

Report On Audit

**HOUSING AUTHORITY OF THE
TOWNSHIP OF EDISON**

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

Housing Authority of the Township of Edison
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**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

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

The MD&A focuses on the Authority's current-year activities, the resulting financial impacts, and other known factors that may influence future operations. Because this section provides only a high-level summary, readers should review the accompanying financial statements and related notes—beginning on page 19—for a comprehensive understanding of the Authority's financial position and results of operations.

We encourage readers to consider the information presented in this analysis in conjunction with the full set of financial statements and disclosures provided throughout this report.

FINANCIAL HIGHLIGHTS

The Authority's primary government assets exceeded its liabilities at the close of the fiscal year by \$2,809,777, reflecting an improvement of \$690,566, or 33%, compared to the prior year.

As noted above, the Authority's net position as of June 30, 2025, totaled \$2,809,777. Within this amount, the unrestricted net position of the primary government reported a deficit of \$70,025, representing an 88% reduction in the deficit, or \$491,143, from the previous year. During the fiscal year, the Authority recorded a prior period adjustment of \$96,376 related to the State of New Jersey's GASB No. 75 OPEB valuation. Additional information regarding unrestricted net position is provided in Note 21 to the financial statements.

The Authority's net investment in capital assets increased by \$160,247, or 6%, resulting in an ending balance of \$2,798,158. This increase was primarily driven by fixed asset purchases totaling \$372,023 and debt service payments of \$65,000, offset by recorded depreciation of \$276,333.

Restricted net position increased by \$39,176 from the prior year, ending at \$81,644. Further information regarding restricted net position is presented in Note 20 to the financial statements.

Total cash and cash equivalents of the primary government amounted to \$2,527,109 at June 30, 2025—an increase of \$617,931, or 32%, from the preceding year. Of this amount, unrestricted operating cash increased \$574,407 to \$2,375,488, while restricted cash and funded reserves rose \$43,524 to \$151,621. Additional detail can be found in the Statement of Cash Flows on pages 22–23 of this report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL HIGHLIGHTS — CONTINUED

Total primary government assets and deferred outflows were \$7,623,021, consisting of capital assets (net) of \$2,943,158, deferred outflows of \$1,141,736, and current assets of \$3,538,127.

Total current assets increased by \$582,145, or 20%, from the prior year. Contributing factors included:

- \$574,407 increase in unrestricted cash
- \$43,524 increase in restricted cash
- \$51,674 decrease in accounts receivable (net)
- \$13,246 increase in investments
- \$2,642 increase in prepaid expenses

Capital assets reported a net increase of \$95,247, or 3%, driven largely by \$372,023 in fixed asset acquisitions, offset by \$276,333 in depreciation. Detailed information regarding capital outlays is provided in Note 8 – Fixed Assets.

Deferred outflows related to pension reporting increased \$787,442, ending at \$1,141,736, while deferred inflows related to pensions increased \$52,864, ending at \$997,659. Further pension reporting disclosures are available in Note 10 – Deferred Outflows/Inflows of Resources.

Total primary government liabilities were \$3,815,585, consisting of \$558,242 in current liabilities and \$3,257,343 in noncurrent liabilities. Overall liabilities increased \$719,707, or 23%, compared to the previous year. Current liabilities rose by \$144,930, while noncurrent liabilities increased by \$574,777.

As previously noted, current liabilities increased 35%, including:

- \$101,760 decrease in accounts payable
- \$4,421 increase in accrued liabilities
- \$4,218 increase in tenant security deposits
- \$234,931 increase in unearned revenue
- \$1,880 decrease in the current portion of lease payable
- \$5,000 increase in the current portion of Capital Project Bonds payable

Noncurrent liabilities increased by \$574,777, largely driven by changes in long-term obligations. Long-term notes payable decreased \$70,000 to \$75,000, while long-term compensated absences increased \$3,569 to \$42,392.

Accrued pension and other post-employment benefit (OPEB) liabilities increased by \$641,208, resulting in an ending balance of \$3,139,951. Additional details regarding the impact of GASB No. 68 (pensions) and GASB No. 75 (OPEB) are provided in Notes 17-18 to the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL HIGHLIGHTS — CONTINUED

Total operating revenue for the primary government was \$10,104,479, an increase of \$1,340,560, or 15%, compared to the prior year. Operating expenses totaled \$10,050,888, up \$1,451,194, or 17%, from the previous year. This resulted in operating income of \$53,591, compared to \$164,225 in the prior year—a decrease of \$110,634, or 67%.

Capital improvement contributions from HUD totaled \$437,024, compared to \$195,460 in the prior year—an increase of \$241,564, or 124%. Capital outlays for the fiscal year amounted to \$372,023.

The Authority's expenditures of federal awards totaled \$8,323,302 for fiscal year 2025, an increase of \$968,926, or 13%, compared to the prior fiscal year's total of \$7,354,376.

USING THIS ANNUAL REPORT

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

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program
4. Continuum of Care (CoC) Program

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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

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

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes provide a greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 64. In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 71-72 of this report.

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

- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Township of Edison are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2025. Type B programs for the Housing Authority of the Township of Edison are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2025.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

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

Computations of Net Position of the primary government are as follows:

	<u>Year Ended</u>		Increase
	June-25	June-24	(Decrease)
Cash	\$ 2,527,109	\$ 1,909,178	\$ 617,931
Other Current Assets	1,011,018	1,046,804	(35,786)
Capital Assets - Net	2,943,158	2,847,911	95,247
Right to Use Assets	-	1,697	(1,697)
Deferred Outflows	1,141,736	354,294	787,442
Total Assets	7,623,021	6,159,884	1,463,137
Less: Current Liabilities	(558,242)	(413,312)	(144,930)
Less: Non Current Liabilities	(3,257,343)	(2,682,566)	(574,777)
Less: Deferred Inflows	(997,659)	(944,795)	(52,864)
Net Position	<u>\$ 2,809,777</u>	<u>\$ 2,119,211</u>	<u>\$ 690,566</u>
Net Investment in Capital Assets	\$ 2,798,158	\$ 2,637,911	\$ 160,247
Restricted Net Position	81,644	42,468	39,176
Unrestricted Net Position	(70,025)	(561,168)	491,143
Net Position	<u>\$ 2,809,777</u>	<u>\$ 2,119,211</u>	<u>\$ 690,566</u>

Cash and restricted cash increased by \$617,931 or 32%. Net cash provided by operating activities was \$520,766, net cash provided by capital and related financing activities was \$6,836, and net cash provided by investing activities was \$90,329. The full details of this amount can be found in the Statement of Cash Flows on pages 22-23 of this audit report.

Other current assets decreased \$35,786. Accounts receivable, net of allowances, decreased by \$51,674, investments increased by \$13,246 and prepaid expenses increased by \$2,642.

The Authority primary government capital assets reported an increase in the netbook value of the capital assets in the amount of \$95,247 or 3% percent. The major factor that contributed to the increase was the purchase of fixed assets in the amount of \$372,023, less the recording of depreciation expense in the amount of \$276,333.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority primary government reported an increase in the deferred outflow for the pension cost in the amount of \$787,442 for an ending balance of \$1,141,736. The Authority primary government reported an increase in the deferred inflow for the pension cost in the amount of \$52,864 for an ending balance of \$997,659.

Total primary government current liabilities increased from the previous year by \$144,930 or 35%. Accounts payable decreased by \$101,760, accrued liabilities increased by \$4,421, tenant security deposit payable increased by \$4,218, unearned revenue increased by \$234,931, and the current portion of the lease payable decreased \$1,880. The current portion of the Capital Project Bonds payable increased by \$5,000.

The Authority primary government total noncurrent liabilities increased by \$574,777 or 21%. The decrease was comprised of three accounts, long-term note payable which decreased by \$70,000 for an ending balance of \$75,000 and accrued compensated absences – long term with no offsetting assets increased \$3,569 from the prior fiscal year for an ending balance of \$42,392.

Accrued pension and other post-employment benefits (OPEB) liabilities increased \$641,208 for an ending balance of \$3,139,951. Additional information on how GASB #68 pension and GASB #75 affect the Authority's accrued OPEB liabilities on June 30, 2025, can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority's primary government reported net position is \$2,809,777 which is made up of three categories. The Authority primary government reported net investment in capital assets in the amount of \$2,798,158. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2024	\$ 2,637,911
Acquisition in Fixed Assets	372,023
Payment of Debt	65,000
Depreciation Expense	<u>(276,776)</u>
Balance June 30, 2025	<u><u>\$ 2,798,158</u></u>

The Housing Authority of the Township of Edison primary government operating results for June 30, 2025, reported an increase in unrestricted net position of \$491,143 or 88% for an ending deficit balance of \$70,025. A full detail of this account can be found in the Notes to the Financial Statements Section Note 21.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The primary government restricted net position increased \$39,176 from the previous year for an ending balance of \$81,644. Additional information on the Authority's restricted net position can be found in Note 20 to the financial statements, which is included in this report.

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

Computation of Changes in Net Position of the primary government are as follows:

	<u>Year Ended</u>		Increase
	June-25	June-24	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 909,750	\$ 848,832	\$ 60,918
HUD Subsidies	7,877,610	6,985,426	892,184
Other Governmental Grants	8,668	173,490	(164,822)
Other Revenues	1,308,451	756,171	552,280
Total Operating Income	10,104,479	8,763,919	1,340,560
<u>Expenses</u>			
Operating Expenses	9,774,555	8,340,593	1,433,962
Depreciation Expense	276,333	259,101	17,232
Total Operating Expenses	10,050,888	8,599,694	1,451,194
Operating Income before Non Operating Income	53,591	164,225	(110,634)
Interest Income	103,575	26,925	76,650
Capital Grants	437,024	195,460	241,564
Change in Net Position	594,190	386,610	207,580
Net Position Prior Year	2,119,211	1,538,278	580,933
Prior Period Adjustments	96,376	194,323	(97,947)
Total Net Position	\$ 2,809,777	\$ 2,119,211	\$ 690,566

Approximately 78% of the Authority's primary government total operating revenue was provided by HUD operating subsidy, while 9% resulted from tenant revenue. Charges for various services and fraud recovery provided 13% of the total income, and other governmental grants provided the remaining percentage of total income.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Housing Authority of the Township of Edison received from the capital fund program \$437,024 in grant money, representing an increase of \$241,564 from the prior fiscal year. The Authority had capital expenditures of \$372,023. The current year's additions included the replacement of hot water heaters, various site improvements, and the installation of a new basketball court.

The Authority's primary government operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 71% of total operating expenses. Administrative expenses accounted for 14%, tenant services accounted for less than 1%, utilities expense accounted for 5%, maintenance expense accounted for 6%, other operating expenses accounted for 2%, and depreciation expenses accounted for the remaining 2% of the total operating expenses.

The Authority primary government operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$53,591 from operations as compared to excess revenue from operations of \$164,225 for the previous year. The key elements for the increase in surplus revenue in comparison to the prior year are as follows:

- The Authority primary government tenant rental revenue increased \$60,918 or 7% due to an increase in tenant household income.
- The Authority primary government reported an increase in HUD PHA operating grants in the amount of \$892,184 or 13%.
- Other governmental grants decreased by \$164,822 or 95%.
- Total other revenue increased by \$552,280 or 73%.
- The Authority reported an increase in the following expense accounts:
 - Administrative expenses increased \$305,847 or 27%.
 - Tenant services expenses increased \$704 or 11%.
 - Utilities expenses increased \$45,083 or 10%.
 - Housing Assistance Payments increased \$1,118,744 or 19%.
 - Depreciation expense increased \$17,232 or 7%.
- The Authority reported a decrease in the following expense accounts:
 - Maintenance expenses decreased \$35,217 or 6%.
 - Other operating expenses decreased \$1,199 or 1%.

Total net cash provided by operating activities during the year was \$520,766 as compared to cash provided in the amount of \$744,247 for the prior fiscal year. A full detail of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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

	June-25	June-24	June-23	June-22
Significant Income				
Total Tenant Revenue	\$ 909,750	\$ 848,832	\$ 835,766	\$ 797,956
HUD Operating Grants	7,877,610	6,985,426	5,873,768	5,791,735
HUD Capital Grants	437,024	195,460	106,350	145,482
Other Governmental Grants	8,668	173,490	28,658	15,497
Investment Income	103,575	26,925	3,942	3,667
Other Income	1,308,451	756,171	1,039,725	864,257
Total	\$ 10,645,078	\$ 8,986,304	\$ 7,888,209	\$ 7,618,594
Payroll Expense				
Administrative Salaries	\$ 617,273	\$ 471,329	\$ 435,201	\$ 430,944
Maintenance Labor	210,356	218,512	177,383	231,730
Utility Labor	23,372	24,278	19,709	-
Employee Benefits Expense	457,713	374,887	228,459	173,577
Total Payroll Expense	\$ 1,308,714	\$ 1,089,006	\$ 860,752	\$ 836,251
Other Significant Expenses				
Other Administrative Expenses	\$ 529,673	\$ 396,250	\$ 314,679	\$ 255,622
Utilities Expense	457,898	449,619	483,706	435,018
Maintenance Supplies	70,838	86,845	78,196	92,312
Maintenance Contract Cost	152,074	170,308	183,838	116,496
Insurance Premiums	135,218	120,158	99,893	85,529
Housing Assistance Payments	6,082,852	5,977,663	5,276,911	5,193,327
Total	\$ 7,428,553	\$ 7,200,843	\$ 6,437,223	\$ 6,178,304
Total Operating Expenses	\$ 10,050,888	\$ 8,599,694	\$ 7,731,619	\$ 7,282,557
Total of Federal Awards	\$ 8,323,302	\$ 7,354,376	\$ 6,008,776	\$ 5,952,714

THE AUTHORITY AS A WHOLE

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON PROGRAMS

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

Housing Choice Voucher Program

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

Continuum of Care (CoC) Program

The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

BUDGETARY HIGHLIGHTS

For the year ending June 30, 2025, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's primary government net investment in capital assets as of June 30, 2025, was \$2,943,158 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total increase during the year in the Authority's investment in capital assets was \$95,247 or 3%. Major capital expenditures of \$372,023 were made during the year. Major capital assets events during the fiscal year included the following:

- Hot Water Heater Replacements
- Basketball Court Installation
- Security Cameras

The Primary Government:			Increase
	June-25	June-24	(Decrease)
Land	\$ 400,000	\$ 400,000	\$ -
Building	11,121,266	10,270,155	851,111
Furniture, Equipment - Dwelling	422,410	422,410	-
Furniture, Equipment - Administration	614,257	614,257	-
Construction in Process	252,997	732,085	(479,088)
Total Fixed Assets	12,810,930	12,438,907	372,023
Accumulated Depreciation	(9,867,772)	(9,590,996)	(276,776)
Net Book Value	<u>\$ 2,943,158</u>	<u>\$ 2,847,911</u>	<u>\$ 95,247</u>

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION -CONTINUED

2 - Debt Administration

The Authority has participated in the New Jersey pooled leveraging program. The outstanding principal balance of \$145,000 for the Primary Government Capital Project Bond was reported as of June 30, 2025. A full disclosure of loans payable on June 30, 2025, can be found in Note 16.

NEW INITIATIVES

For the fiscal year 2025 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 78% of its revenue from the Department of Housing and Urban Development, (2024 was 82%), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has been exploring a Rental Assistance Application (RAD) which would involve converting current public housing units into a Section 8 platform. While this process takes time the Authority has remained diligent in being proactive regarding maintaining the condition of their buildings.

The Authority has made steady progress in various phases of the operations, all the while increasing the occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need for the services.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of the Township of Edison remains primarily dependent on the U.S. Department of Housing and Urban Development (HUD) for operational funding. As a result, federal budget decisions have a far greater impact on the Authority's financial outlook than local economic conditions. Ongoing pressure on the federal budget, driven by record deficits and competing national funding priorities, is expected to continue, and we do not anticipate a meaningful change in this trend.

The Authority has submitted its capital budgets for fiscal year 2026 to HUD, with no significant revisions made. The Capital Fund Program consists of multiyear budgets and has remained relatively stable over time. These funds are dedicated to the modernization and improvement of public housing properties, including administrative costs associated with capital improvements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES — CONTINUED

In preparing the Authority's budget for the fiscal year ending June 30, 2026, management considered the following key factors:

- Statewide economic conditions, including their effect on tenant income. Inflation, recessionary pressures, and employment trends influence household earnings and, consequently, tenant rental contributions, which are income-based.
- Rising healthcare insurance costs, which are expected to continue increasing employee benefit expenses over the next several years.
- Conversion of Public and Indian Housing rental units to RAD subsidy units, which may affect subsidy streams and long-term program structure.
- Inflationary increases in utility rates, supplies, and operational costs, all of which place pressure on annual operating budgets.
- Housing market conditions that influence the availability and affordability of rental units for Section 8 voucher holders. Changes in private-market rents directly impact Housing Assistance Payments (HAP) made to landlords.
- Continued federal budget constraints, which may limit HUD appropriations even in years when full funding levels are authorized. Persistent federal deficits and competing policy priorities continue to shape the funding landscape.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is intended to provide a clear and comprehensive overview of the Authority's financial condition for all interested parties. Questions regarding the information presented, or requests for additional financial details, may be directed to:

Ms. Deborah Hurley
Executive Director
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, NJ
Phone: (908) 561-2525

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business activities and the discretely present component unit of the Housing Authority of the Township of Edison, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Township of Edison basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business activities and the discretely present component unit of the Housing Authority of the Township of Edison as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Township of Edison's basic financial statements. The accompanying supplemental information on pages 71-82 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, in our consideration of the Housing Authority of the Township of Edison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Township of Edison's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Township of Edison's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: February 20, 2026

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF NET POSITION - 1
AS OF JUNE 30, 2025

	<u>Primary Government</u>	<u>Component Unit June-25</u>	<u>Total (Memorandum)</u>
Assets			
Current Assets:			
Cash and Cash Equivalents			
Operating	\$ 2,375,488	\$ 491,669	\$ 2,867,157
Restricted	<u>151,621</u>	<u>2,025</u>	<u>153,646</u>
Total cash and equivalents	2,527,109	493,694	3,020,803
Accounts Receivables, Net of Allowances	152,406	1,269	153,675
Investments	789,681	211,501	1,001,182
Prepaid Expenses	<u>68,931</u>	<u>-</u>	<u>68,931</u>
Total Current Assets	<u>3,538,127</u>	<u>706,464</u>	<u>4,244,591</u>
Noncurrent Assets			
Capital Assets			
Land	400,000	20,000	420,000
Building	11,121,266	81,521	11,202,787
Furniture, Equipment - Dwelling	422,410	-	422,410
Furniture, Equipment - Administration	614,257	-	614,257
Construction in Process	<u>252,997</u>	<u>-</u>	<u>252,997</u>
Total Capital Assets	12,810,930	101,521	12,912,451
Less: Accumulated Depreciation	<u>(9,867,772)</u>	<u>(23,418)</u>	<u>(9,891,190)</u>
Net Book Value	<u>2,943,158</u>	<u>78,103</u>	<u>3,021,261</u>
 Total Assets	 <u>6,481,285</u>	 <u>784,567</u>	 <u>7,265,852</u>
Deferred Outflow of Resources			
NJ Pension and OPEB	<u>1,141,736</u>	<u>-</u>	<u>1,141,736</u>
 Total Assets and Deferred Outflow of Resources	 <u>7,623,021</u>	 <u>784,567</u>	 <u>8,407,588</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF NET POSITION - 2
AS OF JUNE 30, 2025

	<u>Primary Government</u>	<u>Component Unit June-25</u>	<u>Total (Memorandum)</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 154,345	\$ 14,770	\$ 169,115
Accrued Liabilities	22,046	-	22,046
Tenant Security Deposit Payable	69,847	2,023	71,870
Unearned Revenue	242,004	3	242,007
Current Portion - Long Term Debt	70,000	-	70,000
Total Current Liabilities	558,242	16,796	575,038
Noncurrent Liabilities			
Long Term Debt - CFFP	75,000	-	75,000
Accrued Compensated Absences - Long-Term	42,392	-	42,392
Accrued Other Post-Employment Benefits (OPEB)	3,139,951	-	3,139,951
Total Noncurrent Liabilities	3,257,343	-	3,257,343
Total Liabilities	3,815,585	16,796	3,832,381
Deferred Inflow of Resources			
NJ Pension and OPEB	997,659	-	997,659
Net Position:			
Net Investment in Capital Assets	2,798,158	78,103	2,876,261
Restricted	81,644	-	81,644
Unrestricted	(70,025)	689,668	619,643
Total Net Position	2,809,777	767,771	3,577,548
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 7,623,021	\$ 784,567	\$ 8,407,588

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

	<u>Primary Government</u>	<u>Component Unit June-25</u>	<u>Total (Memorandum)</u>
Revenue:			
Tenant Rental Revenue	\$ 909,750	\$ 27,082	\$ 936,832
HUD PHA Operating Grants	7,877,610	-	7,877,610
Other Governmental Grants	8,668	-	8,668
Other Revenue	1,308,451	39,154	1,347,605
Total Revenue	<u>10,104,479</u>	<u>66,236</u>	<u>10,170,715</u>
Operating Expenses:			
Administrative Expenses	1,421,980	48,367	1,470,347
Tenant Services	7,062	-	7,062
Utilities Expense	494,702	-	494,702
Maintenance Expense	554,148	-	554,148
Other Operating Expenses	200,256	-	200,256
Housing Assistance Payments	7,096,407	-	7,096,407
Depreciation Expense	276,333	2,038	278,371
Total Operating Expenses	<u>10,050,888</u>	<u>50,405</u>	<u>10,101,293</u>
Excess Revenue From Operations	<u>53,591</u>	<u>15,831</u>	<u>69,422</u>
Nonoperating Revenue			
Investment Income	103,575	10,407	113,982
Capital Grant Contributions	437,024	-	437,024
Total Nonoperating Revenue	<u>540,599</u>	<u>10,407</u>	<u>551,006</u>
Change in Net Position	<u>594,190</u>	<u>26,238</u>	<u>620,428</u>
Beginning Net Position	2,119,211	741,533	2,860,744
Prior Period Adjustment	96,376	-	96,376
Beginning Net Position - Restated	<u>2,215,587</u>	<u>741,533</u>	<u>2,957,120</u>
Ending Net Position	<u>\$ 2,809,777</u>	<u>\$ 767,771</u>	<u>\$ 3,577,548</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF CASH FLOWS-1
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

	Primary Government	Component Unit June-25	Total (Memorandum)
Cash Flow From Operating Activities			
Receipts from Tenants	\$ 714,069	\$ 25,813	\$ 739,882
Receipts from Federal Grants	7,835,235		7,835,235
Receipts from Misc. Sources	1,317,119	39,154	1,356,273
Payments to Vendors and Suppliers	(451,075)	(64,423)	(515,498)
Payments for Housing Assistance Payments	(7,096,407)		(7,096,407)
Payments to Employees	(851,001)		(851,001)
Payment of Employee Benefits	(489,276)		(489,276)
Payment of Utilities Expenses	(457,898)		(457,898)
Net Cash Provided by Operating Activities	<u>520,766</u>	<u>544</u>	<u>521,310</u>
Cash Flow From Capital and Related Financing Activities			
Receipts from Capital Grants	437,024	-	437,024
Acquisitions and Construction of Capital Assets	(372,023)	-	(372,023)
Change in Long Term Compensated Absences	3,569	-	3,569
Net Effect of Deferred Inflows and Outflows	(734,135)	-	(734,135)
Lease Payable	(1,880)	-	(1,880)
Right to Use Assets - Copiers	1,697	-	1,697
Prior Period Adjustment	96,376	-	96,376
Accrued Other Post-Employment Benefits (OPEB) Liabilities	641,208	-	641,208
Principal Payment on Debt	(65,000)	-	(65,000)
Net Cash Provided by and Related Financing Activities	<u>6,836</u>	<u>-</u>	<u>6,836</u>
Cash Flow From Investing Activities			
Interest Income	103,575	10,407	113,982
Sale (Purchase) of Investment	(13,246)	(211,501)	(224,747)
Net Cash Provided (Used) by Investing Activities	<u>90,329</u>	<u>(201,094)</u>	<u>(110,765)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	617,931	(200,550)	417,381
Beginning Cash, Cash Equivalents and Restricted Cash	<u>1,909,178</u>	<u>694,244</u>	<u>2,603,422</u>
Ending Cash, Cash Equivalents and Restricted Cash	<u>\$ 2,527,109</u>	<u>\$ 493,694</u>	<u>\$ 3,020,803</u>
Reconciliation of Cash Balances:			
Cash and Cash Equivalents - Unrestricted	2,375,488	\$ 491,669	\$ 2,867,157
Cash and Cash Equivalents - Restricted	151,621	2,025	153,646
Total Ending Cash	<u>\$ 2,527,109</u>	<u>\$ 493,694</u>	<u>\$ 3,020,803</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF CASH FLOWS -2
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

	Primary Government	Component Unit June-25	Total (Memorandum)
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities	\$ 53,591	\$ 15,831	\$ 69,422
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	276,333	2,038	278,371
(Increase) Decrease in:			
Accounts Receivables	51,674	1,326	53,000
Prepaid Expenses	(2,642)	-	(2,642)
Increase (Decrease) in:			
Accounts Payable	(101,760)	(18,545)	(120,305)
Accrued Liabilities	4,421	-	4,421
Unearned Revenue	234,931	(106)	234,825
Tenant Security Deposit Payable	4,218	-	4,218
Net Cash Provided by Operating Activities	<u>\$ 520,766</u>	<u>\$ 544</u>	<u>\$ 521,310</u>
Supplementary information			
Interest Expense Paid during the Year	<u>\$ 10,425</u>	<u>\$ -</u>	<u>\$ 10,425</u>
Lease Payments paid during the year	<u>\$ 1,880</u>	<u>\$ -</u>	<u>\$ 1,880</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

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

Organization

The Authority is a governmental public corporation organized under the Public Corporation Law and created pursuant to federal and state housing legislation, as defined by N.J.S.A. 40A:12A-1 et seq. (the Housing Authority Act). Its purpose is to develop, acquire, and administer low-income housing programs and other initiatives that support low- and moderate-income families residing in the Township of Edison. All activities are carried out in accordance with the rules and regulations established by the U.S. Department of Housing and Urban Development (HUD).

The Authority is governed by an autonomous Board of Commissioners; however, it remains accountable to both HUD and the New Jersey Department of Community Affairs. The Board appoints an Executive Director who is responsible for the day-to-day management and operations of the Authority. The Authority's responsibilities include the development, maintenance, and management of public housing within Edison. Operating and modernization funding is provided by the federal government.

The accompanying financial statements include all accounts of the Authority. The Authority represents the lowest level of oversight for which the Board of Commissioners and the Executive Director are responsible. Although Board members are appointed primarily by the Mayor and Township Council of Edison, the Authority is not considered part of any other governmental reporting entity. This is because its Board of Commissioners retains full decision-making authority, appoints management, directs operations, and maintains primary responsibility for financial matters. Accordingly, the Authority has concluded that it is excluded from the reporting entity of the Township of Edison.

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Organization -continued

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Housing Authority of the Township of Edison consists of all funds, departments, boards and agencies that are not legally separate from the Authority. As defined by the Governmental Accounting Standards Board, component units are legally separate entities that are included in the Authority's reporting entity because of the significance of their operating or financial relationships with the Authority.

Based on the application of these criteria, the Housing Authority of the Township of Edison has one (1) component unit as follows: Based on the following criteria, the Authority has identified one (1) entity entities which should be subject to evaluation for inclusion in the Authority's reporting entity as discretely component unit.

Edison Affordable Housing Inc. entity is legally separate from the Housing Authority of the Township of Edison but is considered part of the reporting entity. The Authority manages the financial affairs for Edison Affordable Housing Inc. This entity is being reported as a discretely presented component unit. The financial data included in this report is based on the information for Edison Affordable Housing Inc. at the end of its fiscal year, which was June 30, 2025.

Significant Accounting Policies

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Significant Accounting Policies - Continued

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

The Authority adopted in July 2021, GASB Statement No. 87, Accounting for Leases. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease receivables and liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

Related Entity -Blended Component Unit – Discretely Presented

Edison Affordable Housing Inc. is a legally separated entity from the Housing Authority of the Township of Edison; however, it is included within the Authority's reporting entity. The Authority oversees and manages the financial affairs of Edison Affordable Housing Inc. The Corporation was established to support and promote the development of additional affordable housing within the Township of Edison.

Edison Affordable Housing Inc. operates on a fiscal year ending June 30. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The entity is presented in these financial statements as a discretely presented component unit. The financial information included in this report reflects the activity and balances of Edison Affordable Housing Inc. as of the end of its fiscal year, June 30, 2025.

Basis of Accounting

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Basis of Accounting - Continued

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

Revenue Recognition

The Authority's primary sources of revenue include HUD operating subsidies, tenant dwelling rents, and various other revenue streams. "Other revenue" consists mainly of miscellaneous tenant fees, portability income related to the Housing Choice Voucher Program, and administrative management fees.

The Authority recognizes rental income from tenants who have entered into lease agreements for units within the developments, with lease terms of less than one year. Rental revenue is recorded in accordance with HUD requirements. Under these standards, government subsidies and tenant rental payments are considered subject to ASC 606; however, the Authority has determined that both rental and subsidy income are exempt from ASC 606 because they fall under existing and future lease accounting guidance.

Revenue streams subject to ASC 606 primarily include tenant reimbursements for consumption-based costs paid by the Authority on the tenant's behalf, such as monthly utility fees.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by June 30, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

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

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority Township of Edison's flat rent amount.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Report Presentation

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

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

Financial Reporting Entity

The financial reporting entity encompasses the organizations, functions, and activities over which the Authority's appointed officials exercise oversight responsibility. Oversight responsibility is determined based on several factors, including financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

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

1. The primary government, which is the Housing Authority.
2. Organizations for which the Authority is financially accountable.
3. Other organizations whose relationship with the Authority is such that omission would render the financial statements misleading or incomplete, as outlined in GASB Statement No. 61.

In determining whether to include a potential component unit in the Authority's reporting entity, the Authority evaluates criteria established in GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Financial Reporting Entity - Continued

Based on this evaluation, the Authority has identified Edison Affordable Housing Inc. as a discretely presented component unit. The Authority manages the financial affairs of this nonprofit entity, and therefore, in accordance with GASB Statement No. 61, it is reported separately from the primary government to enhance clarity and ensure the completeness of the financial statements.

The activity of this nonprofit corporation is included as a component unit within the Authority's electronically filed Financial Data Schedule (FDS). The component unit's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial data presented in this report reflects information for Edison Affordable Housing Inc. as of the end of its fiscal year, June 30, 2025.

Other accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in the management's judgment, deserve current recognition in estimating bad debts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight-line basis.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – Operating subsidies received from HUD are recorded as income when earned.
- 6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 8 – The Authority does not have any infrastructure assets for its Enterprise Fund.
- 9 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Other accounting policies - Continued

10- Advertising cost is charged to expense when incurred.

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

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

13 - Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality a 10% of its net shelter rent.

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Other accounting policies - Continued

15 - Net Position

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

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

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

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

16 - Operating and non-operating revenues and expenses

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

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

17-Impairment Losses

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

18- Recent Accounting Pronouncements

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

Budgetary and Policy Control -

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Activities - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-43	160
Capital Fund	14.872		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-43	328
Continuum of Care	14.267		70
Community Development Block Grant	14.218		

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

Section 8 Housing Choice Voucher Program

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Activities - Continued

Continuum of Care (CoC) Program

The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Community Development Block Grant

CDBG funds may be used to undertake certain economic development activities. These activities include acquiring, constructing, reconstructing, rehabilitating, or installing structures, and other real property equipment and improvements. These are economic development projects undertaken by nonprofit entities. Assistance may include grants, loans, loan guarantees, and technical assistance; and providing economic development services in connection with otherwise eligible CDBG economic development activities. In addition to meeting one of the organizational types listed above, the entity must be carrying out neighborhood revitalization, community economic development or energy conservation projects.

Component Unit

Edison Affordable Housing Inc. entity is legally separate from the Housing Authority of the Township of Edison but is considered part of the reporting entity. The Authority manages the financial affairs for Edison Affordable Housing Inc. The purpose of the Corporation was to promote additional affordable housing in the Township of Edison. This corporation operates on a fiscal year that ended on June 30. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. This entity is being reported as a discretely presented component unit. The financial data included in this report is based on the information for Edison Affordable Housing Inc. at the end of its fiscal year, which was June 30, 2025.

Revenue from Rental Contracts

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

Revenue from Rental Contracts - Continued

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

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

Board of Commissioners

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

1. Oversight of Financial Independence

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

2. Governing and Decision-Making Authority

The Board possesses ultimate governing authority, including responsibility for financial decision-making and accountability for those decisions.

3. Appointment and Accountability of Management

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

4. Influence Over Operations

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

5. Fiscal Control and Accountability

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 2 - ESTIMATES

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

NOTE 3 - PENSION PLAN

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

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

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925. On the web:
<http://www.state.nj.us/treasury/pensions/pdf/financial/2014divisioncombined.pdf>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 3 - PENSION PLAN -CONTINUED

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employees' contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2025 amounted to \$88,009 and for 2024 was \$93,953.

Post Employment Retirement Benefits

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

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Authority's cash and cash equivalents are stated at cost, which approximates market value. Cash, cash equivalents, and investments include cash on deposit in banks, petty cash, money market checking accounts, certificates of deposit, and other investments with original maturities of three months or less at the time of purchase. For purposes of the statement of cash flows, cash and cash equivalents consist of all cash balances and highly liquid investments with original maturities of three months or less.

Concentration of Credit Risk

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2025

NOTE 4 — CASH AND CASH EQUIVALENTS - CONTINUED

Risk Disclosures

Collateral for Deposits

New Jersey authorities are required under N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company located in the State of New Jersey and organized under federal or state law, or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 further provides the list of securities permissible for investment by New Jersey authorities. The Authority is required to maintain deposits in public depositories that are protected from loss under the Governmental Unit Deposit Protection Act (GUDPA). Enacted in 1970, GUDPA protects governmental units from losses of funds deposited with a failed New Jersey banking institution.

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that a security or portfolio may lose value due to changes—real or perceived—in the issuer's ability to meet its financial obligations. The Authority's investment policy prohibits investing any portion of the portfolio in securities of a single issuer, other than obligations of the U.S. Government, its agencies, or its instrumentalities.

Custodial Credit Risk

The Authority's primary government checking accounts and investments are categorized to disclose the extent of custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The custodial credit risk categories for the Authority's deposits as of June 30, 2025, are as follows:

	Bank Balances	
	Primary Government	Component Unit
<u>Depository Accounts</u>		
Insured	\$ 842,878	\$ 461,501
Collateralized held by pledging bank's trust department in the Authority's name	2,473,912	-
Uninsured	-	243,694
Total Cash, Cash Equivalents	<u>\$ 3,316,790</u>	<u>\$ 705,195</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

The Edison Affordable Housing Inc. maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. Edison Affordable Housing Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent.

Restricted Cash

The Authority has total noncurrent restricted cash on June 30, 2025, which consists of the following:

	Primary Government	Component Unit
Tenant Security Deposits	\$ 69,977	\$ 2,025
HAP Reserve	81,644	-
Total Restricted Cash	\$ 151,621	\$ 2,025

The restricted cash in the amount of \$81,644 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Provident Bank. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Investments

The Authority's primary government investments on June 30, 2025, included the following:

Investments	Maturities	Interest Rate	Fair Value
Certificate of Deposit	28-Jul-25	0.00%	\$ 106,569
Certificate of Deposit	28-Jul-25	0.00%	160,979
Certificate of Deposit	28-Jul-25	0.00%	27,708
Certificate of Deposit	11-Nov-25	0.75%	105,504
Checking Plus	Upon Demand	0.05%	2,100
Money Market Account	Upon Demand	Variable	100,409
Money Market Account	Upon Demand	Variable	286,412
Total			\$ 789,681
Component Unit			
Checking Plus	Upon Demand	3.15%	211,501

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 5 - ACCOUNTS RECEIVABLE

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

	Primary Government June-25	Primary Government June-24
Tenants Accounts Receivable - Present	\$ 195,681	\$ 192,848
Less: Allowance for Doubtful Accounts - Tenants	(178,257)	(166,565)
Net Tenants Accounts Receivable	<u>17,424</u>	<u>26,283</u>
Accounts Receivable - HUD	42,375	116,268
Accounts Receivable - Other Government's	46,156	-
Accounts Receivable - Fees	48,005	61,529
Accounts Receivable - Fraud Recovery	2,213	-
Less: Allowance for Doubtful Accounts - Other	(3,767)	-
Net Other Receivables	<u>134,982</u>	<u>177,797</u>
 Net Accounts Receivables Total	 <u>\$ 152,406</u>	 <u>\$ 204,080</u>
	Component Unit June-25	Component Unit June-24
Tenants Accounts Receivable - Present	\$ 1,269	\$ 2,595
Less: Allowance for Doubtful Accounts - Tenants	-	-
Net Tenants Accounts Receivable	<u>\$ 1,269</u>	<u>\$ 2,595</u>

Tenant Rent and Receivables Policy

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 5 - ACCOUNTS RECEIVABLE - CONTINUED

Any recoveries of previously written-off debts are recognized as income in the year they are received. For the fiscal period ending June 20, 2025, the total bad debt expense recorded was \$12,581 and for 2024 was \$3,696.

NOTE 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Prepaid expenses on June 30, 2025, and 2024 consisted of the following:

	Primary Government June-25	Primary Government June-24
Prepaid Insurance	\$ 68,931	\$ 66,289

NOTE 7 - INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during operations, reimbursements, or transfers. Short-term loans are reported as interfund short term receivable and payable as appropriate. The amounts between the various programs administered by the Authority on June 30, 2025, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - FIXED ASSETS

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 8 - FIXED ASSETS - CONTINUED

Depreciation

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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

Depreciation expense for the primary government for the period ending June 30, 2025, was \$276,333 and \$259,101 for 2024 and \$2,038 for 2025 and 2024 the component unit.

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 8 - FIXED ASSETS - CONTINUED

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

Primary Government	June-24	Additions	Transfer	June-25
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Building	10,270,155	-	851,111	11,121,266
Furniture, Equipment - Dwelling	422,410	-	-	422,410
Furniture, Equipment - Administration	614,257	-	-	614,257
Construction in Process	732,085	372,023	(851,111)	252,997
-9331897	12,438,907	372,023	-	12,810,930
Accumulated Depreciation	(9,590,996)	(276,776)	-	(9,867,772)
Net Book Value	<u>\$ 2,847,911</u>	<u>\$ 95,247</u>	<u>\$ -</u>	<u>\$ 2,943,158</u>

Component Unit	June-24	Additions	June-25
Land	\$ 20,000	\$ -	\$ 20,000
Building	81,521	-	81,521
Total Fixed Assets	101,521	-	101,521
Accumulated Depreciation	(21,380)	(2,038)	(23,418)
Net Book Value	<u>\$ 80,141</u>	<u>\$ (2,038)</u>	<u>\$ 78,103</u>

Below is a schedule of the netbook value of the fixed assets for the Housing Authority of the Township of Edison as of June 30, 2025:

	Primary Government	Component Unit
Net Book Value of Fixed Assets		
Land	\$ 400,000	\$ 20,000
Building	2,151,527	58,103
Furniture, Equipment - Dwelling	110,805	-
Furniture, Equipment - Administration	27,829	-
Construction in Process	252,997	-
Net Book Value	<u>\$ 2,943,158</u>	<u>\$ 78,103</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 9 – RIGHT TO USE ASSETS

In September 2018, the Authority entered into a lease with a copy company to lease a copier. The agreement requires 63 monthly payments of \$366. The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The discount rate used was 3.0%. The right to use assets are amortized on a straight-line basis over the life of the related lease. The amount of amortization expense for June 2025 was \$1.697. The lease expired in 2025, and the Authority purchased the copier.

Initial Copier Present Value	\$	21,384
Less Accumulated Depreciation		(21,384)
Net Right to Use Asset	\$	<u><u>-</u></u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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

Deferred Outflows of Resources	<u>OPEB</u>	<u>Pension</u>	<u>Total</u>
Differences Between Expected and Actual Experiences	\$ 114,509	\$ 17,605	\$ 132,114
Changes in Assumptions	378,013	1,092	379,105
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	576,959	53,558	630,517
Total	<u>\$ 1,069,481</u>	<u>\$ 72,255</u>	<u>\$ 1,141,736</u>
Deferred Inflows of Resources	<u>OPEB</u>	<u>Pension</u>	<u>Total</u>
Differences Between Expected and Actual Experiences	\$ 383,108	\$ 2,340	\$ 385,448
Changes in Assumptions	375,328	9,999	385,327
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,024	40,750	41,774
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	88,404	96,706	185,110
Total	<u>\$ 847,864</u>	<u>\$ 149,795</u>	<u>\$ 997,659</u>

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$132,114 and \$385,448.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$379,105 and \$385,327.

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

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and GASB #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$41,774.

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net OPEB and pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$630,517 and \$185,110.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 11 - ACCOUNTS PAYABLE

Accounts payable are a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an account payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable are an important aspect of a company's financial management, as it represents its short-term obligations to its vendors and suppliers. Accounts payable on June 30, 2025, and 2024, consisted of the following:

	Primary Government June-25	Primary Government June-24
Accounts Payable Vendors	\$ 75,548	\$ 180,940
Accounts Payable - Other Government	78,797	75,165
Total Accounts Payable	<u>\$ 154,345</u>	<u>\$ 256,105</u>

	Component Unit June-25	Component Unit June-24
Accounts Payable Vendors	<u>\$ 14,770</u>	<u>\$ 33,315</u>

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

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township of Edison. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2025, PILOT expense of \$41,505 was accrued. PILOT payable on June 30, 2025, is \$78,797.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 13 – ACCRUED EXPENSES

Accrued expenses are Authority expenses that have been incurred but have not yet paid. These expenses are recognized in the financial statements before payment has been made, and typically refer to items such as salaries, interest, and taxes. Accrued liabilities on June 30, 2025, and 2024, consist of the following:

	Primary Government June-25	Primary Government June-24
Compensated Absences - Current Portion	\$ 4,711	\$ 4,314
Accrued Interest Payable	1,183	1,737
Accrued Wages and Payroll Taxes	16,152	11,574
Total Accrued Liabilities	<u>\$ 22,046</u>	<u>\$ 17,625</u>

NOTE 14 – ACCRUED COMPENSATED ABSENCES

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

Policy

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for one for two unused sick days up to a maximum of \$15,000 under the Authority’s current personnel policy. Generally, unused vacation may be carried over for a one-year period. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

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

Balance on Jun-24	Additions	Deductions	Balance on Jun-25	Current Portion
\$ 43,137	\$ 3,966	\$ -	\$ 47,103	\$ 4,711

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 15 – UNEARNED REVENUE

Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. Subject to ASC 606, rental payments with acceptance provisions and future delivery commitments, wherein the Authority has not completed its obligations under the lease, are also offset against the associated accounts receivable since the requirements for revenue recognition have not been met. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The deferred revenue for June 30, 2025, consists of July 2025 rental income received in the amount of \$5,165 and deferred revenue from the Continuum of Care Grant Program in the amount of \$236,839.

NOTE 16 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND

The Authority participated on August 2, 2007, with other New Jersey Housing Authorities in the issuance of \$18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is \$990,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low-Income Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2027.

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

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2008. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD. Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the Wells Fargo Bank, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund. The interest payable for November 1, 2025, is \$3,595 and May 1, 2026 is \$3,595.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 16 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND - CONTINUED

	Balance June-24	Payments	Balance June-25	Current Portion June-25
Capital Leveraging Fund	\$ 210,000	\$ (65,000)	\$ 145,000	\$ 70,000

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

June 30, 2026	\$ 70,000
June 30, 2027	75,000
Total Capital Project Bonds	<u>\$ 145,000</u>

NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES

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

	June-25	June-24
Accrued OPEB	\$ 2,261,100	\$ 1,480,545
Accrued Pension	878,851	1,018,199
Total Pension and OPEB Liabilities	<u>\$ 3,139,951</u>	<u>\$ 2,498,744</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 18 will discuss the effect of GASB #68 and the liability which arose from that.

OPEB Liability

The Authority as of June 30, 2025, reported a net OPEB liability in the amount of \$2,261,100 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2024, the last evaluation date, is as follows:

	June-25	June-24
Employer OPEB Liability	\$ 2,241,250	\$ 1,469,006
Plan Net Position	19,850	11,539
Employer Net OPEB Liability	<u>\$ 2,261,100</u>	<u>\$ 1,480,545</u>

The Authority allocation percentage is 0.0098660% as of June 30, 2024.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS – CONTINUED

OPEB Liability – Plan Description and Benefits Provided

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

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Plan Description and Benefits Provided

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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2025 was \$2,261,100.

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

Plan Members

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Net OPEB Liability

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

Actuarial Assumptions: The total OPEB Liability on June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.16%

Salary Increases

Through 2026 = 2.75% to 6..55%

Thereafter = 3.00% to 7.00%

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Actuarial Assumptions: Continued

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

Certain actuarial assumptions used in the June 30, 2024, valuation was based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013, to June 30, 2024 and July 1, 2014 to June 30, 2024, respectively. 100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2024, was 3.93% and 3.65% for 2023. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.93%	3.93%	4.93%
Total OPEB Liability	\$ 2,633,937	\$ 2,261,100	\$ 1,962,490

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

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

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,912,429	\$ 2,261,100	\$ 2,709,392

Change in Assumptions: Effective June 30, 2024.

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 year for the 2024.

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2025</u>
Service Cost	\$ 68,833
Interest on Total OPEB liability	70,016
Expected Investment Return	-
Administrative Expenses	-
Current Period Deferred Inflows/Outflows of Resources	-
Changes in Assumptions or Other Inputs	646,909
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	51,584
Benefit Payments	(70,384)
Change in Plan	13,597
Net Change in Total OPEB Liability	780,555
Total OPEB Liability, Beginning	<u>1,480,545</u>
Total OPEB Liability, Ending	<u>\$ 2,261,100</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

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

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

Year Ending June 30, 2025	\$ (141,936)
Year Ending June 30, 2026	(61,107)
Year Ending June 30, 2027	(10,501)
Year Ending June 30, 2028	(55,984)
Year Ending June 30, 2029	(35,668)
Therafter	38,258
Total	<u>\$ (266,938)</u>

NOTE 18 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2025, reported a net pension liability in the amount of \$878,851 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2024, the last evaluation date, is as follows:

	<u>June-25</u>	<u>June-24</u>
Employer Total Pension Liability	\$ 2,716,934	\$ 5,040,040
Plan Net Position	(1,838,083)	(4,021,841)
Employer Net Pension Liability	<u>\$ 878,851</u>	<u>\$ 1,018,199</u>

The Authority allocation percentage is 0.0064678236% as of June 30, 2024.

Plan Description

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

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

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

Allocation Percentage Methodology

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology - Continued

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

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

Actuarial Assumptions

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2024.

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 7.00% for 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,229,827	\$ 878,851	\$ 702,060

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2025	\$	(49,461)
Year Ending June 30, 2026		(27,607)
Year Ending June 30, 2027		56,790
Year Ending June 30, 2028		(3,499)
Year Ending June 30, 2029		485
Total	\$	<u>(23,292)</u>

Changes in Proportion

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

Pension Expense

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

Service Cost	\$	78,811
Interest on the Total Pension Liability		312,536
Benefits Changes		-
Member Contributions		(62,215)
Administrative Expenses		1,238
Expected Investment Return Net of Investment Expenses		(137,943)
Pension Expense Related to Specific Liabilities of Individual Employers		(736)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		14,329
Changes of Assumptions		(152,032)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		2,124
Total	\$	<u>56,111</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

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

	Primary Government	Component Unit
Balance June 30, 2024	\$ 2,637,911	\$ 80,141
Acquisition in Fixed Assets	372,023	-
Payment of Debt	65,000	-
Depreciation Expense	(276,776)	(2,038)
Balance June 30, 2025	<u>\$ 2,798,158</u>	<u>\$ 78,103</u>

NOTE 20 – RESTRICTED NET POSITION

The restricted cash in the amount of \$42,468 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Bank of America. In accordance with HUD’s PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD reserves held for the Authority on June 30, 2025, was not made available.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 21 – UNRESTRICTED NET POSITION

The Authority’s primary government unrestricted net position account balance on June 30, 2025, is a negative (\$70,025) and the component unit with a balance of \$689,668 is as follows:

Primary Government	PIH Program Reserves	HCV Reserve	COCC Center	Business Activities	COC Program Reserves	Total
Balance June 30, 2024	\$ (547,561)	\$ 216,187	\$ (809,288)	\$ 754,654	\$ (175,160)	\$ (561,168)
Increase During the Year	145,827	209,591	83,088	6,623	-	445,129
Decrease During the Year	-	-	-	-	(50,362)	(50,362)
Prior Period Adjustment	125,808	(19,220)	(10,212)	-	-	96,376
Balance June 30, 2025	<u>\$ (275,926)</u>	<u>\$ 406,558</u>	<u>\$ (736,412)</u>	<u>\$ 761,277</u>	<u>\$ (225,522)</u>	<u>\$ (70,025)</u>

	Component Unit
Balance June 30, 2024	<u>\$ 661,392</u>
Increase During the Year	<u>28,276</u>
Balance June 30, 2025	<u>\$ 689,668</u>

NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ending June 30, 2025, were \$939,851.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for June 30, 2025, were in the amount of \$5,814,054.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD was \$8,323,302 to the Authority which represents . approximately 78% percent of the Authority's total revenue for the year ended June 30, 2025.

NOTE 24 - CONTINGENCIES

Litigation – On June 30, 2025, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended June 30, 2025.

Other Insurance

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

Construction Commitments

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

NOTE 25 - PRIOR PERIOD ADJUSTMENTS

For year ending June 30, 2025

As of June 30, 2025, the Authority had a prior period adjustment in the amount of \$96,376 while recording GASB #75 Net OPEB Liability from the State of New Jersey audit report for the OPEB liability as of June 30, 2023.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2025

NOTE 26 – SUBSEQUENT EVENTS

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

Management has conducted an evaluation of the Authority's activity up to February 20, 2026, which is the date when the financial statements became available for issuance. Following this assessment, it has been determined that no subsequent events have transpired that would require recognition in the financial statements or disclosure in the notes accompanying the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information

June 30, 2025

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

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

	2025	2024	2023	2022
Total OPEB Liability				
Service Cost	\$ 68,833	\$ 58,913	\$ 74,973	\$ 80,157
Interest on Total OPEB liability	70,016	57,359	37,773	39,207
Expected Investment Return	-	309	8	(226)
Administrative Expenses	-	1,245	1,161	1,074
Current Period Deferred Inflows/Outflows of Resources	-	2,273	-	192
Changes in Assumptions or Other Inputs	646,909	(88,748)	(240,048)	(66,656)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	51,584	(79,249)	(59,328)	(70,785)
Benefit Payments	(70,384)	-	-	-
Change in Plan	13,597	8,605	-	-
Net Change in Total OPEB Liability	780,555	(39,293)	(185,461)	(17,037)
Total OPEB Liability, Beginning	1,480,545	1,519,838	1,705,299	1,722,336
Total OPEB Liability, Ending	\$ 2,261,100	\$ 1,480,545	\$ 1,519,838	\$ 1,705,299
Covered, Employee Payroll	\$ 851,001	\$ 714,091	\$ 662,845	\$ 662,845
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.85%	3.64%	3.64%	2.75%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information

June 30, 2025

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

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

	2021	2020	2019	2018
<u>Total OPEB Liability</u>				
Service Cost	\$ 58,153	\$ 65,564	\$ 95,198	\$ 57,753
Interest on Total OPEB liability	47,740	62,565	81,161	91,543
Expected Investment Return	(732)	(1,110)	(997)	-
Administrative Expenses	951	932	871	-
Current Period Deferred Inflows/Outflows of Resources	99	(187)	(47,321)	
Changes in Assumptions or Other Inputs	(52,841)	(60,925)	(64,388)	-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	336,573	(302,170)	243	
Benefit Payments	-	-	-	(8,341)
Change in Plan	-	(96,383)	(1,161,294)	-
Net Change in Total OPEB Liability	389,943	(331,714)	(1,096,527)	140,955
Total OPEB Liability, Beginning	1,332,393	1,664,107	2,760,634	2,619,679
Total OPEB Liability, Ending	\$ 1,722,336	\$ 1,332,393	\$ 1,664,107	\$ 2,760,634
Covered, Employee Payroll	\$ 585,669	\$ 588,600	\$ 584,236	\$ 584,236
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.02%	2.02%	0.00%	0.00%

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2025

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

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

	2025	2024	2023	2022	2021
Housing Authority's proportion of the net pension liability	0.0064678236%	0.0070296359%	0.0072859241%	0.0066605686%	0.0067082617%
Housing Authority's proportionate share of the net pension liability	\$ 878,851	\$ 1,018,199	\$ 1,099,546	\$ 784,044	\$ 1,093,942
Housing Authority's covered employee payroll	\$ 851,001	\$ 714,091	\$ 651,807	\$ 662,845	\$ 585,669
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.27%	142.59%	168.69%	118.28%	186.79%
Plan fiduciary net position as a percentage of the total pension liability	32.34%	51.55%	21.50%	29.35%	43.42%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information

June 30, 2025

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

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

	2020	2019	2018	2017	2016
Housing Authority's proportion of the net pension liability	0.0059329369%	0.0075526031%	0.007059442%	0.011778890%	0.007615980%
Housing Authority's proportionate share of the net pension liability	\$ 1,069,025	\$ 1,487,070	\$ 1,643,321	\$ 2,334,870	\$ 1,709,636
Housing Authority's covered employee payroll	\$ 588,600	\$ 527,390	\$ 584,236	\$ 665,756	\$ 605,481
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.62%	281.97%	281.28%	350.71%	282.36%
Plan fiduciary net position as a percentage of the total pension liability	43.42%	46.41%	48.01%	59.86%	52.07%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2025

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

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

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 88,009	\$ 93,953	\$ 91,879	\$ 78,003	\$ 57,710
Contribution in relation to the contractually required contribution	(88,009)	(93,953)	(91,879)	(78,003)	(57,710)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 851,001	\$ 714,091	\$ 651,807	\$ 662,845	\$ 585,669
Contribution as a percentage of covered employee payroll	10.34%	13.16%	14.10%	11.77%	9.85%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2025

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

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

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 57,710	\$ 75,124	\$ 65,398	\$ 70,036	\$ 65,477
Contribution in relation to the contractually required contribution	(57,710)	(75,124)	(65,398)	(70,036)	(65,477)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 588,600	\$ 527,390	\$ 584,236	\$ 665,756	\$ 605,481
Contribution as a percentage of covered employee payroll	9.80%	14.24%	11.19%	10.52%	10.81%

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Public and Indian Housing Program</u>					
NJ043	14.850	\$ -	\$ 939,851	\$ 939,851	\$ -
<u>Public Housing Capital Fund Program</u>					
NJ39P043501	14.872	-	525,510	525,510	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P043	14.871	-	5,814,054	5,814,054	-
<u>Continuum of Care Program</u>					
Various	14.267	-	925,833	925,833	-
<u>Community Development Block Grant</u>					
Various	14.218	-	8,668	8,668	-
<u>Resident Opportunity & Self Sufficiency</u>					
FSS24NJ5744	14.870	-	109,386	109,386	-
Total Expenditures of Federal Awards		\$ -	\$ 8,323,302	\$ 8,323,302	\$ -

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Township of Edison is under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Township of Edison, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the Township of Edison.

Note 2. Summary of Significant Accounting Policies:

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

Note 3. Indirect Cost Rate

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

Note 4. Loans Outstanding:

The Housing Authority Township of Edison had Capital Project Bonds payable in the amount of \$145,000 outstanding on June 30, 2025. See Note 16 of this report for full detail.

Note 5. Non- Cash Federal Assistance:

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

Note 6. Sub recipients:

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2025**

	NJ39PO43501-17		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 12,000	\$ 12,000	\$ -
Management Improvements	3,000	3,000	-
Administration	10,000	10,000	-
General Capital Activity	90,591	90,591	-
Bond Debt Obligations	74,765	74,765	-
Total	\$ 190,356	\$ 190,356	\$ -
 Funds Advanced	 \$ 190,356		
Funds Expended	190,356		
 Excess of Funds Advanced	 \$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-17 was completed on April 7, 2025.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2025**

	NJ39PO43501-18		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 73,850	\$ 73,850	\$ -
Administration	29,540	29,540	-
General Capital Activity	114,718	114,718	-
Bond Debt Obligations	77,293	77,293	-
Total	\$ 295,401	\$ 295,401	\$ -
Funds Advanced	\$ 295,401		
Funds Expended	295,401		
Excess of Funds Advanced	\$	-	

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-18 was completed on April 7, 2025.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2025**

	NJ39PO43501-19		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 77,232	\$ 77,232	\$ -
Administration	30,893	30,893	-
General Capital Activity	126,115	126,115	-
Bond Debt Obligations	74,690	74,690	-
Total	\$ 308,930	\$ 308,930	\$ -
Funds Advanced	\$ 308,930		
Funds Expended	308,930		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-19 was completed on April 7, 2025.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2025**

	NJ39PO43501-20		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 82,273	\$ 82,273	\$ -
Administration	32,909	32,909	-
General Capital Activity	138,786	138,786	-
Bond Debt Obligations	76,957	76,957	-
Total	\$ 330,925	\$ 330,925	\$ -
 Funds Advanced	 \$ 330,925		
Funds Expended	330,925		
 Excess of Funds Advanced	 \$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-20 was completed on June 16, 2025.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2025**

	NJ39PO43501-21		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 86,659	\$ 86,659	\$ -
Administration	34,663	34,663	-
General Capital Activity	147,795	147,795	-
Bond Debt Obligations	79,109	79,109	-
Total	\$ 348,226	\$ 348,226	\$ -
 Funds Advanced	 \$ 348,226		
Funds Expended	348,226		
 Excess of Funds Advanced	 \$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-21 was completed on June 16, 2025.
4. There were no budget overruns noted.

Edison Housing Authority (NJ043)

Edison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.218 Community Development Block	6.1 Component Unit - Discretely	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$809,718		\$491,669			\$259,104	\$1,073,119	\$233,547	\$2,867,157		\$2,867,157
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted							\$81,644		\$81,644		\$81,644
114 Cash - Tenant Security Deposits	\$69,977		\$2,025						\$72,002		\$72,002
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$879,695	\$0	\$493,694	\$0	\$0	\$259,104	\$1,154,763	\$233,547	\$3,020,803	\$0	\$3,020,803
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	\$42,375								\$42,375		\$42,375
124 Accounts Receivable - Other Government							\$46,156		\$46,156		\$46,156
125 Accounts Receivable - Miscellaneous	\$3,767							\$44,238	\$48,005		\$48,005
126 Accounts Receivable - Tenants	\$195,681		\$1,269						\$196,950		\$196,950
126.1 Allowance for Doubtful Accounts - Tenants	-\$178,257		\$0						-\$178,257		-\$178,257
126.2 Allowance for Doubtful Accounts - Other	-\$3,767						\$0	\$0	-\$3,767		-\$3,767
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery						\$2,213			\$2,213		\$2,213
128.1 Allowance for Doubtful Accounts - Fraud						\$0			\$0		\$0
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful	\$59,799	\$0	\$1,269	\$0	\$0	\$2,213	\$46,156	\$44,238	\$153,675	\$0	\$153,675
131 Investments - Unrestricted	\$375,174		\$211,501		\$414,507				\$1,001,182		\$1,001,182
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$62,038							\$6,893	\$68,931		\$68,931
143 Inventories											
143.1 Allowance for Obsolete Inventories											
144 Inter Program Due From					\$346,770			\$250,000	\$596,770	-\$596,770	\$0
145 Assets Held for Sale											
150 Total Current Assets	\$1,376,706	\$0	\$706,464	\$0	\$761,277	\$261,317	\$1,200,919	\$534,678	\$4,841,361	-\$596,770	\$4,244,591
161 Land	\$400,000		\$20,000						\$420,000		\$420,000
162 Buildings	\$11,121,266		\$81,521						\$11,202,787		\$11,202,787
163 Furniture, Equipment & Machinery - Dwellings	\$422,410								\$422,410		\$422,410
164 Furniture, Equipment & Machinery - Administration	\$474,339						\$77,701	\$62,217	\$614,257		\$614,257
165 Leasehold Improvements											
166 Accumulated Depreciation	-\$9,733,530		-\$23,418				-\$77,201	-\$57,041	-\$9,891,190		-\$9,891,190
167 Construction in Progress	\$252,997								\$252,997		\$252,997
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,937,482	\$0	\$78,103	\$0	\$0	\$0	\$500	\$5,176	\$3,021,261	\$0	\$3,021,261
171 Notes, Loans and Mortgages Receivable - Non-Current											
172 Notes, Loans, & Mortgages Receivable - Non Current -											
173 Grants Receivable - Non Current											
174 Other Assets								\$0	\$0		\$0
176 Investments in Joint Ventures											
180 Total Non-Current Assets	\$2,937,482	\$0	\$78,103	\$0	\$0	\$0	\$500	\$5,176	\$3,021,261	\$0	\$3,021,261
200 Deferred Outflow of Resources	\$1,096,237						\$19,798	\$25,701	\$1,141,736		\$1,141,736

Edison Housing Authority (NJ043)

Edison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2025

	Project Total	14.218 Community Development Block	6.1 Component Unit - Discretely	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$5,410,425	\$0	\$784,567	\$0	\$761,277	\$261,317	\$1,221,217	\$565,555	\$9,004,358	-\$596,770	\$8,407,588
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$65,097		\$14,770					\$10,451	\$90,318		\$90,318
313 Accounts Payable >90 Days Past Due											
321 Accrued Wages/Payroll Taxes Payable	\$10,768							\$5,384	\$16,152		\$16,152
322 Accrued Compensated Absences - Current Portion	\$2,942						\$375	\$1,394	\$4,711		\$4,711
324 Accrued Contingency Liability											
325 Accrued Interest Payable	\$1,183								\$1,183		\$1,183
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects	\$78,797								\$78,797		\$78,797
333 Accounts Payable - Other Government	\$69,847		\$2,023						\$71,870		\$71,870
341 Tenant Security Deposits	\$5,165		\$3			\$236,839			\$242,007		\$242,007
342 Unearned Revenue	\$70,000								\$70,000		\$70,000
343 Current Portion of Long-term Debt - Capital											
344 Current Portion of Long-term Debt - Operating											
345 Other Current Liabilities											
346 Accrued Liabilities - Other											
347 Inter Program - Due To						\$250,000		\$346,770	\$596,770	-\$596,770	\$0
348 Loan Liability - Current	\$303,799	\$0	\$16,796	\$0	\$0	\$486,839	\$375	\$363,999	\$1,171,808	-\$596,770	\$575,038
310 Total Current Liabilities											
351 Long-term Debt, Net of Current - Capital	\$75,000								\$75,000		\$75,000
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other											
354 Accrued Compensated Absences - Non Current	\$26,475						\$3,374	\$12,543	\$42,392		\$42,392
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	\$2,223,796				\$0		\$470,882	\$445,273	\$3,139,951		\$3,139,951
350 Total Non-Current Liabilities	\$2,325,271	\$0	\$0	\$0	\$0	\$0	\$474,256	\$457,816	\$3,257,343	\$0	\$3,257,343
300 Total Liabilities	\$2,629,070	\$0	\$16,796	\$0	\$0	\$486,839	\$474,631	\$821,815	\$4,429,151	-\$596,770	\$3,832,381
400 Deferred Inflow of Resources	\$264,799						\$257,884	\$474,976	\$997,659		\$997,659
508.4 Net Investment in Capital Assets	\$2,792,482		\$78,103		\$0		\$500	\$5,176	\$2,876,261		\$2,876,261
511.4 Restricted Net Position					\$0		\$81,644		\$81,644		\$81,644
512.4 Unrestricted Net Position	-\$275,926	\$0	\$689,668	\$0	\$761,277	-\$225,522	\$406,558	-\$736,412	\$619,643		\$619,643
513 Total Equity - Net Assets / Position	\$2,516,556	\$0	\$767,771	\$0	\$761,277	-\$225,522	\$488,702	-\$731,236	\$3,577,548	\$0	\$3,577,548
600 Total Liabilities, Deferred Inflows of Resources and	\$5,410,425	\$0	\$784,567	\$0	\$761,277	\$261,317	\$1,221,217	\$565,555	\$9,004,358	-\$596,770	\$8,407,588

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2025

	Project Total	14,218 Community Development Block	6.1 Component Unit - Discretely \$27,082	14,896 PIH Family Self- Sufficiency Program	1 Business Activities	14,267 Continuum of Care Program	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$909,750								\$936,832		\$936,832
70400 Tenant Revenue - Other	\$909,750	\$0	\$27,082	\$0	\$0	\$0	\$0	\$0	\$936,832	\$0	\$936,832
70500 Total Tenant Revenue	\$909,750	\$0	\$27,082	\$0	\$0	\$0	\$0	\$0	\$936,832	\$0	\$936,832
70600 HUD PHA Operating Grants	\$1,028,337			\$109,386		\$925,833	\$5,814,054		\$7,877,610		\$7,877,610
70610 Capital Grants	\$437,024								\$437,024		\$437,024
70710 Management Fee								\$254,615	\$254,615	-\$254,615	\$0
70720 Asset Management Fee								\$19,200	\$19,200	-\$19,200	\$0
70730 Book Keeping Fee								\$43,920	\$43,920	-\$43,920	\$0
70740 Front Line Service Fee											
70750 Other Fees											
70700 Total Fee Revenue								\$317,735	\$317,735	-\$317,735	\$0
70800 Other Government Grants											
71100 Investment Income - Unrestricted	\$16,932	\$8,668	\$10,407		\$6,623	\$12,290	\$63,730	\$4,000	\$8,668		\$8,668
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery	\$13,718		\$39,154			\$944	\$1,058,431	\$233,878	\$1,480		\$1,480
71500 Other Revenue											
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted											
70000 Total Revenue	\$2,405,761	\$8,668	\$76,643	\$109,386	\$6,623	\$939,067	\$6,937,695	\$555,613	\$11,039,456	-\$317,735	\$10,721,721
91100 Administrative Salaries	\$126,574			\$109,386		\$52,519	\$114,364	\$214,430	\$617,273		\$617,273
91200 Auditing Fees	\$6,000							\$4,000	\$12,000		\$12,000
91300 Management Fee	\$141,217						\$113,398		\$254,615	-\$254,615	\$0
91310 Book-keeping Fee	\$12,810						\$31,110		\$43,920	-\$43,920	\$0
91400 Advertising and Marketing											
91500 Employee Benefit Contributions - Administrative	\$104,280					\$30,180	\$65,719	\$123,222	\$323,401		\$323,401
91600 Office Expenses	\$8,954					\$32,507	\$11,005	\$7,895	\$60,361		\$60,361
91700 Legal Expense	\$28,803						\$11,180	\$1,964	\$41,947		\$41,947
91800 Travel											
91810 Allocated Overhead											
91900 Other	\$130,427	\$8,668	\$48,367				\$119,969	\$107,934	\$415,365		\$415,365
91000 Total Operating - Administrative	\$581,085	\$8,668	\$48,367	\$109,386	\$0	\$115,206	\$486,745	\$459,445	\$1,768,862	-\$298,535	\$1,470,327
92000 Asset Management Fee	\$19,200								\$19,200	-\$19,200	\$0
92100 Tenant Services - Salaries											
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other	\$7,062								\$7,062		\$7,062
92500 Total Tenant Services	\$7,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,062	\$0	\$7,062
93100 Water	\$191,144								\$191,144		\$191,144
93200 Electricity	\$46,696								\$46,696		\$46,696
93300 Gas	\$169,190								\$169,190		\$169,190
93400 Fuel											
93500 Labor	\$23,372								\$23,372		\$23,372
93600 Sewer	\$50,868								\$50,868		\$50,868
93700 Employee Benefit Contributions - Utilities	\$13,432								\$13,432		\$13,432

Edison Housing Authority (NJ043)

Edison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	14,218 Community Development Block	6.1 Component Unit - Discretely	14,896 PIH Family Self- Sufficiency Program	1 Business Activities	14,267 Continuum of Care Program	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
93800 Other Utilities Expense										
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$494,702	\$0	\$494,702
94100 Ordinary Maintenance and Operations - Labor										
94200 Ordinary Maintenance and Operations - Materials										
94300 Ordinary Maintenance and Operations Contracts										
94500 Employee Benefit Contributions - Ordinary										
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$554,148	\$0	\$554,148
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance										
96120 Liability Insurance										
96130 Workmen's Compensation										
96140 All Other Insurance										
96100 Total Insurance Premiums	\$121,696	\$0	\$0	\$0	\$0	\$0	\$13,522	\$135,218	\$0	\$135,218
96200 Other General Expenses										
96210 Compensated Absences										
96300 Payments in Lieu of Taxes										
96400 Bad debt - Tenant Rents										
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$54,613	\$0	\$0	\$0	\$0	\$0	\$0	\$54,613	\$0	\$54,613
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	\$10,425	\$0	\$0	\$0	\$0	\$0	\$0	\$10,425	\$0	\$10,425
96900 Total Operating Expenses	\$1,822,911	\$8,668	\$48,367	\$109,386	\$115,206	\$466,745	\$472,967	\$3,044,250	-\$317,735	\$2,726,515
97000 Excess of Operating Revenue over Operating	\$582,850	\$0	\$28,276	\$0	\$823,861	\$6,470,950	\$82,646	\$7,995,206	\$0	\$7,995,206
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments										
97350 HAP Portability-In										
97400 Depreciation Expense										
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$2,096,334	\$8,668	\$50,405	\$109,386	\$989,429	\$6,690,114	\$474,692	\$10,419,028	-\$317,735	\$10,101,293
10010 Operating Transfer In								\$77,534		\$77,534

Edison Housing Authority (NJ043)

Edison, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2025

Submission Type: Audited/Single Audit

	14,218 Community Development Block	6.1 Component Unit - Discretely	14,896 PIH Family Self- Sufficiency Program	1 Business Activities	14,267 Continuum of Care Program	14,871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
10020 Operating transfer Out								-\$77,534		-\$77,534
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$309,427	\$26,238	\$0	\$6,623	-\$50,362	\$247,561	\$80,921	\$620,428	\$0	\$620,428
11020 Required Annual Debt Principal Payments	\$85,000	\$0	\$0	\$0	\$0	\$0	\$0	\$65,000		\$85,000
11030 Beginning Equity	\$2,081,321	\$741,533	\$0	\$754,654	-\$175,160	\$260,341	-\$801,945	\$2,860,744		\$2,860,744
11040 Prior Period Adjustments, Equity Transfers and	\$125,808							\$96,376		\$96,376
11050 Changes in Compensated Absence Balance										
11080 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition										
11080 Changes in Special Term/Severance Benefits										
11090 Changes in Allowance for Doubtful Accounts -										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity						\$407,058		\$407,058		\$407,058
11180 Housing Assistance Payments Equity								\$81,644		\$81,644
11190 Unit Months Available	1920	24			840	4148	0	6932		6932
11210 Number of Unit Months Leased	1766	24			731	4148	0	6669		6669
11270 Excess Cash	\$857,220							\$857,220		\$857,220
11610 Land Purchases	\$0							\$0		\$0
11620 Building Purchases	\$372,024							\$372,024		\$372,024
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0							\$0		\$0
11650 Leasehold Improvements Purchases	\$0							\$0		\$0
11660 Infrastructure Purchases	\$0							\$0		\$0
13510 CFFP Debt Service Payments	\$75,952							\$75,952		\$75,952
13901 Replacement Housing Factor Funds	\$0							\$0		\$0

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

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business activities and the discretely present component unit of Housing Authority of the Township of Edison, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Housing Authority of the Township of Edison's basic financial statements, and have issued our report thereon dated February 20, 2026.

Report on Internal Control over Financial Reporting

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

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

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey

Date: February 20, 2026

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

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

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

We have audited the Housing Authority of the Township of Edison's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the Township of Edison's major federal programs for the year ended June 30, 2025. Housing Authority of the Township of Edison's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the Township of Edison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the Township of Edison'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 Housing Authority of the Township of Edison'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 Housing Authority of the Township of Edison's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Housing Authority of the Township of Edison as of and for the year ended June 30, 2025, and have issued our report thereon dated February 20, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements.

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

Giampaolo & Associates

Lincroft, New Jersey

Date: February 20, 2026

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
 Schedule of Findings and Questioned Cost
 Year Ended June 30, 2025

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

Type of audit report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements,

_____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.850	Public Housing Operating Fund	\$ 939,851
14.871	Section 8 Housing Choice Vouchers	\$ 5,814,054

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

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

We have performed the applicable procedures enumerated in the American Institute of Certified Public Accountants' Statement of Position (SOP) 02-1, Performing Agreed-Upon Procedures Engagements that Address the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), by Housing Authority of the Township of Edison (the PHA) compliance with the reporting requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), for the year ended June 30, 2025. Management of Housing Authority of the Township of Edison is responsible for compliance with the requirements of the electronic submission of the items listed in the "UFRS Rule Information" column.

The management of Housing Authority of the Township of Edison has agreed to and acknowledged that the procedures performed are appropriate to assist users in evaluating Housing Authority of the Township of Edison's compliance with the reporting requirements of the "UFRS Rule Information" column for the year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by the Housing Authority of the Township of Edison to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged in and did not conduct an examination or review engagement, the objective of which would be the expression of the "UFRS Rule Information" column an opinion or conclusion, respectively, on Housing Authority of the Township of Edison's compliance with the requirements of "UFRS Rule Information" column for the year ended June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Giampardo Associates

Lincroft, New Jersey
February 20, 2026

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