent. The monthly payments are $9,198 which includes both principal and interest. Additional information on the Authority's debt on March 31, 2026, can be found in Note 15 of the notes to the financial statements, which are included in this report.

Economic Factors and Outlook
The Authority remains financially sound with strong cash reserves, growing unrestricted net position, and continued support from HUD funding programs. Several factors that management should monitor going forward include:

- Rising administrative and personnel costs.
- Continued increases in Housing Assistance Payment expenditures.
- Utility cost inflation.
- Future pension and OPEB liability fluctuations which significantly impacted the statements during 2026.
- The need to maintain and modernize aging housing assets while preserving adequate reserve levels.

Despite the decline in operating margin during fiscal year 2026, the Authority continues to maintain positive operating cash flow, strong liquidity, stable federal funding, and sufficient unrestricted resources to support future operations. The increase in unrestricted net position and cash reserves places the Authority in a favorable position to address future capital requirements and program needs.

Auditor's Overall Financial Assessment
Based on the audited financial statements, the Housing Authority of the Borough of Madison experienced another financially successful year during fiscal 2026. While operating results were lower than the prior year due to expense growth, overall net position increased, liquidity strengthened considerably, debt declined, and the Authority maintained strong financial reserves. Management should continue to monitor rising operating costs and pension-related liabilities; however, the Authority's overall financial condition remains stable and healthy.

Contacting the Authority's Financial Management

The accompanying financial statements are intended to provide a broad overview of the financial position and operations of the Housing Authority for residents, taxpayers, governmental agencies, and other interested parties. Individuals seeking additional information or having questions regarding the information presented in this report are encouraged to contact:

Karen O'Keeffe, Executive Director
Housing Authority of the Borough of Madison
24 Central Avenue
Madison, New Jersey 07940,

Telephone: (973) 377-0258.

Management welcomes inquiries and remains committed to maintaining transparency, accountability, and open communication regarding the Authority's financial affairs and operations.

GIAMPAOLO
& ASSOCIATES

467 Middletown Lincroft Road
Lincroft, NJ 07738
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Madison
24 Central Avenue
Madison, New Jersey 07940

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and business type activities of the Housing Authority of the Borough of Madison, as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Madison basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and business type activities of the Housing Authority of the Borough of Madison as of March 31, 2026, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Borough of Madison 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 Borough of Madison's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Borough of Madison '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 Borough of Madison.

- Housing Authority of the Borough of Madison's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 1 through 14 and pages 65-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Borough of Madison's basic financial statements. The accompanying supplemental information on pages 71- 78 are presented for additional analysis and is not required part of the basic financial statements.

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

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

The Schedule of Expenditures of Federal Awards, and the Financial Data Schedule, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

In our opinion, the Schedule of Expenditures of Federal Awards, and the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2026, in our consideration of the Housing Authority of the Borough of Madison'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 Borough of Madison'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 Borough of Madison's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey
Date: September 25, 2026

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF NET POSITION
AS OF MARCH 31, 2026

	2026
Assets	
Current Assets:	
Cash and Cash Equivalents	
Operating	$ 2,187,490
Restricted	1,091,853
Total cash and equivalents	3,279,343
Investments	$ 1,701,634
Accounts Receivables, Net of Allowances	228,941
Prepaid Expenses	160,987
Total Current Assets	5,370,905
Noncurrent Assets	
Capital Assets	
Land	1,059,729
Building	14,227,826
Furniture, Equipment - Dwelling	821,114
Furniture, Equipment - Administration	270,013
Construction in Progress	-
Total Capital Assets	16,378,682
Less: Accumulated Depreciation	(11,119,206)
Net Book Value	5,259,476
Other Assets	
Lease Receivable	278,783
Total Assets	10,909,164
Deferred Outflow of Resources	
Total Deferred Outflows of Resources	555,786
Total Assets and Deferred Outflow of Resources	$ 11,464,950

See independent auditor's report and notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF NET POSITION
AS OF MARCH 31, 2026

	2026
Liabilities	
Current Liabilities:	
Accounts Payable	$ 141,234
Accrued Liabilities	44,137
Tenant Security Deposit Payable	128,930
Unearned Revenue	404,286
Mortgage Payable - Current Portion	67,602
Total Current Liabilities	786,189
Noncurrent Liabilities	
Mortgage Payable - Long Term	1,137,290
Accrued Compensated Absences - Long-Term	104,264
Non Current Liabilities	384,295
Accrued Pension and OPEB Liabilities	2,563,881
Total Noncurrent Liabilities	4,189,730
Total Liabilities	4,975,919
Deferred Inflow of Resources	
State of New Jersey P.E.R.S. and OPEB	318,801
Lease Revenue	334,070
Total Deferred Inflow of Resources	652,871
Net Position:	
Net Investment in Capital Assets	4,054,584
Restricted	580,074
Unrestricted	1,201,502
Total Net Position	5,836,160
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 11,464,950

See independent auditor's report and notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED MARCH 31, 2026

	2026
Revenue:	
Tenant Rental Revenue	$ 1,234,248
HUD PHA Operating Grants	4,915,350
Other Revenue	214,933
Total Revenue	6,364,531
Operating Expenses:	
Administrative Expense	1,083,457
Tenant Services	25,124
Utilities Expense	192,911
Maintenance Expense	403,497
Other Operating Expenses	388,227
Interest Expense	40,772
Housing Assistance Payments	3,586,273
Depreciations Expense	314,299
Total Operating Expenses	6,034,560
Excess Revenue From Operations	329,971
Non Operating Income:	
Interest Income	162,865
Total Non Operating Income	162,865
Change in Net Position	492,836
Beginning Net Position	5,727,613
Prior Period Adjusments	(384,289)
Beginning Net Position, Restated	5,343,324
Ending Net Position	$ 5,836,160

See independent auditor's report and notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED MARCH 31, 2026

	2026
Cash Flow From Operating Activities	
Receipts from Tenants	$ 1,216,172
Receipts from Federal Grants	4,728,863
Receipts from Misc. Sources	184,587
Payments to Vendors and Suppliers	(844,116)
Payments for Housing Assistance Payments	(3,586,273)
Payments to Employees	(738,563)
Payment of Employee Benefits	(423,529)
Net Cash Provided by Operating Activities	537,141
Cash Flow From Capital and Related Financing Activities	
Acquisitions and Construction of Capital Assets	(137,826)
Principal Payments made on Mortgage	(67,602)
Change in Accrued Pension and OPEB Liabilities	1,679,867
Net Effect of Deferred Inflows and Outflows	(1,309,430)
Non Current Liabilities	140,592
Lease Receivable	27,188
Prior Period Adjustment	(384,289)
Net Cash (Used) by and Related Financing Activities	(51,500)
Cash Flow From Investing Activities	
Interest Income	162,865
Purchase of Investments	(74,672)
Net Cash Provided by Investing Activities	88,193
Net Increase in Cash and Cash Equivalents	573,834
Beginning Cash	2,705,509
Ending Cash	$ 3,279,343
Reconciliation of Cash Balances:	
Cash and Cash Equivalents - Unrestricted	$ 2,187,490
Restricted Deposits	1,091,853
Total Ending Cash	$ 3,279,343

See independent auditor's report and notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED MARCH 31, 2026

		2026
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities	$	329,971
Excess of Revenue		
Adjustments to reconcile excess revenue		
to net cash provided by operating activities:		
Depreciation Expense		314,299
(Increase) Decrease in:		
Accounts Receivables		(143,397)
Prepaid Expenses		(72,226)
Increase (Decrease) in:		
Accounts Payable		(125,841)
Accrued Liabilities		3,501
Unearned Revenue		234,238
Tenant Security Deposits		9,596
Compensated Absences - Non current		(13,000)
Net Cash Provided by Operating Activities	$	537,141
Supplemental Cash Flows Disclosures		
Interest Expense Paid During the Year	$	47,472
Lease Payments Received during the year	$	27,188

See independent auditor's report and notes to financial statements.

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

Organization – The Authority is a public corporation organized and existing under the laws of the State of New Jersey pursuant to the Housing Authorities Law (N.J.S.A. 40A:12A-1 et seq.). The Authority was established to develop, acquire, own, and administer housing programs designed to provide safe and affordable housing for low- and moderate-income families residing within the Borough of Madison. These activities are carried out in accordance with applicable federal and state laws and regulations, including those prescribed by the U.S. Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners, which functions with a significant degree of autonomy while remaining accountable to HUD and the New Jersey Department of Community Affairs. The Board appoints an Executive Director who is responsible for the day-to-day administration and operations of the Authority. The Authority's primary responsibilities include the development, operation, maintenance, and management of public housing and other federally assisted housing programs serving eligible residents of the Borough of Madison. Operating subsidies and capital funding are provided substantially through federal programs administered by HUD.

The accompanying financial statements include all accounts and activities of the Authority. The Authority represents the lowest level of government over which the Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not considered a component unit of any other governmental reporting entity. Although the members of the Board of Commissioners are appointed primarily by the Mayor and Borough Council of the Borough of Madison, the Board possesses independent decision-making authority, including the power to designate management, significantly influence operations, and maintain primary responsibility for fiscal and accounting matters.

Accordingly, the Authority has determined that it is not financially accountable to the Borough of Madison and, therefore, is not included within the Borough's reporting entity for financial reporting purposes.

Organization -Continued
The Authority's financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 and 2300 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards,* include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

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

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

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

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

Significant Accounting Policies -Continued

PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

The Authority adopted in April 2022, adopted GASB Statement No. 87, *Accounting for Leases*. This standard enhances the usefulness and comparability of governmental financial statements by requiring recognition of certain lease receivables and liabilities previously unreported. It establishes a single model for lessees and lessors and improves decision-usefulness by mandating detailed note disclosures regarding the timing, significance, and purpose of leasing arrangements.

GASB Statement No. 87, Accounting for Leases, is a standard issued by the Governmental Accounting Standards Board to improve how leases are reported in governmental financial statements. Here's a clear explanation:

Purpose

Before GASB 87, many leases were treated as operating leases and kept off the balance sheet, which limited transparency. GASB 87 requires governments to recognize most leases as assets and liabilities, similar to how capital leases were previously treated, creating a more accurate picture of financial obligations.

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The Authority accounts for compensated absences in accordance with the provisions of This Statement that requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has already been used but not yet paid in cash or settled through noncash means.

During the fiscal year, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. GASB Statement No. 102 requires governments to disclose certain concentrations or constraints that make a reporting unit vulnerable to the risk of a substantial impact when an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to occur within 12 months of the financial statement issuance date. The implementation of this Statement did not have a material effect on the Authority's financial statements or note disclosures.

Recently Issued Accounting Standards Not Yet Adopted

GASB Statement No. 103 – Financial Reporting Model Improvements

GASB 103 was issued in April 2024 to improve key components of the governmental financial reporting model established under GASB 34. The objective is to enhance the usefulness, consistency, and transparency of financial reporting for users of governmental financial statements. GASB 103 is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged. For housing authorities with a March 31, year-end, the standard is generally first applicable to the March 31, 2027 financial statements.

For a housing authority the most significant impacts will typically be:

- Revised MD&A format and content.
- Evaluation and presentation of unusual or infrequent transactions.
- Potential updates to proprietary fund statement presentation.
- For the notes disclosure, GASB 103 generally does not change the entity description language you provided, but it will affect the structure and content of the MD&A section accompanying the financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* was issued in September 2024 and is effective for fiscal years beginning after June 15, 2025. The Statement requires governments to separately disclose certain types of capital assets, including lease assets, subscription assets, and other intangible assets, within the capital assets note disclosures. The Statement also establishes additional disclosure requirements for capital assets held for sale. The Authority adopted the provisions of GASB Statement No. 104 during the year ended March 31, 2026. The adoption of this Statement did not have a material effect on the Authority's financial position, results of operations, or cash flows; however, it may require additional disclosures in the notes to the financial statements.

GASB Statement No. 105, *Subsequent Events,* was issued in December 2025. The objective of this Statement is to improve financial reporting requirements for subsequent events by enhancing consistency in their application and providing more useful information to financial statement users. GASB 105 establishes a revised definition of subsequent events, clarifies the distinction between recognized and non-recognized subsequent events, requires disclosure of the date through which subsequent events have been evaluated, and establishes specific disclosure requirements for certain non-recognized subsequent events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. The Authority is currently evaluating the impact that adoption of this Statement will have on its financial statements. For a March 31 year-end Housing Authority, GASB 105 would generally first be effective for the year ending March 31, 2028.

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

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

Revenue Recognition
The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and all other revenue. Other revenue composed primarily of laundry income, resident's charges and late fee, developer fees and cellphone tower revenue. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority's revenues are classified as either exchange or nonexchange transactions, in accordance with applicable Governmental Accounting Standards Board (GASB) guidance. The Authority reports are in conformity with GASB standards and, accordingly, Accounting Standards Codification (ASC) Topic 606 does not apply. The Authority provides decent, safe, and sanitary housing for extremely low and very low-income families. The revenue is recorded as earned since it is measurable and available.

Exchange Revenues
Exchange revenues include dwelling rental income and certain fees received from tenants, in which each party receives and gives up essentially equal value. Rental income is recognized monthly as it is earned, based on tenant occupancy of housing units and collectible amounts. Tenant charges, including late fees and excess utility charges, are recognized when earned and considered collectible.

Nonexchange Revenues
Nonexchange revenues consist primarily of operating subsidies; grants received from the U.S. Department of Housing and Urban Development (HUD). These revenues are accounted for in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Basis of Accounting - Continued

Operating Subsidies

HUD operating subsidies for the Section 8 Program is classified as government-mandated nonexchange transactions. Revenue is recognized in the period in which the Authority meets all applicable eligibility requirements, including statutory and regulatory compliance, and when any time requirements imposed by HUD are satisfied. Amounts received prior to meeting eligibility or time requirements are reported as unearned revenue.

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

Report Presentation -

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

The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

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

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

1. Oversight of Financial Independence
   The Board has the authority to supervise and ensure the financial independence of any component unit.

2. Governing and Decision-Making Authority
   The Board possesses ultimate governing authority, including responsibility for financial decision-making and accountability for those decisions.

3. Appointment and Accountability of Management
   The Board appoints the Authority's management team, which is responsible for day-to-day operations and is directly accountable to the Board.

4. Influence Over Operations
   The Board exercises significant influence over operations through budget approvals, contract authorization, control of facilities, and decisions regarding the hiring or retention of key managerial personnel.

5. Fiscal Control and Accountability
   The Board maintains absolute authority over all funds of the Authority and assumes full accountability for fiscal matters.

Revenue from Rental Contracts
The Authority recognizes rental revenue from tenants who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant(s) prior to move in. Tenant(s) must be income qualified in accordance with income limitations before allowed to occupy unit.

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

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

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

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

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

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

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

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

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

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

9- Advertising cost is charged to expense when incurred.

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

Other accounting policies – continued

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

12- Taxes

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

13 - Net Position

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

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

Other accounting policies - continued

13 - Net Position -continued

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

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

14 -Unearned Revenue and Revenue Recognition

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

15 Operating Revenue and Expenses

The major sources of revenue are HUD operating subsidies, and other revenue. Other revenue composed primarily of miscellaneous developer fee, and cell phone tower income that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

Operating expenses include wages, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and relatedfinancing, non-capital and related financing or investing activities.

Non-Operating Revenue and Expenses

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

Other accounting policies - continued

16-Impairment Losses

The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance within accordance with GASB #42 *"Accounting for the Impairment or Disposal of Capital Assets and for Insurance Recoveries.* Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. As of March 31, 2026, the Authority has determined that no impairment of its long-lived assets exists.

17- Recent Accounting Pronouncements

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

Budgetary and Policy Control –

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

Activities - The programs administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
Section 8 Housing			
Moving to Work - Demo	14.881	NJ-105	489
ROSS Grant	14.870	NJ-105	N/A

Activities -Continued

HUD Moving to Work Demonstrations

The HUD Moving to Work (MTW) demonstration program allows selected public housing authorities (PHAs) to test new, locally designed strategies to improve housing assistance by waiving certain regulations and combining funds. The program focuses on three objectives: reducing costs, providing incentives for work, and increasing housing choices for low-income families. Examples of demonstration projects include waiving some rules for work requirements and implementing alternative rent structures, which are rigorously evaluated to determine their effectiveness. Section 8 Housing Choice Voucher Program

Business Activities - RAD

The Authority converted its 134 Public and Indian Housing Program units to Rental Assistance Demonstration Program (RAD) Project Based Vouchers (PBV). The RAD Program was created in order to give public housing authorities ("PHA's") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% percent of their income towards rent.

Resident Opportunity and Support Services – ROSS:

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

NOTE 2 – ESTIMATES

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

NOTE 3 - PENSION PLAN

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

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

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

On the web:
http://www.state.nj.us/treasury/pensions/pdf/financial/2023divisioncombined.pdf

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2026 amounted to $87,506 and $88,526 for 2025.

Post Employment Retirement Benefits

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

Further information on the Pension Plan and its effects due to the adoption of GASB# 68 can be found in Note 18– Accrued Pension Liability.

NOTE 4 - CASH, CASH EQUIVALENTS

Cash and Cash Equivalents

Cash and cash equivalents of the Housing Authority of the Borough of Madison are stated at cost, which approximates fair value. Cash and cash equivalents include cash on deposit in financial institutions, petty cash, money market accounts, certificates of deposit, and other highly liquid investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, cash and cash equivalents include all cash balances and investments with original maturities of three months or less at the time of purchase.

Concentration of Credit Risk

HUD regulations require housing authorities to invest excess funds in obligations of the United States Government, certificates of deposit, or other federally insured investments. In addition, HUD requires that deposits be fully collateralized. Acceptable collateral includes FDIC insurance coverage and securities with a market value sufficient to secure deposits in excess of federally insured limits. Obligations of the United States Government may also be pledged as collateral for deposits. Such collateral must be held by the Authority or by an independent bank or trust company in the Authority's name. The Authority's deposits are collateralized in accordance with the requirements of HUD regulations and applicable provisions of New Jersey banking laws.

Risk Disclosures

Collateral for Deposits

Pursuant to N.J.S.A. 40A:5-14, public funds of New Jersey authorities must be deposited in financial institutions authorized to do business in the State of New Jersey or invested through the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 specifies the types of securities in which public entities may invest. The Authority is required to maintain its deposits with financial institutions that participate in the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted to safeguard governmental deposits from loss due to the failure of a participating financial institution and provides additional protection for public funds held in excess of FDIC insurance limits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. To minimize exposure to such risk, the Authority's investment policy generally limits investments to maturities of two years or less at the time of purchase. As of March 31, 2026, all of the Authority's deposits and investments were either available on demand or had maturities of less than two years.

NOTE 4 - CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The Authority's investment policy is designed to minimize credit risk by limiting investments to authorized investment instruments and by restricting concentrations of investments in any single issuer, other than the United States Government, its agencies, and instrumentalities.

The Authority's bank deposits are exposed to custodial credit risk, which is the risk that, in the event of a financial institution's failure, the Authority may not be able to recover its deposits. To assess this risk, deposits are categorized according to the level of custodial protection provided.
Custodial credit risk categories are described as follows:

- **Category 1** – Deposits insured or collateralized with securities held by the Authority or its agent in the Authority's name.
- **Category 2** – Deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- **Category 3** – Deposits that are uncollateralized, including any deposits for which the securities are held by the pledging financial institution or its agent but not in the Authority's name.

However, under GASB reporting standards and the protections afforded by GUDPA, deposits are generally reported based on custodial credit risk disclosures applicable at year-end. The Authority primary government cash deposits are classified as category 1 as of March 31, 2026, and 2025.

The custodial credit risk categories are described as follows:

Depository Accounts	March-26	March-25
Insured	$ 250,867	$ 250,867
Collateralized held by pledging bank's trust department in the Authority's name	4,730,110	4,081,604
Total Cash and Cash Equivalents	$ 4,980,977	$ 4,332,471

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED
Restricted Deposit

	March-26	March-25
Capital Reserve Account	$ 580,074	$ 410,759
Tenant Security Deposits	127,469	119,334
Moving to Work program HAP Reserves	384,310	343,960
Restricted for Payment	-	13,040
Total Restricted Cash	$ 1,091,853	$ 887,093

The restricted cash in the amount of $384,310 was reported under the Moving to Work Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The RAD capital reserve escrow funds are restricted for capital improvements related to properties specified in the Authority Use Agreement with HUD.

Investments
The Authority investments consist of the following on March 31, 2026

Category	Date	Interest Rate	Fair Value Amount	Maturity Date
Portfolio Acct	March-26	4.75%	$ 1,701,634	Upon Demand

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable on March 31, 2026, and 2025, consisted of the following:

	March-26	March-25
Tenants Accounts Receivable - Present	$ 18,076	$ 27,499
Less: Allowance for Doubtful Accounts	(11,963)	(9,508)
Net Tenants Accounts Receivable	6,113	17,991
Tenants Receivable for Fraud	23,302	2,298
Less: Allowance for Doubtful Accounts	(17,307)	-
Net Accounts Receivable - Fraud	5,995	2,298
Accounts Receivable HUD	186,487	-
Accounts Receivable - Other Government	-	38,067
Accounts Receivable - Cell Phone Tower	28,296	27,188
Accounts Receivable - Miscellaneous	2,050	-
Total Other Receivables	216,833	65,255
Total Accounts Receivables	$ 228,941	$ 85,544

Tenant Rent and Receivables Policy

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

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

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

Any recoveries of previously written-off debts are recognized as income in the year they are received. For the fiscal period ending March 31, 2026, the total bad debt expense recorded was $2,455 and for 2025 was $7,293.

NOTE 6 – INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during the course of operations, reimbursements, or transfers. Short-term loans are reported as interfund short term receivable and payable as appropriate. The amounts between the various programs administered by the Authority on March 31, 2026, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 7 – PREPAID EXPENSES

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

	March-26	March-25
Prepaid IT Computer Expense	$ 6,308	$ 23,932
Prepaid Insurance	63,199	64,829
Prepaid Pension Contribution	91,480	-
Total Prepaid Expenses	$ 160,987	$ 88,761

NOTE 8 - FIXED ASSETS

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

Routine repairs, maintenance, and minor renewals are expensed in the year incurred, while major renewals and improvements are capitalized. Capitalization occurs when expenditure meets the requirements outlined in the Authority's Capitalization Policy. Under this policy, assets purchased or constructed at a cost of $500 or less are expense immediately.

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

NOTE 8 - FIXED ASSETS -CONTINUED

Depreciation Expense

Depreciation expense for the primary government on March 31, 2026, was $314,299 and 302,051 for 2025 year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

1.) Building and Structure	40 Years
2.) Furniture & Equipment	15 Years

The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with in accordance with GASB #42 *"Accounting for the Impairment or Disposal of Capital Assets and for Insurance Recoveries.* Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations.

Major capital expenditures of $137,826 were made during the fiscal year 2026 consisted of the following:

- Replacement of Apartment Flooring
- Bathroom Upgrades
- Replacement of Apartment Windows
- Replacement of Appliances
- New Office Furniture

Below is a schedule of changes in fixed assets for the twelve months ending March 31, 2026

	Balance March-25	Additions	Transfer	Balance March-26
Land and Improvements	$ 1,059,729	$ -	$ -	$ 1,059,729
Building Improvements	13,796,905	128,301	302,620	14,227,826
Dwelling units Furniture	812,789	8,325	-	821,114
Administration Furniture	268,813	1,200	-	270,013
Construction in Progress	302,620	-	(302,620)	-
Total Fixed Assets	16,240,856	137,826	-	16,378,682
Accumulated Depreciation	(10,804,907)	(314,299)	-	(11,119,206)
Net Book Value	$ 5,435,949	$ (176,473)	$ -	$ 5,259,476

NOTE 8 - FIXED ASSETS -CONTINUED

Below is a schedule of the netbook value of the fixed assets for the Housing Authority of the Borough of Madison as of March 31, 2026:

Net Book Value of the Fixed Assets	March-26
Land and Improvements	$ 1,059,729
Building Improvements	3,981,175
Dwelling units Furniture	180,766
Administration Furniture	37,806
Construction in Progress	-
Net Book Value	$ 5,259,476

NOTE 9 – LEASE RECEIVABLE

On December 1, 2004, the Authority entered into a lease agreement as a lessor with LIN Cellular Communications Corp (NY) d/b/a AT&T Wireless for the lease of the rooftop at 15 Chateau Thierry Avenue to install, maintain and operate communications equipment. The term of the lease was for five years from January 1, 2005 with a renewal option for five periods of five years each. An initial lease receivable was recorded in the amount of $606,511. As of March 31, 2026, the value of the lease receivable was $358,330. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of $2,500, increasing by 7.50% on each renewal option date. For the year ended March 31, 2026, the Authority received payments of $39,064 on the lease, of which $27,188 reduced the principal amount owed and $11,876 was interest income.

The average remaining lease term as of March 31, 2026 was 284 months or 23 years and 8 months. The weighted average discount rate is 5.00% as of March 31, 2026.

Future minimum lease receivable under operating leases as of March 31, 2026, are as follows

March-27	$ 28,296
March-28	29,449
March-29	30,648
March-30	32,651
March-31	36,288
SubTotal	157,332
Therafter	149,747
Total	$ 307,079

NOTE 9 – LEASE RECEIVABLE -CONTINUED

Deferred inflow, $334,070 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The Pension Liability and OPEB discussed in Note 17-18 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES -CONTINUED

The Authority's deferred outflows and inflows are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	$ -	$ 22,452	$ 22,452
Changes in Assumptions	-	124	124
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	533,210	-	533,210
Total	$ 533,210	$ 22,576	$ 555,786

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences		$ 842	$ 842
Changes in Assumptions		9,072	9,072
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	65,664	65,664
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	189,282	53,941	243,223
Total	$ 189,282	$ 129,519	$ 318,801

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $22,452 and $842.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES -CONTINUED

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $124 and $9,072.

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

The difference between the System's expected rate of return of 7.5% and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $-0- and $65,664.

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of ERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are $533,210 and $243,223.

NOTE 11 – ACCOUNTS PAYABLE

Accounts payable are a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an account payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable is an important aspect of a company's financial management, as they represent its short-term obligations to its vendors and suppliers. Accounts payable on March 31, 2026, and 2025 consist of the following:

	March-26	March-25
Accounts Payable Vendors	$ 27,002	$ 159,070
Accounts Payable HUD	24,068	24,068
Accounts Payable P.I.L.O.T.	90,164	83,937
Total Accounts Payable	$ 141,234	$ 267,075

NOTE 12 – ACCRUED COMPENSATED ABSENCES

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

Policy

Accrued compensated absences represent the value of leave earned by employees in accordance with the Authority's Personnel Policy. Employees may receive payment for accrued vacation leave upon retirement or separation from service. Additionally, employees may be compensated for unused sick leave upon retirement, subject to a maximum payout of $15,000.

As of March 31, 2026, the Authority has assessed the potential liability for accrued vacation and sick leave as follows:

Balance March-25	Additions	Deductions	Balance March-26	Current Portion
$ 130,292	$ -	$ (14,443)	$ 115,849	$ 11,585

NOTE 13 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

In accordance with Federal, State, and local laws, the Authority's programs are exempt from income, property, and excise taxes. However, under the terms of its Cooperation Agreement with the Borough of Madison, the Authority is required to make a Payment in Lieu of Taxes (PILOT) for its rental units.

Per the Cooperation Agreement, the Authority must remit to the municipality an amount equal to 10% of its net shelter rent in lieu of full real property taxes. As of March 31, 2026, the PILOT obligation is $90,164. For the prior year, the PILOT expense was $83,937.

NOTE 14 – ACCRUED EXPENSES

Accrued expenses represent costs incurred by the Authority for which payment has not yet been made. These expenses are recognized in the financial statements during the period in which they are incurred, regardless of when the actual payment occurs. Common examples include salaries, interest, and taxes.

As of March 31, 2026, the amount was $44,137 and for the prior year, accrued expenses totaled $40,636. These amounts consist of the following:

	March-26	March-25
Accrued Wages	$ 21,641	$ 13,562
Accrued compensated Absences - current	11,585	13,028
Accrued Interest	4,389	3,002
Accrued operation expenses	6,522	11,044
Total Accrued Liabilities	$ 44,137	$ 40,636

NOTE 15 – UNEARNED REVENUE

Unearned revenue represents resources received or recognized before the Authority has satisfied the requirements for revenue recognition. Such amounts are recorded as liabilities until the related services are provided, eligibility requirements are met, or the applicable time period has elapsed.

Unearned revenue primarily consists of tenant's rent payments, grant proceeds received in advance of allowable expenditures, and other amounts received prior to being earned.

As of March 31, 2026, the amount was $404,286 and for the prior year, unearned revenue totaled $170,048. These amounts consist of the following:

	March-26	March-25
Ross Grant	$ 395,110	$ 162,075
Tenant Prepaid Rents -April	9,176	7,973
Total Unearned Revenue	$ 404,286	$ 170,048

NOTE 16 – LONG TERM DEBT

On November 24, 2015, the Authority entered into a loan agreement with Provident Bank in the amount of $1,800,000 to support long-term capital improvements for seven low-income housing properties in Madison, New Jersey, as part of its Rental Assistance Demonstration (RAD) Program.

The loan matures on September 8, 2040, with interest calculated daily on the outstanding principal balance. For the initial five-year period, the interest rate was fixed at the tax-exempt equivalent of the 5/25 Federal Home Loan Bank Amortizing Advance Rate plus 2% per annum. Thereafter, the interest rate is adjusted every five years to a rate equal to 2% above the tax-exempt equivalent of the prevailing five-year Federal Home Loan Bank Amortizing Annual Rate.

As of the current period, the interest rate stands at 4.23%, with monthly principal and interest payments totaling $9,198. The loan is secured by the underlying land and property associated with the seven housing sites.

Balance March-25	Payments	Balance March-26	Current Portion
$ 1,267,794	$ (62,902)	$ 1,204,892	$ 67,602

NOTE 16 – LONG TERM DEBT - CONTINUED

Maturities of long-term debt over the next five years and thereafter consist of the following:

March 31, 2027	$ 67,602
March 31, 2028	69,484
March 31, 2029	71,420
March 31, 2030	73,409
March 31, 2031	75,453
Sub Total	357,368
Thereafter	847,524
Total Capital Project Bonds	$ 1,204,892

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority as of March 31, 2026, reported accrued pension and OPEB liability amounts as follows:

	March-26	March-25
Accrued OPEB Liability	$ 1,776,417	$ -
Accrued Pension Liability	787,464	884,014
Total OPEB and Pension Liability	$ 2,563,881	$ 884,014

These amounts arose due to adoption of GASB #75 (OPEB) in 2018 year as well as GASB #68 (Pension) which was adopted in 2014 year. This note will discuss the liability associated with GASB #75, which is accrued to other postemployment benefits. Note - 18 will discuss the effect of GASB #68 pension liability which arose from that.

OPEB Liability

The Authority as of March 31, 2026, reported a net OPEB liability in the amount of $1,776,417 due to GASB #75. The component of the current year net OPEB liability of the Authority as of December 31, 2025, the last evaluation date, is as follows:

	December-25	June-24
Employer Total OPEB Liability	$ 1,776,417	$ -
Plan Net Position	-	-
Employer Net OPEB Liability	$ 1,776,417	$ -

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

Basis of Valuation

This valuation has been conducted based upon 2025 census, plan design and financial information provided by The Fund. Census includes 3 participants currently receiving retiree benefits, and 6 active participants of whom 1 ais eligible to retire as of the valuation date. The average age of the active population is 44 and the average age of the retiree population is 80.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2024 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2024 report from Aon Consultants.

Results of Valuation

The Total OPEB Liability ("TOL") is the actuarial accrued liability. The Net OPEB Liability ("NOL") is the TOL less the Fiduciary Net Position (assets). Since there are no plan assets to offset the liability, the two are equal.

Total OPEB Liability Active	$ 1,637,470
Total OPEB Liability Retired	$ 138,947
Total OPEB Liability	$ 1,776,417
Plan Fiduciary Net Position	$ 0
Net OPEB Liability	$ 1,776,417
Net Position/OPEB Liability	0.00%

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

Total OPEB Expense

The Total OPEB Expense ("TOE") is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the "Service Cost" (aka "normal cost") which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of gains and losses, and interest on the NOL during the year.

Sensitivity - Impact of 1% Change in Discount Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the NOL would decrease and if it were to decrease by 1% the NOL would increase.

Sensitivity - Impact of 1% Change in Trend Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase by 1% per annum, the NOL would increase and if it were to decrease by 1% the NOL would decrease.

Key Actuarial Assumptions

Mortality	*PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021*
Turnover	*NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility*
Assumed Retirement Age	*Attainment of age 62 plus 15 years of service, or 25 years of service if earlier*
Full Attribution Period	*Service to Assumed Retirement Age*
Annual Discount Rate	*4.08% Based on the Bond Buyer 20 Index as of December 31, 2024* *4.83% Based on the Bond Buyer 20 Index as of December 31, 2025*
CPI Increase	*2.5%*
Rate of Salary Increase	*2.5%*
Medical Trend	*Medical: 7.5% in 2025, reducing by 0.50% per annum through 2029, then 0.25% per annum, leveling at 4.5% per annum in 2033* *Prescription Drug: 12.75% in 2025, 12.25% in 2026, 11.25% in 2027, 10% in 2028, reducing by 1.00% per annum, leveling at 4.5% per annum in 2034* *Medicare Advantage: 4.5% per annum* *Dental and Vision: 3.5% per annum*
Medical Cost Aging Factor	*NJ SHBP Medical Morbidity Rates*

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

Net OPEB Liability

	December-25
Employer Total OPEB Liability	$ 1,776,417
Plan Net Position	-
Employer Net OPEB Liability	$ 1,776,417

Health Care Trend Assumptions

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

Discount Rate

The discount rate for December 31, 2025, was 4.83%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.83%) or one percentage point higher (5.83%) than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
	3.83%	4.83%	5.83%
Total OPEB Liability	$ 1,946,850	$ 1,776,417	$ 1,635,064

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

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

	Healthcare Cost Inflation Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 1,672,654	$ 1,776,417	$ 1,907,624

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 year for the 2025.

Changes in Net OPEB Liability:

Total OPEB Liability	**2025**
Service Cost	$ 34,877
Interest on Total OPEB liability	74,064
Expected Investment Return	-
Administrative Expenses	-
Changes in Benefits Term	-
Inflows/Outflows of Resources	-
Inputs	(100,752)
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	-
Benefit Payments	(24,396)
Change in Plan	698,451
Net Change in Total OPEB Liability	682,244
Total OPEB Liability, Beginning	1,094,173
Total OPEB Liability, Ending	$ 1,776,417

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

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

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

Year Ending December 31, 2026	$	4,584
Year Ending December 31, 2027		25,212
Year Ending December 31, 2028		118,249
Year Ending December 31, 2029		(8,725)
Year Ending December 31, 2030		59,753
Therafter		144,855
Total	$	343,928

NOTE 18 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of March 31, 2026, reported a net pension liability in the amount of $787,464 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2025, the last evaluation date, is as follows:

	June-25	June-24
Employer Total Pension Liability	$ 2,820,628	$ 2,732,894
Plan Net Position	(2,033,164)	(1,848,880)
Employer Net Pension Liability	$ 787,464	$ 884,014

The Authority allocation percentage is 0.0064028468% as of June 30, 2025, and 0.0065058182% as of June 30, 2024.

Plan Description

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

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

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

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

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

Allocation Percentage Methodology

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

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology - Continued

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2025, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2025.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2025 the State's pension contribution was less than the actuarial determined amount.

Actuarial Assumptions

The total pension liability for June 30, 2025, measurement dates were determined by using an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total pension liability to June 30, 2025. The actuarial valuations used the following actuarial assumptions:

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

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

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2025.

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions

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, 2014 to June 30, 2025. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2025, as summarized in the following table:

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

NOTE 18 - ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025 and 7.00% for 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 Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proprortionate Share of the Net Pension Liability (Asset)	$ 1,087,291	$ 787,464	$ 544,515

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2026	$ 14,585
Year Ending June 30, 2027	(30,442)
Year Ending June 30, 2028	(23,491)
Year Ending June 30, 2029	(13,751)
Year Ending June 30, 2030	96
Total	$ (53,003)

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Changes in Proportion

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

Pension Expense

The components of allocable pension expense, which exclude pension expenses related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2025, are as follows:

Service Cost	$	51,662
Interest on the Total Pension Liability		190,479
Benefits Changes		-
Member Contributions		(42,312)
Administrative Expenses		1,375
Expected Investment Return Net of Investment Expenses		(122,368)
Pension Expense Related to Specific Liabilities of Individual Employers		(697)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		5,809
Changes of Assumptions		(8,866)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		- (47,879)
Total	$	27,203

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

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

	March-26	March-25
Balance April 1,	$ 4,168,155	$ 3,994,934
Acquistion of Fixed Assets	137,826	412,002
Depreceiation Expense	(314,299)	(302,051)
Debt Payyment	62,902	63,270
Balance March 31,	$ 4,054,584	$ 4,168,155

NOTE 20 – RESTRICTED NET ASSETS

The Authority restricted net position account balance on March 31, 2026, is $580,074 and $511,016 for 2025. The details of the restricted reserve account balances are as follows:

	March-26	March-25
Capital Leveraging Projects	$ 580,074	$ 410,759
Moving To Work Reserses	-	100,257
Total Restricted Reserves	$ 580,074	$ 511,016

The restricted cash in the amount of $100,257 was reported under the Section 8 Moving to work Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The RAD capital reserve escrow funds are restricted for capital improvements related to properties specified in the Authority Use Agreement with HUD.

NOTE 21 – UNRESTRICTED NET POSITION

Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

The Authority's unrestricted net position account balance on March 31, 2026, is $1,201,502. The details of the account balance are as follows:

	Business Activities	Section 8 Moving to Work	Total
Balance March 31, 2025	$ 838,186	$ 210,256	$ 1,048,442
Increase During the Year	270,776	266,573	537,349
Decrease During the Year	-		-
Prior Period Adjustment	(384,289)	-	(384,289)
Balance March 31, 2026	$ 724,673	$ 476,829	$ 1,201,502

NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contracts for the Section 8 Moving to Work program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Section 8 Moving to Work program for March 31, 2026, were in the amount of $4,890,226.

NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority's operations are primarily concentrated within the low-income housing real estate market. As a result, its financial performance is significantly affected by conditions impacting the affordable housing industry and the availability of governmental funding.

In addition, the Authority operates within a highly regulated environment and is subject to the administrative directives, policies, rules, and regulations of various federal, state, and local agencies, including the U.S. Department of Housing and Urban Development (HUD). These requirements are subject to change through congressional action, regulatory revisions, or administrative directives issued by HUD. Such changes may occur with limited advance notice and may not be accompanied by sufficient funding to cover the associated implementation costs, including increased administrative and compliance responsibilities.

During the fiscal year ended March 31, 2026, the Authority received total financial support from HUD of $4,915,350, which represented approximately 75% of the Authority's total revenues. This dependence on federal funding underscores the significant impact that changes in HUD funding levels and regulatory requirements may have on the Authority's operations and financial condition.

NOTE 24 – CONTINGENCIES AND COMMITMENTS

Litigation – On March 31, 2026, the Authority, from time-to-time, may be involved with lawsuits arising in the ordinary course of business. In the opinion of the Authority's management, any liability resulting from such litigation would not be material in relation to the Authority's financial position and results of operations.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended March 31, 2026.

Other Insurance

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

NOTE 25 – RECLASSIFICATION

The Authority needed to make a prior period adjustment to adjust the opening balance to the OPEB payable amount as of June 30, 2024, in the amount of $384,289.

NOTE 26 – SUBSEQUENT EVENTS

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

Management has conducted an evaluation of the Authority's activity up to September 25, 2026, which is the date when the financial statements became available for issuance. Following this assessment, it has been determined that no subsequent events have transpired that would require recognition in the financial statements or disclosure in the notes accompanying the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON

Required Supplementary Information

March 31, 2026

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

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

Total OPEB Liability	**2025**	**2024**	**2023**	**2022**
Service Cost	$ 34,877	$ 57,827	$ 54,953	$ 55,739
Interest on Total OPEB liability	74,064	64,717	37,993	27,264
Expected Investment Return	-	619	15	(157)
Administrative Expenses	-	2,490	2,089	747
Changes in Benefits Term	-	4,546	68,179	134
Inflows/Outflows of Resources	-	(177,495)	(106,792)	(46,351)
Inputs	(100,752)	(158,498)	(141,548)	(1,729,471)
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	-	321,143	-	328
Benefit Payments	(24,396)	-	-	-
Change in Plan	698,451	-	-	-
Net Change in Total OPEB Liability	682,244	115,349	(85,111)	(1,691,767)
Total OPEB Liability, Beginning	1,094,173	978,824	1,063,935	2,755,702
Total OPEB Liability, Ending	$ 1,776,417	$ 1,094,173	$ 978,824	$ 1,063,935
Covered, Employee Payroll	$ 727,886	$ 582,526	$ 586,528	$ 582,526
Total OPEB Liability as a percentage of covered employee payroll	244.05%	187.83%	166.88%	182.64%

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
Required Supplementary Information
March 31, 2026

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

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

Total OPEB Liability	**2021**	**2020**	**2019**	**2018**
Service Cost	$ 55,739	$ 93,044	$ 95,367	$ 57,035
Interest on Total OPEB liability	27,264	76,383	91,004	104,598
Expected Investment Return	(157)	(1,172)	1,615	-
Administrative Expenses	747	1,522	1,356	-
Changes in Benefits Term	134	159	(272)	-
Inflows/Outflows of Resources	(46,351)	(84,544)	(88,618)	-
Inputs	(1,729,471)	(64,285)	(115,798)	-
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	328	796,559	512	-
Benefit Payments	-	-	-	(24,263)
Change in Plan	-	-	(949,216)	-
Net Change in Total OPEB Liability	(1,691,767)	817,666	(964,050)	137,370
Total OPEB Liability, Beginning	2,755,702	1,938,036	2,902,086	2,764,716
Total OPEB Liability, Ending	$ 1,063,935	$ 2,755,702	$ 1,938,036	$ 2,902,086
Covered, Employee Payroll	$ 563,588	$ 605,990	$ 561,539	

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
Required Supplementary Information
March 31, 2026

CHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT YSTEM

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

	2025	2024	2023	2022	2021
Housing Authority's proportion of the net pension liability	0.0064028468%	0.0065058182%	0.0067395558%	0.0123193564%	0.011273646%
Housing Authority's proportionate share of the net pension liability	$ 787,464	$ 884,014	$ 976,182	$ 1,859,160	$ 1,838,437
Housing Authority's covered employee payroll	$ 727,886	$ 586,528	$ 582,526	$ 950,105	$ 609,396
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.19%	150.72%	167.58%	195.68%	301.68%
Plan fiduciary net position as a percentage of the total pension liability	27.92%	32.34%	21.51%	21.51%	24.09%

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
Required Supplementary Information
March 31, 2026

:HEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT 'STEM

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

	2020	2019	2018	2017	2016
Housing Authority's proportion of the net pension liability	0.011273646%	0.011118474%	0.00863812%	0.00323170%	0.00323170%
Housing Authority's proportionate share of the net pension liability	$ 1,838,437	$ 2,003,380	$ 2,014,287	$ 2,010,817	$ 2,061,133
Housing Authority's covered employee payroll	$ 609,396	$ 605,990	$ 561,539	$ 539,244	$ 534,241
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	301.68%	330.60%	358.71%	372.90%	402.18%
Plan fiduciary net position as a percentage of the total pension liability	24.09%	43.43%	53.60%	48.01%	59.86%

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
Required Supplementary Information
March 31, 2026

:HEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT 'STEM

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

	2025	2024	2023	2022	2021
ontractually required contribution	$ 87,506	$ 88,526	$ 155,353	$ 155,353	$ 123,328
ontribution in relation to the contractually required contribution	(87,506)	(88,526)	(155,353)	(155,353)	(123,328)
ontribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
uthority's covered payroll	$ 586,528	$ 586,528	$ 582,526	$ 639,403	$ 609,396
ontribution as a percentage of covered nployee payroll	12.02%	15.09%	26.67%	16.35%	20.24%

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
Required Supplementary Information
March 31, 2026

CHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT YSTEM

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

	2020	2019	2018	2017	2016
Contractually required contribution	$ 123,328	$ 108,150	$ 101,758	$ 80,023	$ 86,949
Contribution in relation to the contractually required contribution	(123,328)	(108,150)	(101,758)	(80,023)	(86,949)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 609,396	$ 605,990	$ 561,539	$ 539,244	$ 534,241
Contribution as a percentage of covered employee payroll	20.24%	17.85%	18.12%	14.84%	16.28%

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2026

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

	CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
Section 8 Moving To Work Demonstration Program					
NJ39PO55	14.881	-	4,890,226	4,890,226	-
Grant Total 14.871		-	4,890,226	4,890,226	-
Ross Program					
	14.870	-	25,124	25,124	-
Grant Total 14.870		-	25,124	25,124	-
Total Expenditures of Federal Awards		$ -	$ 4,915,350	$ 4,915,350	$ -

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2026

Note 1. Presentation:
The accompanying Schedule of Expenditures for the Federal Awards includes the federal award activity of the Housing Authority of the Borough of Madison is under programs of the federal government for the year ended March 31, 2026. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Borough of Madison, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the Borough of Madison.

Note 2. Summary of Significant Accounting Policies:
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate
The Housing Authority of the Borough of Madison has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:
Housing Authority Borough of Madison had no loans outstanding on March 31, 2026.

Note 5. Non- Cash Federal Assistance:
The Authority did not receive any non-cash Federal assistance for the year ended March 31, 2026.

Note 6. Sub recipients:
Of the federal expenditures presented in the schedule above, the Housing Authority of the Borough of Madison did not provide federal awards to any sub recipients.

Note 6. Sub recipients:
Of the federal expenditures presented in the schedule above, the Housing Authority of the Borough of Madison did not provide federal awards to any sub recipients.

Note 7. Relationship to Federal Financial Reports
Amounts reported in the accompanying Schedule agree, in all material respects, to the amounts reported in the related financial statements submitted by the Authority for the year ended March 31, 2026.

Madison Housing Authority (NJ105)

Madison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2026

	Project Total	14.218 Community Development Block	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCV MTW Demonstratio n Program for HCV program	14.881 Moving to Work Demonstratio	Subtotal	ELIM	Total
111 Cash - Unrestricted			$1,237,981		$395,110		$554,399	$2,187,490		$2,187,490
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted			$580,074				$384,310	$964,384		$964,384
114 Cash - Tenant Security Deposits			$127,469					$127,469		$127,469
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	$0	$0	$1,945,524	$0	$395,110	$0	$938,709	$3,279,343	$0	$3,279,343
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects						$186,487		$186,487		$186,487
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous			$30,346					$30,346		$30,346
126 Accounts Receivable - Tenants			$18,076					$18,076		$18,076
126.1 Allowance for Doubtful Accounts -Tenants			-$11,963					-$11,963		-$11,963
126.2 Allowance for Doubtful Accounts - Other			$0			$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery			$50				$23,252	$23,302		$23,302
128.1 Allowance for Doubtful Accounts - Fraud			$0				-$17,307	-$17,307		-$17,307
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful	$0	$0	$36,509	$0	$0	$186,487	$5,945	$228,941	$0	$228,941
131 Investments - Unrestricted			$1,701,634					$1,701,634		$1,701,634
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets			$151,781				$9,206	$160,987		$160,987
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From							$186,487	$186,487	-$186,487	$0
145 Assets Held for Sale										
150 Total Current Assets	$0	$0	$3,835,448	$0	$395,110	$186,487	$1,140,347	$5,557,392	-$186,487	$5,370,905
161 Land			$1,059,729					$1,059,729		$1,059,729
162 Buildings			$14,227,826					$14,227,826		$14,227,826
163 Furniture, Equipment & Machinery - Dwellings			$821,114					$821,114		$821,114
164 Furniture, Equipment & Machinery - Administration			$270,013					$270,013		$270,013
165 Leasehold Improvements										
166 Accumulated Depreciation			-$11,119,206					-$11,119,206		-$11,119,206
167 Construction in Progress										
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$5,259,476	$0	$0	$0	$0	$5,259,476	$0	$5,259,476
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current -										
173 Grants Receivable - Non Current										
174 Other Assets			$278,783					$278,783		$278,783
176 Investments in Joint Ventures										

Madison Housing Authority (NJ105)

Madison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2026

	Project Total	14.218 Community Development Block	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCV MTW Demonstratio n Program for HCV program	14.881 Moving to Work Demonstratio	Subtotal	ELIM	Total
180 Total Non-Current Assets	$0	$0	$5,538,259	$0	$0	$0	$0	$5,538,259	$0	$5,538,259
200 Deferred Outflow of Resources			$495,434				$60,352	$555,786		$555,786
290 Total Assets and Deferred Outflow of Resources	$0	$0	$9,869,141	$0	$395,110	$186,487	$1,200,699	$11,651,437	-$186,487	$11,464,950
311 Bank Overdraft										
312 Accounts Payable <= 90 Days			$27,002				$0	$27,002		$27,002
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable			$16,506				$5,135	$21,641		$21,641
322 Accrued Compensated Absences - Current Portion			$6,863				$4,722	$11,585		$11,585
324 Accrued Contingency Liability										
325 Accrued Interest Payable			$4,389					$4,389		$4,389
331 Accounts Payable - HUD PHA Programs							$24,068	$24,068		$24,068
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government			$90,164					$90,164		$90,164
341 Tenant Security Deposits			$128,930					$128,930		$128,930
342 Unearned Revenue			$9,176		$395,110			$404,286		$404,286
343 Current Portion of Long-term Debt - Capital			$67,602					$67,602		$67,602
344 Current Portion of Long-term Debt - Operating										
345 Other Current Liabilities										
346 Accrued Liabilities - Other			$6,522					$6,522		$6,522
347 Inter Program - Due To						$186,487		$186,487	-$186,487	$0
348 Loan Liability - Current										
310 Total Current Liabilities	$0	$0	$357,154	$0	$395,110	$186,487	$33,925	$972,676	-$186,487	$786,189
351 Long-term Debt, Net of Current - Capital			$1,137,290					$1,137,290		$1,137,290
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other							$384,295	$384,295		$384,295
354 Accrued Compensated Absences - Non Current			$61,766				$42,498	$104,264		$104,264
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities			$2,563,881					$2,563,881		$2,563,881
350 Total Non-Current Liabilities	$0	$0	$3,762,937	$0	$0	$0	$426,793	$4,189,730	$0	$4,189,730
300 Total Liabilities	$0	$0	$4,120,091	$0	$395,110	$186,487	$460,718	$5,162,406	-$186,487	$4,975,919
400 Deferred Inflow of Resources			$389,719				$263,152	$652,871		$652,871
508.4 Net Investment in Capital Assets			$4,054,584					$4,054,584		$4,054,584
511.4 Restricted Net Position			$580,074					$580,074		$580,074
512.4 Unrestricted Net Position	$0	$0	$724,673	$0	$0	$0	$476,829	$1,201,502	$0	$1,201,502
513 Total Equity - Net Assets / Position	$0	$0	$5,359,331	$0	$0	$0	$476,829	$5,836,160	$0	$5,836,160
600 Total Liabilities, Deferred Inflows of Resources and	$0	$0	$9,869,141	$0	$395,110	$186,487	$1,200,699	$11,651,437	-$186,487	$11,464,950

Madison Housing Authority (NJ105)

Madison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2026

	Project Total	14.218 Community Development Block	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstratio	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			$1,730,062					$1,730,062	-$495,814	$1,234,248
70400 Tenant Revenue - Other										
70500 Total Tenant Revenue	$0	$0	$1,730,062	$0	$0	$0	$0	$1,730,062	-$495,814	$1,234,248
70600 HUD PHA Operating Grants					$25,124	$4,890,226		$4,915,350		$4,915,350
70610 Capital Grants										
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue								$0	$0	$0
70800 Other Government Grants										
71100 Investment Income - Unrestricted			$130,716				$15,987	$146,703		$146,703
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery							$14,474	$14,474		$14,474
71500 Other Revenue			$200,459					$200,459		$200,459
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted			$16,162					$16,162		$16,162
70000 Total Revenue	$0	$0	$2,077,399	$0	$25,124	$4,890,226	$30,461	$7,023,210	-$495,814	$6,527,396
91100 Administrative Salaries			$243,444				$316,780	$560,224		$560,224
91200 Auditing Fees			$3,802				$5,402	$9,204		$9,204
91300 Management Fee										
91310 Book-keeping Fee										
91400 Advertising and Marketing										
91500 Employee Benefit contributions - Administrative			$149,141				$161,880	$311,021		$311,021
91600 Office Expenses			$93,253				$82,688	$175,941		$175,941
91700 Legal Expense			$7,500				$7,500	$15,000		$15,000
91800 Travel			$6,033				$6,034	$12,067		$12,067
91810 Allocated Overhead										
91900 Other										
91000 Total Operating - Administrative	$0	$0	$503,173	$0	$0	$0	$580,284	$1,083,457	$0	$1,083,457
92000 Asset Management Fee										
92100 Tenant Services - Salaries										
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other					$25,124			$25,124		$25,124
92500 Total Tenant Services	$0	$0	$0	$0	$25,124	$0	$0	$25,124	$0	$25,124
93100 Water			$12,269					$12,269		$12,269

Madison Housing Authority (NJ105)

Madison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2026

	Project Total	14.218 Community Development Block	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstratio	Subtotal	ELIM	Total
93200 Electricity			$48,903					$48,903		$48,903
93300 Gas			$98,657					$98,657		$98,657
93400 Fuel										
93500 Labor			$20,000					$20,000		$20,000
93600 Sewer										
93700 Employee Benefit Contributions - Utilities			$13,082					$13,082		$13,082
93800 Other Utilities Expense										
93000 Total Utilities	$0	$0	$192,911	$0	$0	$0	$0	$192,911	$0	$192,911
94100 Ordinary Maintenance and Operations - Labor			$147,662					$147,662		$147,662
94200 Ordinary Maintenance and Operations - Materials			$36,612					$36,612		$36,612
94300 Ordinary Maintenance and Operations Contracts			$119,797					$119,797		$119,797
94500 Employee Benefit Contributions - Ordinary			$99,426					$99,426		$99,426
94000 Total Maintenance	$0	$0	$403,497	$0	$0	$0	$0	$403,497	$0	$403,497
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance			$36,674					$36,674		$36,674
96120 Liability Insurance			$18,337					$18,337		$18,337
96130 Workmen's Compensation			$18,337				$12,537	$30,874		$30,874
96140 All Other Insurance										
96100 Total insurance Premiums	$0	$0	$73,348	$0	$0	$0	$12,537	$85,885	$0	$85,885
96200 Other General Expenses			$130,260				$79,463	$209,723		$209,723
96210 Compensated Absences										
96300 Payments in Lieu of Taxes			$90,164					$90,164		$90,164
96400 Bad debt - Tenant Rents			$2,455					$2,455		$2,455
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	$0	$0	$222,879	$0	$0	$0	$79,463	$302,342	$0	$302,342
96710 Interest of Mortgage (or Bonds) Payable			$40,772					$40,772		$40,772
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	$0	$0	$40,772	$0	$0	$0	$0	$40,772	$0	$40,772
96900 Total Operating Expenses	$0	$0	$1,436,580	$0	$25,124	$0	$672,284	$2,133,988	$0	$2,133,988
97000 Excess of Operating Revenue over Operating	$0	$0	$640,819	$0	$0	$4,890,226	-$641,823	$4,889,222	-$495,814	$4,393,408

Madison Housing Authority (NJ105)

Madison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2026

	Project Total	14.218 Community Development Block	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCV MTW Demonstratio n Program for HCV program	14.881 Moving to Work Demonstratio	Subtotal	ELIM	Total
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments							$4,082,087	$4,082,087	-$495,814	$3,586,273
97350 HAP Portability-In										
97400 Depreciation Expense			$314,299					$314,299		$314,299
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	$0	$0	$1,750,879	$0	$25,124	$0	$4,754,371	$6,530,374	-$495,814	$6,034,560
10010 Operating Transfer In							$4,890,226	$4,890,226		$4,890,226
10020 Operating transfer Out						-$4,890,226		-$4,890,226		-$4,890,226
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	-$4,890,226	$4,890,226	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	$0	$0	$326,520	$0	$0	$0	$166,316	$492,836	$0	$492,836
11020 Required Annual Debt Principal Payments	$0	$0	$62,902	$0	$0	$0	$0	$62,902	$0	$62,902
11030 Beginning Equity	$0	$302,620	$5,114,480	$0	$0	$0	$310,513	$5,727,613	$0	$5,727,613
11040 Prior Period Adjustments, Equity Transfers and		-$302,620	-$81,669					-$384,289	$0	-$384,289
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts -										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity				$0				$0		$0
11180 Housing Assistance Payments Equity				$0				$0		$0
11190 Unit Months Available	0	0	1608	0	0	0	5868	7476	0	7476
11210 Number of Unit Months Leased	0	0	1564	0	0	0	5701	7265	0	7265
11270 Excess Cash	$0							$0		$0
11610 Land Purchases	$0							$0		$0
11620 Building Purchases	$0							$0		$0
11630 Furniture & Equipment - Dwelling Purchases	$0							$0		$0

Madison Housing Authority (NJ105)

Madison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2026

	Project Total	14.218 Community Development Block	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCV MTW Demonstration Program for HCV program	14.881 Moving to Work Demonstratio	Subtotal	ELIM	Total
11640 Furniture & Equipment - Administrative Purchases	$0							$0		$0
11650 Leasehold Improvements Purchases	$0							$0		$0
11660 Infrastructure Purchases	$0							$0		$0
13510 CFFP Debt Service Payments	$0							$0		$0
13901 Replacement Housing Factor Funds	$0							$0		$0

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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 Borough of Madison
24 Central Avenue
Madison, New Jersey 07940

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and business type activities of Housing Authority of the Borough of Madison, as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise Housing Authority of the Borough of Madison's basic financial statements, and have issued our report thereon dated September 25, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Housing Authority of the Borough of Madison's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the Borough of Madison's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the Borough of Madison's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the Borough of Madison's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Giampaolo & Associates

Lincroft, New Jersey
Date: September 25, 2026

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& ASSOCIATES

467 Middletown Lincroft Road
Lincroft, NJ 07738
Tel: 732-842-4550

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

Board of Commissioners
Housing Authority of the Borough of Madison
24 Central Avenue
Madison, New Jersey 07940

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the Borough of Madison's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the Borough of Madison's major federal programs for the year ended March 31, 2026. Housing Authority of the Borough of Madison's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of the Borough of Madison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2026.

Basis for Opinion on Each Major Federal Program

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the Borough of Madison's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Housing Authority of the Borough of Madison's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the Borough of Madison's internal control over compliance. Accordingly, no such opinion is expressed.

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

Opinion on Each Major Federal Program
In our opinion, Housing Authority of the Borough of Madison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2026.

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the Housing Authority of the Borough of Madison as of and for the year ended March 31, 2026, and have issued our report thereon dated September 25, 2026, which contained an unmodified opinion on those financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements.

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

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.

Giampaolo & Associates

Lincroft, New Jersey
Date: September 25, 2026

MADISON HOUSING AUTHORITY
Schedule of Findings and Questioned Cost
Year Ended March 31, 2026

Prior Audit Findings
None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified?	____ yes	X no
Significant Deficiency(ies) identified that are considered to be material weakness(es)?	____ yes	X none reported

Noncompliance Material to Financial Statements Noted? ____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified?	____ yes	X no
Significant Deficiency(ies) identified that are considered to be material weakness(es)?	____ yes	X none reported

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

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

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.881	Section 8 Moving to Work Demostration Program	$ 4,890,226

Dollar threshold used to Distinguish between Type A and Type B Programs $ 1,000,000

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

FINDINGS – FINANCIAL STATEMENT AUDIT
None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT
None reported

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Borough of Madison
24 Central Avenue
Madison, New Jersey 07940

We have performed the applicable procedures enumerated in the American Institute of Certified Public Accountants' Statement of Position (SOP) 02-1, Performing Agreed-Upon Procedures Engagements that Address the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), by Housing Authority of the Borough of Madison (the PHA) compliance with the reporting requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), for the year ended March 31, 2026. Management of Housing Authority of the Borough of Madison is responsible for compliance with the requirements of the electronic submission of items listed in the "UFRS Rule Information" column.

The management of Housing Authority of the Borough of Madison has agreed to and acknowledged that the procedures performed are appropriate to assist users in evaluating Housing Authority of the Borough of Madison's compliance with the reporting requirements of the "UFRS Rule Information" column for the year ended March 31, 2026. This report may not be suitable for any other purpose. The procedures may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by the Housing Authority of the Borough of Madison to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged in and did not conduct an examination or review engagement, the objective of which would be the expression of the "UFRS Rule Information" column an opinion or conclusion, respectively, on Housing Authority of the Borough of Madison's compliance with the requirements of "UFRS Rule Information" column for the year ended March 31, 2026. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Giampaolo & Associates

Lincroft, New Jersey
September 25, 2026

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