HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

WITH
REPORT OF INDEPENDENT AUDITORS

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FOR THE YEAR ENDED DECEMBER 31, 2025

REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the Township of Lakewood:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the discretely presented component unit of the Housing Authority of the Township of Lakewood (the "Authority") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

Qualified Opinion on the Primary Government

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Primary Government" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the primary government of the Authority as of December 31, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Discretely Presented Component Unit

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit as of December 31, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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.

Basis for Qualified Opinion on the Primary Government

We were unable to obtain sufficient audit evidence for the balances of the net other post employment benefits ("OPEB") liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense relating to the Authority's OPEB plan because the OPEB plan has not yet issued their audited actuarial report as of and for the year ended June 30, 2025. Accordingly, the Authority's net OPEB liability, deferred outflows of resources, and deferred inflows of resources are reported at their June 30, 2024 amounts. OPEB expense is recorded at its current annual contribution amount. We were unable to obtain sufficient appropriate audit evidence for the balances of the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense relating to the OPEB plan by other auditing procedures. Because the audited actuarial report for the OPEB plan has not yet been issued, it is not practicable to quantify the financial effects of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Authority’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.

Auditors' 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 auditors’ report that includes our opinion. 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 GAAS 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 GAAS, *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 Authority’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 Authority'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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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 Authority'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 the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

August 31, 2026
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

A <u>Financial Highlights (Primary Government)</u>

1. The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $9,644,265 (net position) as opposed to $8,887,175 for the prior fiscal year.

2. At the close of the current fiscal year, the Authority reported ending unrestricted net position of $1,493,916.

3. The Authority's unrestricted cash and cash equivalents and restricted cash balances at December 31, 2025 were $4,803,337 representing a decrease of $1,795,864 from the prior fiscal year.

4. The Authority had total operating revenues of $21,548,535 and total operating expenses of $21,597,757 for the year ended December 31, 2025.

5. The Authority's capital outlays for the fiscal year were $2,570,303.

6. The Authority's expenditures of federal awards amounted to $21,568,157 for the fiscal year.

B. <u>Using the Annual Report</u>

1. <u>Management's Discussion and Analysis</u>

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

B. Using the Annual Report (continued)

2. Financial Statements

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

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

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

The Statement of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 11 through 15 in this Report.

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

B. Using the Annual Report (continued)

4. Supplemental Information

Accounting principles generally accepted in the United States of America require that a schedule of pension contributions and schedule of net pension liability be presented to supplement the basic financial statements.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 42 of this report.

The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

C. The Authority as a Whole (Primary Government)

The Authority's net position increased during the fiscal year as detailed on the following page. The Authority's revenues are primarily 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. The Authority's revenues were sufficient to cover all expenses, including depreciation during the fiscal year.

By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services for its tenants consequently these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

C. The Authority as a Whole (Primary Government) (continued)

Computations of Net Position are as follows:

	As of 12/31/2025	12/31/2024	Change
Cash and Other Current Assets	$ 3,409,329	$ 4,382,066	$ (972,737)
Restricted Cash	1,509,706	2,355,495	(845,789)
Other Non-Current Assets	6,372,837	6,393,082	(20,245)
Capital Assets - Net	7,095,120	5,012,879	2,082,241
Deferred Outflows of Resources	1,548,507	1,526,923	21,584
Total Assets	19,935,499	19,670,445	265,054
Less: Total Liabilities	5,793,110	5,800,332	(7,222)
Less: Deferred Inflows of Resources	4,498,124	4,982,938	(484,814)
Net Position	$ 9,644,265	$ 8,887,175	$ 757,090
Net Investment in Capital Assets	$ 7,095,120	$ 5,012,879	$ 2,082,241
Restricted Net Position	1,055,229	1,921,938	(866,709)
Unrestricted Net Position	1,493,916	1,952,358	(458,442)
Net Position	$ 9,644,265	$ 8,887,175	$ 757,090

- Restricted cash decreased $845,789 primarily due to a decrease in reserve for replacement escrows resulting from capital asset purchases during FY 2025 offset by an increase in housing assistance payments reserves resulting from an increase in housing assistance payments revenues outweighing housing assistance payments expenses.

- Capital assets, net increased $2,082,241 resulting from purchases of $2,570,303 offset by depreciation expense of $455,965 and disposals of $32,097.

- Total liabilities decreased $7,222, while deferred inflows of resources decreased by $484,814 due to the Authority recording their unfunded pension liability in FY 2025 as required by Governmental Accounting Standards Board Opinion No. 68 (GASB 68).

- Unrestricted net position decreased $458,442 due to the change in net position of $757,090 offset by changes in net investment in capital assets of $2,082,241 and restricted net position of ($866,709) in FY 2025.

C. The Authority as a Whole (Primary Government) (continued)

Computations of Changes in Net Position are as follows:

	Year Ended		
	12/31/2025	12/31/2024	Change
Revenues			
Tenant Revenues	$ 1,005,012	$ 994,726	$ 10,286
HUD Operating Grants	20,092,199	18,299,258	1,792,941
Other Revenues	416,711	144,672	272,039
Total Operating Revenues	21,513,922	19,438,656	2,075,266
Expenses			
Other Operating Expenses	4,014,886	3,719,195	295,691
Housing Assistance Payments	17,094,809	15,391,354	1,703,455
Depreciation Expense	455,965	475,647	(19,682)
Total Operating Expenses	21,565,660	19,586,196	1,979,464
Operating Loss	(51,738)	(147,540)	95,802
Non-Operating Revenues			
Loss on disposition of capital asets	(32,097)	-	(32,097)
Actuarial change in post-employment benefits	425,123	163,766	261,357
Interest on Investments	415,802	541,636	(125,834)
Total Non-Operating Revenues	808,828	705,402	(34,574)
Change in Net Position	757,090	557,862	199,228
Net Position - Beginning of Year	8,887,175	8,329,313	557,862
Net Position - End of Year	$ 9,644,265	$ 8,887,175	$ 757,090

- HUD operating grants increased $1,792,941 from $18,299,258 in FY 2024 to $20,092,199 in FY 2025. This was primarily due to the Section 8 Housing Choice Vouchers and Mainstream Vouchers Program receiving $1,764,876 and $24,768 more in funding, respectively, in FY 2025.

- Other operating expenses increased $295,691 primarily due to a increase in administrative and utilities expenses.

- Housing assistance payments expense increased from $15,391,354 in FY 2024 to $17,094,809 in FY 2025 or $1,703,455, due to an increase in unit months leased.

D. Budgetary Highlights

For the year ended December 31, 2025, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the increase of revenues over expenses, the Authority's net position increased during the fiscal year.

E. Capital Assets

As of December 31, 2025, the Authority's investment in capital assets, net of accumulated depreciation was $7,095,120. This investment in capital assets includes land, buildings, and equipment.

Major capital assets purchased during the year totaled $2,570,303, of which was purchased from reserve and replacement funds.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

The following table summarizes the change in capital assets from December 31, 2024 to December 31, 2025:

	As of 12/31/2025	As of 12/31/2024	Change
Land	$ 313,844	$ 313,844	$ -
Building and Improvements	13,976,384	13,594,092	382,292
Furniture and Equipment	196,976	200,767	(3,791)
Construction in Progress	2,365,466	1,217,587	1,147,879
Total Fixed Assets	16,852,670	15,326,290	1,526,380
Less: Accumulated Depreciation	9,757,550	10,313,411	(555,861)
Net Fixed Assets	$ 7,095,120	$ 5,012,879	$ 2,082,241

F. Economic Factors and Next Year's Budgets and Rates

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

1. The state of the economy.

2. The need for Congress to fund the war on terrorism and the continued cut-back of funding of federal programs.

3. The Authority's use of unrestricted reserves to offset the proration of subsidy from HUD. The Authority's unrestricted cash appears sufficient to cover any shortfall.

G. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Scott E. Parsons, Executive Director, Housing Authority of the Township of Lakewood, 317 Sampson Avenue, Lakewood, NJ 08701.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

ASSETS

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	$ 3,293,631	$ 78,583	$ 3,372,214
Tenant security deposits	-	126,893	126,893
Accrued interest receivable	45,082	-	45,082
Accounts receivable, net	47,452	15,963	63,415
Prepaid expenses	-	82	82
Lease receivable, current	23,164	-	23,164
Inventory, net	-	28,204	28,204
Total current assets	3,409,329	249,725	3,659,054
Non-current assets:			
Restricted cash	1,509,706	-	1,509,706
Notes receivable	3,903,361	-	3,903,361
Lease receivable, non-current	2,469,476	-	2,469,476
Capital assets, net	7,095,120	-	7,095,120
Total non-current assets	14,977,663	-	14,977,663
Total assets	18,386,992	249,725	18,636,717

DEFERRED OUTFLOWS OF RESOURCES

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
State of New Jersey P.E.R.S.	58,674	-	58,674
State of New Jersey S.H.B.P.	1,489,833	-	1,489,833
Total deferred outflows of resources	1,548,507	-	1,548,507
Total assets and deferred outflows of resources	$ 19,935,499	$ 249,725	$ 20,185,224

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2025

LIABILITIES

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	$ 263,091	$ 113,673	$ 376,764
Accrued expenses	44,192	-	44,192
Tenant security deposits	-	127,436	127,436
Prepaid rent	3,934	8,616	12,550
Total current liabilities	311,217	249,725	560,942
Non-current liabilities:			
Accrued compensated absences, non-current	41,744	-	41,744
Accrued pension liability	1,593,843	-	1,593,843
Accrued OPEB liability	3,391,829	-	3,391,829
Other non-current liabilities	454,477	-	454,477
Total non-current liabilities	5,481,893	-	5,481,893
Total liabilities	5,793,110	249,725	6,042,835
DEFERRED INFLOWS OF RESOURCES			
State of New Jersey P.E.R.S.	277,514	-	277,514
State of New Jersey S.H.B.P.	2,038,050	-	2,038,050
Leases	2,182,560	-	2,182,560
Total deferred inflows of resources	4,498,124	-	4,498,124
NET POSITION			
Net position:			
Net investment in capital assets	7,095,120	-	7,095,120
Restricted	1,055,229	-	1,055,229
Unrestricted	1,493,916	-	1,493,916
Total net position	9,644,265	-	9,644,265
Total liabilities, deferred inflows of resources and net position	$ 19,935,499	$ 249,725	$ 20,185,224

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	$ 1,005,012	$ -	$ 1,005,012
HUD operating grants	20,092,199	-	20,092,199
Other revenues	419,227	-	419,227
Total operating revenues	21,516,438	-	21,516,438
Operating expenses:			
Administrative	2,202,164	-	2,202,164
Tenant services	13,667	-	13,667
Utilities	646,713	-	646,713
Ordinary repairs and maintenance	666,787	-	666,787
Protective services	73,785	-	73,785
General	414,286	-	414,286
Housing assistance payments	17,094,809	-	17,094,809
Depreciation	455,965	-	455,965
Total operating expenses	21,568,176	-	21,568,176
Operating loss	(51,738)	-	(51,738)
Non-operating revenues (expenses):			
Loss on disposition of capital assets	(32,097)	-	
Actuarial change in post-employment benefits	425,123	-	425,123
Investment income	415,802	-	415,802
Total non-operating revenues (expenses)	808,828	-	808,828
Change in net position	757,090	-	757,090
Total net position, beginning of year	8,887,175	-	8,887,175
Total net position, end of year	$ 9,644,265	$ -	$ 9,644,265

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Cash Flows from Operating Activities:			
Cash received from tenants and others	$ 1,713,039	$ 90,265	$ 1,803,304
Cash received from grantors	20,042,688	-	20,042,688
Cash paid to employees	(2,186,786)	-	(2,186,786)
Cash paid to vendors and suppliers	(19,204,765)	(73)	(19,204,838)
Net cash provided by operating activities	364,176	90,192	454,368
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(2,570,303)	-	(2,570,303)
Net cash used in capital and related financing activities	(2,570,303)	-	(2,570,303)
Cash Flows from Investing Activities			
Interest received on lease receivables	94,444	-	94,444
Interest received on investments	315,819	-	315,819
Net cash provided by investing activities	410,263	-	410,263
Increase (decrease) in cash and cash equivalents and restricted cash	(1,795,864)	90,192	(1,705,672)
Cash and cash equivalents and restricted cash, beginning of year	6,599,201	115,284	6,714,485
Cash and cash equivalents and restricted cash, end of year	$ 4,803,337	$ 205,476	$ 5,008,813

Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:			
Cash and cash equivalents	$ 3,293,631	$ 78,583	$ 3,372,214
Tenant security deposits	-	126,893	126,893
Restricted cash	1,509,706	-	1,509,706
Cash and cash equivalents and restricted cash	$ 4,803,337	$ 205,476	$ 5,008,813

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$ (51,738)	$ -	$ (51,738)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	455,965	-	455,965
Bad debts	160,582	-	160,582
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Accounts receivable, net	(129,468)	38,887	(90,581)
Lease receivable	17,332	-	17,332
Inventory, net	-	8,702	8,702
Prepaid expenses	-	(73)	(73)
Deferred outflows of resources	(21,584)	-	(21,584)
Accounts payable	(75,307)	28,990	(46,317)
Accrued expenses	25,128	-	25,128
Tenant security deposits	-	10,975	10,975
Prepaid rent	3,934	2,711	6,645
Accrued compensated absences	(9,750)	-	(9,750)
Other liabilities	20,920	-	20,920
Accrued pension liability	(921)	-	(921)
Accrued OPEB liability	453,897	-	453,897
Deferred inflows of resources	(484,814)	-	(484,814)
Net cash provided by operating activities	$ 364,176	$ 90,192	$ 454,368
Schedule of non-cash capital and related financing activities:			
Loss on disposition of capital assets	$ (32,097)	$ -	$ (32,097)

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Township of Lakewood (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Lakewood, New Jersey (the "Township"). The Authority is responsible for operating certain low-rent housing programs in the Township under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board of Commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 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 Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended.

The Section 8 Housing Choice Vouchers Program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to $500 on these funds may be retained by the Authority. Amounts in excess of $500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report includes the following discretely presented component unit:

Affordable Housing Corporation of Lakewood
Affordable Housing Corporation of Lakewood (the "Organization") was incorporated under the laws of the State of New Jersey as a non-profit corporation on August 17, 2016. The Organization's purpose is to improve the quality of life for low and moderate income people (as defined by regulations promulgated by HUD or the New Jersey Council on Affordable Housing) by providing them with affordable housing and housing opportunities primarily through the administration of Section 8 Housing Choice Vouchers. Currently, the Organization's only activity is the administration of the Authority's project based vouchers for which it does not charge a fee.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Vouchers
The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Mainstream Vouchers
The Mainstream Vouchers program provides vouchers for low-income households that include a person(s) with disabilities. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Resident Opportunity and Supportive Services - Service Coordinators
The purpose of the Resident Opportunity and Supportive Services - Service Coordinators program is to fund the Family Self Sufficiency coordinator position for the Authority's Section 8 Housing Choice Vouchers Family Self Sufficiency program.

Business Activities Fund
The Business Activities Fund was created as part of the Rental Assistance Demonstration program ("RAD"). RAD was created in order to give public housing authorities ("PHA") 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% of their income towards rent. The former public housing units which were converted under the RAD program are contained in this non-federal fund.

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and net pension and OPEB liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents (continued)

The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

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

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements. For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants accounts receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

J. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets, Net (continued)

Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Buildings and Improvements 15-40 Years
- Furniture and Equipment 5-10 Years

The Authority has established a capitalization threshold of $5,000.

K. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended December 31, 2025, there were no impairments losses incurred.

L. Inventory, Net

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is carried at net realizable value and the Authority uses the first-in, first-out flow assumption in determining cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. If inventory falls below the cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. As of December 31, 2025, inventory is shown net of an allowance for obsolescence of $2,569.

M. Notes Receivable

The Authority has utilized grants and other development funds in accordance with HUD guidelines to assist the Authority with its participation in RAD through the issuance of mortgage loans. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property; the property’s ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

N. Lease Receivable

Lease receivables are recognized at the net present value of the lease payments expected to be received during the lease term at a borrowing rate either explicitly described in the lease agreement or implicitly determined by the Authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Inter-program Receivables and Payables

Inter-program receivables and payables are current and are the result of the use of the Business Activities fund as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

P. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

Q. Prepaid Rent

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

R. Compensated Absences

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the net position date for which payment is probable. Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service based on the unused accrued leave. Employees may be compensated for sick leave at retirement or termination at 50% of accumulated sick time up to a maximum of $15,000.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Other Post Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, and OPEB expense, and information about the fiduciary net position of the State Health Benefits Plan ("SHBP") and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

V. Net Position Classifications

Net position is classified in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

W. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

X. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

Y. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended December 31, 2025, rental revenue earned by the Authority under the aforementioned leases totaled $1,005,012.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Z. Taxes

The Authority is a unit of local government under the State of New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the Township.

AA. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

BB. Certain Risk Disclosures

The Authority's operations are significantly dependent upon funding from HUD. For the year ended December 31, 2025, a substantial portion of the Authority's revenues was derived from HUD programs, including:

- Housing Voucher Cluster (Section 8 Housing Choice Vouchers and Mainstream Vouchers Programs)
- Other HUD and federal housing assistance programs

A reduction in funding levels, changes in program regulations, or delays in funding from HUD could have a significant adverse impact on the Authority's financial position and results of operations.

In addition, the Authority's tenant population is concentrated in low-income households as defined by HUD eligibility requirements. As a result, the Authority's tenant rental revenue is subject to economic factors affecting this population, including employment levels and governmental benefit programs.

The Authority is also subject to various federal regulatory and contractual constraints imposed by HUD and other funding sources. These constraints include, but are not limited to:

- Requirements governing the use of program funds
- Compliance with federal statutes and regulations (including 24 CFR and 2 CFR Part 200)
- Restrictions on disposition of property and program assets
- Limits on administrative fees and allowable expenditures

Noncompliance with these requirements could result in:

- Repayment obligations
- Reduction or termination of funding
- Additional monitoring or oversight by HUD

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BB. Certain Risk Disclosures (continued)

Management has evaluated the concentrations and constraints described above and determined that they could expose the Authority to the risk of a substantial impact in the event of:

- Significant reductions in federal appropriations for housing programs
- Changes in HUD funding formulas or program structures
- Adverse regulatory actions or compliance findings
- Economic conditions affecting tenant rent contributions

The Authority actively monitors legislative, regulatory, and economic developments and takes steps to mitigate these risks where possible, including maintaining operating reserves and ensuring compliance with program requirements.

CC. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF"). The JIF is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the previous three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2025, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the Authority’s cash and cash equivalents (including restricted cash) was $5,008,813, and the bank balances approximated $5,085,434.

Cash Category	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Unrestricted	$ 3,293,631	$ 78,583	$ 3,372,214
Tenant security deposits	-	126,893	126,893
Restricted	1,509,706	-	1,509,706
Total cash and cash equivalents	$ 4,803,337	$ 205,476	$ 5,008,813

Of the bank balances, $250,000 was covered by federal depository insurance and the remaining $4,835,434 was collateralized by GUDPA as of December 31, 2025.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2025, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2025:

Description	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Accounts receivable - tenants, net	$ -	$ 13,256	$ 13,256
Accounts receivable - fraud recovery, net	47,452	2,707	50,159
Total accounts receivable, net	$ 47,452	$ 15,963	$ 63,415

Accounts Receivable - Tenants, Net
Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts for the discretely presented component unit of $4,152.

Accounts Receivable - Fraud Recovery, Net
Accounts receivable - fraud recovery, net represents amounts owed from tenants or other program participants who committed fraud or misrepresentation and now owe additional rent or retroactive rent. The amount is shown net of an allowance for doubtful accounts for the primary government and discretely presented component unit of $300,774 and $677, respectively.

NOTE 4. RESTRICTED DEPOSITS

As of December 31, 2025, restricted deposits consisted of the following:

Cash Category	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Housing assistance payments reserve	$ 116,605	$ -	$ 116,605
Family Self Sufficiency program escrows	454,477	-	454,477
Reserve for replacements	909,100	-	909,100
FSS escrow forfeitures	29,524	-	29,524
Tenant security deposits	-	126,893	126,893
Total restricted deposits	$ 1,509,706	$ 126,893	$ 1,636,599

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Mainstream Vouchers programs for future housing assistance payments.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers program by FSS program participants.

Reserve for replacement funds are required to be set aside for future project expenditures in accordance with the RAD Conversion Commitment.

NOTE 4. RESTRICTED DEPOSITS (continued)

FSS escrows forfeitures are to be used to fund eligible expenses of FSS participants in good standing.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the Authority, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 5. LEASING ARRANGEMENTS

On September 11, 2015, the Authority entered into a lease agreement as a lessor with Chambers Crescent, LLC for the lease of land. The term of the lease was for eighty years from October 1, 2015. An initial lease receivable was recorded in the amount of $1,728,203. As of December 31, 2025, the value of the lease receivable was $1,691,846. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of $6,000. For the year ended December 31, 2025, the Authority received payments of $66,000 on the lease of which $3,887 reduced the principal amount owed and $62,113 was interest income. The implicit interest rate on the lease was 4.00%. The value of the deferred inflows of resources as of December 31, 2025 was $1,506,776. For the year ended December 31, 2025, the Authority recognized lease revenue in the amount of $21,603.

On August 7, 2019, the Authority entered into a lease agreement as a lessor with Cellco Partnership d/b/a Verizon Wireless for the lease of the rooftop at 220 East 4th Street to install, maintain and operate communications equipment. The term of the lease was for five years from September 1, 2019 with a renewal option for four periods of five years. An initial lease receivable was recorded in the amount of $468,201. As of December 31, 2025, the value of the lease receivable was $434,760. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of $1,800, increasing by 3.00% on each anniversary date. For the year ended December 31, 2025, the Authority received payments of $25,291 on the lease of which $7,728 reduced the principal amount owed and $17,563 was interest income. The implicit interest rate on the lease was 4.00%. The value of the deferred inflows of resources as of December 31, 2025 was $349,590. For the year ended December 31, 2025, the Authority recognized lease revenue in the amount of $18,728.

On November 5, 2020, the Authority entered into a lease agreement as a lessor with T-Mobile Northeast, LLC for the lease of the rooftop at 100 Woehr Avenue to install, maintain and operate communications equipment. The term of the lease was for five years from December 1, 2020 with a renewal option for five periods of five years. An initial lease receivable was recorded in the amount of $392,741. As of December 31, 2025, the value of the lease receivable was $366,034. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of $1,700, increasing by 5.00% on each renewal option date. For the year ended December 31, 2025, the Authority received payments of $20,485 on the lease of which $5,717 reduced the principal amount owed and $14,768 was interest income. The implicit interest rate on the lease was 4.00%. The value of the deferred inflows of resources as of December 31, 2025 was $326,194. For the year ended December 31, 2025, the Authority recognized lease revenue in the amount of $13,091.

NOTE 6. NOTES RECEIVABLE

The Authority has utilized grants and other development funds in accordance with HUD guidelines to assist the Authority with its participation in RAD through the issuance of mortgage loans. Outstanding notes receivable of the primary government as of December 31, 2025 consisted of the following:

Description	Amount
In November 2017, the Authority entered into a loan agreement in the amount of $2,702,252 with Chambers Crescent, LLC in connection with the sale of Residential ERG Tax Credit Certificates related to the property located at 438 Cedar Bridge Avenue known as John F. Kennedy Apartments. The outstanding balance of $2,702,252, bears interest at 2.82% per annum and is secured by a second mortgage. Interest will accrue annually and all principal and accrued interest will be due on September 1, 2070.	$ 2,702,252
On September 11, 2015, the Authority took back a seller's note from Chambers Crescent, LLC in connection with the sale of property and improvements known as John F. Kennedy Apartments. The loan, which totaled $2,990,000, bears interest at 2.82% per annum. Interest will be paid annually beginning on September 1, 2016 and on each anniversary thereafter equal to forty percent (40%) of project cash flow. The loan is secured by a third mortgage and matures on September 1, 2070, whereby all unpaid interest and principal is due.	2,990,000
On September 11, 2015, the Authority entered into a loan agreement with Chambers Crescent, LLC. The loan, which totaled $600,000, bears interest at 0.01% per annum. Payment of principal and interest is due in full on the maturity date which is September 1, 2045. The loan is secured by the property.	600,000
Total notes receivable	6,292,252
Allowance for uncollectable notes receivable	2,388,891
Notes receivable, net	$ 3,903,361

As of December 31, 2025, the current portion of notes receivable amounted to $-0- and accrued interest on the notes receivable totaled $1,600,269, which is shown net of an allowance for uncollectable interest of $1,600,269.

NOTE 7. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended December 31, 2025:

Description	December 31, 2024	Additions	Dispositions	Transfers	December 31, 2025
Non-depreciable:					
Land	$ 313,844	$ -	$ -	$ -	$ 313,844
Construction in progress	1,217,587	2,570,303	-	(1,422,424)	2,365,466
Subtotal	1,531,431	2,570,303	-	(1,422,424)	2,679,310
Depreciable:					
Buildings and improvements	13,594,092	-	(1,040,132)	1,422,424	13,976,384
Furniture and equipment	200,767	-	(3,791)	-	196,976
Subtotal	13,794,859	-	(1,043,923)	1,422,424	14,173,360
Less: accumulated depreciation	10,313,411	455,965	(1,011,826)	-	9,757,550
Net capital assets	$ 5,012,879	$ 2,114,338	$ (32,097)	$ -	$ 7,095,120

During the year ended December 31, 2025, the Authority disposed of capital assets with an original cost of $1,043,923 and accumulated depreciation of $1,011,826. The dispositions primarily consisted of capital assets that were fully depreciated, replaced, or otherwise no longer in service. These disposals were reviewed and approved by the Board of Commissioners. As a result of the dispositions, the Authority recognized a loss on disposition of capital assets of $32,097.

Depreciation expense for the year ended December 31, 2025 amounted to $455,965.

NOTE 8. ACCOUNTS PAYABLE

As of December 31, 2025, accounts payable consisted of the following:

Description	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Accounts payable - vendors	$ 155,246	$ 113,673	$ 268,919
Accounts payable - HUD	67,700	-	67,700
Accounts payable - other governments	40,145	-	40,145
Total accounts payable	$ 263,091	$ 113,673	$ 376,764

Accounts Payable - Vendors
Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - HUD
As of December 31, 2025, accounts payable - HUD consisted of amounts payable to HUD for overpayment of subsidy in the Section 8 Housing Choice Vouchers program.

NOTE 8. ACCOUNTS PAYABLE (continued)

Accounts Payable - Other Governments
Accounts payable - other governments represents amounts due and payable to the Township for payments in lieu of taxes.

NOTE 9. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make payment in lieu of taxes ("PILOT") on certain Authority owned properties in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended December 31, 2025, the primary government of the Authority incurred PILOT expense in the amount of $35,830.

NOTE 10. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government as of December 31, 2025 consisted of the following:

Description	December 31, 2024	Additions	Retirements/ Payments	December 31, 2025	Amounts due within one Year
Accrued compensated absences	$ 51,494	$ 158,692	$ (168,442)	$ 41,744	$ -
Accrued pension liability	1,832,257	168,362	(406,776)	1,593,843	-
Accrued OPEB liability	3,125,562	453,897	(187,630)	3,391,829	-
Family self sufficiency escrows	433,557	218,862	(197,942)	454,477	-
Total non-current liabilities	$ 5,442,870	$ 999,813	$ (960,790)	$ 5,481,893	$ -

NOTE 11. PENSION PLAN

A. Plan Description

The 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 the Division's Annual Comprehensive Financial Report, which can be found at https://www.state.nj.us/treasury/pensions/annual-reports.shtml.

B. Benefits

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. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

NOTE 11. PENSION PLAN (continued)

B. Benefits (continued)

Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month a member retires prior to the age at which a member can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all 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 more than the actuarial determined amount.

The local employers' contribution amounts are based on the 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 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 the assets.

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

At December 31, 2025, the Authority reported a liability of $1,593,843, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2024, and rolled forward to June 30, 2025.

For the year ended December 31, 2025, the Authority recognized pension benefit of $237,493. At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 252	$ 18,362
Changes in Proportion	12,979	124,544
Differences between expected and actual experience	45,443	1,703
Net differences between actual and projected earnings on pension plan investments	-	132,905
Total	$ 58,674	$ 277,514

NOTE 11. PENSION PLAN (continued)

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

Year ending December 31:	Amount
2026	$ 60,219
2027	(125,692)
2028	(96,991)
2029	(56,775)
2030	399
	$ (218,840)

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. This actuarial valuation used the following assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	3.25 - 7.75% based on years of service
Investment rate of return	7.00%

Pre-mortality rates were based on the Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial adjustments used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

F. Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) 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.

NOTE 11. PENSION PLAN (continued)

F. Long-Term Expected Rate of Return (continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Market Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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 nonemployer contributing entity will be based on 100% of the 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 to determine the total pension liability.

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 2,200,700	$ 1,593,843	$ 1,102,109

NOTE 12. OTHER POST EMPLOYMENT BENEFITS PLAN

The information required to present the schedule of changes in net OPEB liability, deferred inflows of resources, deferred outflows of resources and the actuarial OPEB expense / benefit for the SHBP was not available as of the date of this report and accordingly, the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense related to the SHBP are being reported from the 2024 audited actuarial report.

A. Plan Description

The SHBP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Division. It covers employees of local government employers that have adopted a resolution to participate in the SHBP. For additional information about SHBP, please refer to the Division's Annual Comprehensive Financial Report, which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

B. Benefits

SHBP provides medical and prescription drug benefits to retirees and their covered dependents of the employers. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of services credit in a State of locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement. Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2025, the Authority reported a liability of $3,391,829, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2023, and rolled forward to June 30, 2024.

For the year ended December 31, 2025, the Authority recognized OPEB benefit of $187,630. At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 567,050	$ 563,022
Changes in Proportion	622,263	898,801
Differences between expected and actual experience	171,772	574,692
Net differences between projected and actual investment earnings on OPEB plan investments	-	1,535
Contributions paid subsequent to the measurement date	128,748	-
Total	$ 1,489,833	$ 2,038,050

The Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	Amount
2025	$ (359,954)
2026	(154,971)
2027	(26,631)
2028	(141,978)
2029	(90,454)
Thereafter	97,023
	$ (676,965)

D. Actuarial Assumptions

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following assumptions:

Salary increases:	
Rate for all future years	2.75 to 6.55% based on years of service

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2021 scale.

Certain actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PERS experience studies prepared for July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the SHBP upon retirement.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93% as of June 30, 2024. 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.

F. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net OPEB liability calculated using the discount rate of 3.93%, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current rate.

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Authority's proportionate share of the net OPEB liability	$ 3,951,115	$ 3,391,829	$ 2,943,890

G. Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreased to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

H. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Authority’s proportionate share of the net OPEB liability calculated using the health care trend rate, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a health care trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB liability	$ 2,868,795	$ 3,391,829	$ 4,064,303

NOTE 13. RESTRICTED NET POSITION

As of December 31, 2025, restricted net position consisted of the following:

Description	Primary Government	Discretely Presented Component Unit	Total Reporting Entity (Memorandum Only)
Housing assistance payments reserves	$ 116,605	$ -	$ 116,605
Reserve for replacements	909,100	-	909,100
FSS escrows forfeitures	29,524	-	29,524
Total restricted net position	$ 1,055,229	$ -	$ 1,055,229

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers and Mainstream Vouchers programs for future housing assistance payments.

Reserve for replacement funds are required to be set aside for future project expenditures in accordance with the RAD Conversion Commitment.

FSS escrows forfeitures are to be used to fund eligible expenses of FSS participants in good standing.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through August 31, 2026, which is the date the financial statements were available to be issued, and management concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Housing Authority of the Township of Lakewood:

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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business type activities (primary government) and the discretely presented component unit of the Housing Authority of the Township of Lakewood (the "Authority") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 31, 2026.

<u>Internal Control Over Financial Reporting</u>

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

August 31, 2026
Toms River, New Jersey

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY OMB CIRCULAR 25-12

To the Board of Commissioners
Housing Authority of the Township of Lakewood:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Township of Lakewood's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the State of New Jersey OMB Circular 25-12 that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey OMB Circular 25-12. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditors' 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 the Authority's compliance based on our audit.

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Auditors' Responsibilities for the Audit of Compliance (continued)

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey OMB Circular 25-12, we:

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

Other Matters

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Report on Internal Control Over Compliance (continued)

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.

Authority's Response to Findings

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

Purpose of this Report

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.

Novogradac & Company LLP

August 31, 2026
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Program Title	Federal Assistance Listing Number	State Pass-through Number	Grant Period From	Grant Period To	Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
U.S. Department of Housing and Urban Development							
Housing Voucher Cluster							
Section 8 Housing Choice Vouchers	14.871	N/A	1/1/2025	12/31/2025	$ 19,011,504	$ 20,486,428	$ 20,486,428
Mainstream Vouchers	14.879	N/A	1/1/2025	12/31/2025	994,960	995,994	995,994
Total Housing Voucher Cluster					20,006,464	21,482,422	21,482,422
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	1/1/2025	12/31/2025	85,735	85,735	85,735
Total Grant Awards and Federal Expenditures					$ 20,092,199	$ 21,568,157	$ 21,568,157

See accompanying notes to Schedule of Expenditures of Federal Awards and Report of Independent Auditors

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2025. The information in the 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) and State of New Jersey OMB Circular 25-12. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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 principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 25-12, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has not elected to use the up to fifteen percent de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

I. Summary of Auditors' Results

Financial Statement Section

1. Type of auditors' report issued:

Primary Government	Qualified
Discretely Presented Component Unit	Unmodified

2. Internal control over financial reporting

a.	Material weakness(es) identified?	No
b.	Significant deficiency(ies) identified?	None Reported

3. Noncompliance material to the financial statements? No

Federal Awards Section

1. Internal control over compliance:

a.	Material weakness(es) identified?	No
b.	Significant deficiency(ies) identified?	Yes

2. Type of auditors' report on compliance for major programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

4. Identification of major programs:

ALN	Name of Federal Program
Housing Voucher Cluster:	
14.871	Section 8 Housing Choice Vouchers
14.879	Mainstream Vouchers

5. Dollar threshold used to distinguish between Type A and Type B Programs: $1,000,000

6. Auditee qualified as low-risk Auditee? No

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

Finding 2025-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Titles: Housing Voucher Cluster - Section 8 Housing Choice Vouchers and Mainstream Vouchers
Federal Assistance Listing Numbers: 14.871 and 14.879
Noncompliance - N. Special Tests and Provisions - Reasonable Rent
Non Compliance Material to the Financial Statements: No
Significant Deficiency in Internal Control over Compliance for Special Tests and Provisions

Criteria: Reasonable Rent. The Authority must do the following: The Authority must determine that the rent to owner is reasonable at the time of initial leasing. Also, the Authority must determine reasonable rent during the term of the contract (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a 5 percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The Authority must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract)(24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

Condition: Based upon inspection of the Authority's files and discussions with management, there were newly leased units for which rent reasonableness evaluations were not performed.

Context: There were approximately nineteen (19) newly leased Housing Voucher Cluster units. Of a sample size of two (2) newly leased units, rent reasonableness evaluations for one (1) unit were not performed timely.

Our sample size is statistically valid.

Known Questioned Costs: Amount is below threshold of $25,000.

Cause: There is a significant deficiency in internal controls over the compliance for the special tests and provisions type of compliance related to reasonable rent. Existing controls were not fully designed, implemented, or consistently maintained to ensure rent reasonableness requirements are consistently met.

Effect: Failure to perform and document timely rent reasonableness determinations reduces the Authority's ability to demonstrate compliance with HUD requirements and increases the risk that housing assistance payments may be made for units with rents that are not reasonable compared to comparable unassisted units, potentially resulting in unnecessary program expenditures.

Recommendation: We recommend the Authority design and implement internal control procedures that ensure all rent reasonableness determinations are performed and documented, in compliance with Uniform Guidance and the compliance supplement.

Authority's Response: The Authority acknowledges the deficiencies identified in the Housing Voucher Cluster and has implemented internal control procedures to ensure compliance with federal regulations.

IV. Summary of Prior Audit Findings

There were no findings or questioned costs in the prior year.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
REQUIRED PENSION INFORMATION
DECEMBER 31, 2025

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS

	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Contractually required contribution	$ 121,142	$ 129,116	$ 140,417	$ 137,662	$ 176,857	$ 161,537	$ 178,112	$ 184,780	$ 183,484	$ 178,039
Contributions in relation to the contractually required contribution	121,142	129,116	140,417	137,662	176,857	161,537	178,112	184,780	183,484	178,039
(Over) / under funded	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$1,043,059	$1,096,893	$1,164,949	$1,306,233	$1,314,830	$1,099,040	$1,166,125	$1,192,479	$1,291,132	$1,312,412
Contributions as a percentage of covered employee payroll	11.61 %	11.77 %	12.05 %	10.54 %	13.45 %	14.70 %	15.27 %	15.50 %	14.21 %	13.57 %

See Report of Independent Auditors.

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS

	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Authority's proportion of the net pension liability	0.0136 %	0.0139 %	0.0141 %	0.0142 %	0.0162 %	0.0138 %	0.0141 %	0.0138 %	0.0135 %	0.0130 %
Authority's proportionate share of the net pension liability	$4,038,650	$3,244,426	$2,779,536	$2,550,063	$2,636,388	$1,634,038	$2,131,525	$2,002,087	$1,832,257	$1,593,843
Authority's covered-employee payroll	$1,043,059	$1,096,893	$1,164,949	$1,306,233	$1,314,830	$1,099,040	$1,166,125	$1,192,479	$1,291,132	$1,312,412
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	387.19 %	295.78 %	238.60 %	195.22 %	200.51 %	148.68 %	182.79 %	167.89 %	141.91 %	121.44 %
Plan fiduciary net position as a percentage of the total pension liability	40.14 %	48.10 %	53.60 %	56.30 %	58.32 %	70.33 %	62.91 %	65.23 %	68.22 %	71.84 %

See Report of Independent Auditors.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION
DECEMBER 31, 2025

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025 (A)
Statutorily required contribution	$ 224,202	$ 237,584	$ 243,174	$ 277,708	$ 259,835	$ 215,568	$ 286,468	$ 246,746	$ -
Contributions in relation to the statutorily required contribution	224,202	237,584	243,174	277,708	259,835	215,568	286,468	246,746	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$1,096,893	$1,164,949	$1,306,233	$1,314,830	$1,099,040	$1,166,125	$1,192,479	$1,291,132	$ -
Contributions as a percentage of covered-employee payroll	20.44 %	20.39 %	18.62 %	21.12 %	23.64 %	18.49 %	24.02 %	19.11 %	- %

(A) Information relating to the defined benefit OPEB plan was not available because the OPEB plan for the year ended December 31, 2025 had not been audited as of the date the Authority's financial statements were available to be issued.

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

HOUSING AUTHORITY OF THE TOWNSHIP OF LAKEWOOD
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION (continued)
DECEMBER 31, 2025

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET OPEB LIABILITY FOR THE LAST TEN FISCAL YEARS***

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025 (A)
Authority's proportion of the net OPEB liability	0.0191 %	0.0193 %	0.0197 %	0.0211 %	0.0199 %	0.0235 %	0.0208 %	0.0189 %	- %
Authority's proportionate share of the net OPEB liability	$3,891,862	$3,025,537	$2,664,783	$3,789,068	$3,581,236	$3,799,677	$3,125,562	$3,391,829	$3,391,829
Authority's covered-employee payroll	$1,096,893	$1,164,949	$1,306,233	$1,314,830	$1,099,040	$1,166,125	$1,192,479	$1,291,132	$ -
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	354.81 %	259.71 %	204.01 %	288.18 %	325.85 %	325.84 %	262.11 %	262.70 %	- %
Plan fiduciary net position as a percentage of the total OPEB liability	1.03 %	1.97 %	1.98 %	0.91 %	0.28 %	(36.46)%	(0.79)%	0.89 %	- %

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2025

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers
111 Cash - Unrestricted		$78,583	$2,503,275	
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	$29,524		$909,100	$10,259
114 Cash - Tenant Security Deposits		$126,893		
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	$29,524	$205,476	$3,412,375	$10,259
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous			$0	
126 Accounts Receivable - Tenants		$17,408		
126.1 Allowance for Doubtful Accounts -Tenants		-$4,152		
126.2 Allowance for Doubtful Accounts - Other			$0	
127 Notes, Loans, & Mortgages Receivable - Current			$23,164	
128 Fraud Recovery		$3,384		
128.1 Allowance for Doubtful Accounts - Fraud		-$677		
129 Accrued Interest Receivable			$45,082	
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$15,963	$68,246	$0
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets		$82		
143 Inventories		$30,773		
143.1 Allowance for Obsolete Inventories		-$2,569		
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	$29,524	$249,725	$3,480,621	$10,259
161 Land			$313,844	
162 Buildings			$13,516,052	
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration			$179,929	
165 Leasehold Improvements			$460,332	
166 Accumulated Depreciation			-$9,750,270	
167 Construction in Progress			$321,707	
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$5,041,594	$0
171 Notes, Loans and Mortgages Receivable - Non-Current			$6,372,837	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	$0	$0	$11,414,431	$0
200 Deferred Outflow of Resources			$586,459	
290 Total Assets and Deferred Outflow of Resources	$29,524	$249,725	$15,481,511	$10,259

Housing Authority of the Township of Lakewood (NJ054)

Lakewood, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2025

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers
311 Bank Overdraft				
312 Accounts Payable <= 90 Days		$113,673	$54,291	
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable			$14,690	
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government			$35,830	
341 Tenant Security Deposits		$127,436		
342 Unearned Revenue		$8,616	$3,934	
344 Current Portion of Long-term Debt - Operating Borrowings				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	$0	$249,725	$108,745	$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current			$17,961	
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities			$1,595,568	
350 Total Non-Current Liabilities	$0	$0	$1,613,529	$0
300 Total Liabilities	$0	$249,725	$1,722,274	$0
400 Deferred Inflow of Resources			$3,079,745	
508.4 Net Investment in Capital Assets			$5,041,594	
511.4 Restricted Net Position	$29,524		$909,100	$10,259
512.4 Unrestricted Net Position	$0	$0	$4,728,798	$0
513 Total Equity - Net Assets / Position	$29,524	$0	$10,679,492	$10,259
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$29,524	$249,725	$15,481,511	$10,259

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	ELIM	Total
111 Cash - Unrestricted	$790,356			$3,372,214
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	$560,823			$1,509,706
114 Cash - Tenant Security Deposits				$126,893
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	$1,351,179	$0	$0	$5,008,813
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				$0
126 Accounts Receivable - Tenants				$17,408
126.1 Allowance for Doubtful Accounts -Tenants				-$4,152
126.2 Allowance for Doubtful Accounts - Other				$0
127 Notes, Loans, & Mortgages Receivable - Current				$23,164
128 Fraud Recovery	$348,226			$351,610
128.1 Allowance for Doubtful Accounts - Fraud	-$300,774			-$301,451
129 Accrued Interest Receivable				$45,082
120 Total Receivables, Net of Allowances for Doubtful Accounts	$47,452	$0	$0	$131,661
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				$82
143 Inventories				$30,773
143.1 Allowance for Obsolete Inventories				-$2,569
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	$1,398,631	$0	$0	$5,168,760
161 Land				$313,844
162 Buildings				$13,516,052
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	$17,047			$196,976
165 Leasehold Improvements				$460,332
166 Accumulated Depreciation	-$7,280			-$9,757,550
167 Construction in Progress	$2,043,759			$2,365,466
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	$2,053,526	$0	$0	$7,095,120
171 Notes, Loans and Mortgages Receivable - Non-Current				$6,372,837
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	$2,053,526	$0	$0	$13,467,957
200 Deferred Outflow of Resources	$962,048			$1,548,507
290 Total Assets and Deferred Outflow of Resources	$4,414,205	$0	$0	$20,185,224

Housing Authority of the Township of Lakewood (NJ054)

Lakewood, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	$100,955			$268,919
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	$29,502			$44,192
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	$67,700			$67,700
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	$4,315			$40,145
341 Tenant Security Deposits				$127,436
342 Unearned Revenue				$12,550
344 Current Portion of Long-term Debt - Operating Borrowings				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	$202,472	$0	$0	$560,942
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	$454,477			$454,477
354 Accrued Compensated Absences - Non Current	$23,783			$41,744
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	$3,390,104			$4,985,672
350 Total Non-Current Liabilities	$3,868,364	$0	$0	$5,481,893
300 Total Liabilities	$4,070,836	$0	$0	$6,042,835
400 Deferred Inflow of Resources	$1,418,379			$4,498,124
508.4 Net Investment in Capital Assets	$2,053,526			$7,095,120
511.4 Restricted Net Position	$106,346			$1,055,229
512.4 Unrestricted Net Position	-$3,234,882	$0		$1,493,916
513 Total Equity - Net Assets / Position	-$1,075,010	$0	$0	$9,644,265
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$4,414,205	$0	$0	$20,185,224

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers
70300 Net Tenant Rental Revenue			$1,005,012	
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	$0	$0	$1,005,012	$0
70600 HUD PHA Operating Grants				$994,960
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants			$1,378,838	
71100 Investment Income - Unrestricted			$325,623	
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	$9,968		$279,476	
71600 Gain or Loss on Sale of Capital Assets			-$32,097	
72000 Investment Income - Restricted	$730		$32,946	
70000 Total Revenue	$10,698	$0	$2,989,798	$994,960
91100 Administrative Salaries			$199,404	$50,848
91200 Auditing Fees			$7,950	
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing			$1,081	
91500 Employee Benefit contributions - Administrative			$53,886	$8,590
91600 Office Expenses	$51		$201,028	
91700 Legal Expense			$17,184	
91800 Travel			$3,005	
91810 Allocated Overhead				
91900 Other			$17,284	
91000 Total Operating - Administrative	$51	$0	$500,822	$59,438
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	$723		$12,944	
92500 Total Tenant Services	$723	$0	$12,944	$0
93100 Water			$113,542	
93200 Electricity			$224,485	
93300 Gas			$181,887	
93400 Fuel				
93500 Labor			$84,201	
93600 Sewer				
93700 Employee Benefit Contributions - Utilities			$42,598	
93800 Other Utilities Expense				
93000 Total Utilities	$0	$0	$646,713	$0

Submission Type: Audited/Single Audit | **Entity Wide Revenue and Expense Summary** | Fiscal Year End: 12/31/2025

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers
94100 Ordinary Maintenance and Operations - Labor			$196,470	
94200 Ordinary Maintenance and Operations - Materials and Other			$144,715	
94300 Ordinary Maintenance and Operations Contracts			$227,799	
94500 Employee Benefit Contributions - Ordinary Maintenance			$97,803	
94000 Total Maintenance	$0	$0	$666,787	$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs			$60,865	
95300 Protective Services - Other			$12,920	
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	$0	$0	$73,785	$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance			$132,316	
96100 Total insurance Premiums	$0	$0	$132,316	$0
96200 Other General Expenses			$2,516	
96210 Compensated Absences			$2,498	
96300 Payments in Lieu of Taxes			$35,830	
96400 Bad debt - Tenant Rents			$9,416	
96500 Bad debt - Mortgages				
96600 Bad debt - Other			$160,582	
96800 Severance Expense				
96000 Total Other General Expenses	$0	$0	$210,842	$0
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0
96900 Total Operating Expenses	$774	$0	$2,244,209	$59,438
97000 Excess of Operating Revenue over Operating Expenses	$9,924	$0	$745,589	$935,522
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				$936,556
97350 HAP Portability-In				
97400 Depreciation Expense			$452,555	
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	$774	$0	$2,696,764	$995,994

	14.EFA FSS Escrow Forfeiture Account	6.1 Component Unit - Discretely Presented	1 Business Activities	14.879 Mainstream Vouchers
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$9,924	$0	$293,034	-$1,034
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0
11030 Beginning Equity	$19,600	$0	$10,386,458	$11,293
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available			2472	816
11210 Number of Unit Months Leased			2326	796

Housing Authority of the Township of Lakewood (NJ054)

Lakewood, NJ

Submission Type: Audited/Single Audit | **Entity Wide Revenue and Expense Summary** | Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	ELIM	Total
70300 Net Tenant Rental Revenue				$1,005,012
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	$0	$0	$0	$1,005,012
70600 HUD PHA Operating Grants	$19,011,504	$85,735		$20,092,199
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
70800 Other Government Grants			-$1,378,838	$0
71100 Investment Income - Unrestricted	$56,503			$382,126
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	$27,065			$27,065
71500 Other Revenue	$559,938			$849,382
71600 Gain or Loss on Sale of Capital Assets				-$32,097
72000 Investment Income - Restricted				$33,676
70000 Total Revenue	$19,655,010	$85,735	-$1,378,838	$22,357,363
91100 Administrative Salaries	$796,624	$72,435		$1,119,311
91200 Auditing Fees	$12,160			$20,110
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	$1,427			$2,508
91500 Employee Benefit contributions - Administrative	$527,774	$13,300		$603,550
91600 Office Expenses	$181,417			$382,496
91700 Legal Expense	$15,806			$32,990
91800 Travel	$1			$3,006
91810 Allocated Overhead				
91900 Other	$20,909			$38,193
91000 Total Operating - Administrative	$1,556,118	$85,735	$0	$2,202,164
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				$13,667
92500 Total Tenant Services	$0	$0	$0	$13,667
93100 Water				$113,542
93200 Electricity				$224,485
93300 Gas				$181,887
93400 Fuel				
93500 Labor				$84,201
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				$42,598
93800 Other Utilities Expense				
93000 Total Utilities	$0	$0	$0	$646,713

Housing Authority of the Township of Lakewood (NJ054)

Lakewood, NJ

Submission Type: Audited/Single Audit **Entity Wide Revenue and Expense Summary** Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor				$196,470
94200 Ordinary Maintenance and Operations - Materials and Other				$144,715
94300 Ordinary Maintenance and Operations Contracts				$227,799
94500 Employee Benefit Contributions - Ordinary Maintenance				$97,803
94000 Total Maintenance	$0	$0	$0	$666,787
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				$60,865
95300 Protective Services - Other				$12,920
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	$0	$0	$0	$73,785
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance	$23,350			$155,666
96100 Total insurance Premiums	$23,350	$0	$0	$155,666
96200 Other General Expenses	$77,908			$80,424
96210 Compensated Absences	$1,967			$4,465
96300 Payments in Lieu of Taxes				$35,830
96400 Bad debt - Tenant Rents				$9,416
96500 Bad debt - Mortgages				
96600 Bad debt - Other				$160,582
96800 Severance Expense				
96000 Total Other General Expenses	$79,875	$0	$0	$290,717
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0
96900 Total Operating Expenses	$1,659,343	$85,735	$0	$4,049,499
97000 Excess of Operating Revenue over Operating Expenses	$17,995,667	$0	-$1,378,838	$18,307,864
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	$17,481,569		-$1,378,838	$17,039,287
97350 HAP Portability-In	$55,522			$55,522
97400 Depreciation Expense	$3,410			$455,965
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	$19,199,844	$85,735	-$1,378,838	$21,600,273

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	ELIM	Total
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$455,166	$0	$0	$757,090
11020 Required Annual Debt Principal Payments	$0	$0		$0
11030 Beginning Equity	-$1,530,176	$0		$8,887,175
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0			$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	-$1,075,010			-$1,075,010
11180 Housing Assistance Payments Equity	$0			$0
11190 Unit Months Available	12864		-2472	13680
11210 Number of Unit Months Leased	12864		-2326	13660