

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE

**REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL
DATA**

YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

THE HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025

	<u>Page</u>
TRANSMITTAL LETTER	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL SECTION	
STATEMENTS OF NET POSITION	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	10
STATEMENTS OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY	23
OTHER SUPPLEMENTARY INFORMATION	
FINANCIA DATA SCHEDULE	25
SINGLE AUDIT AND OTHER REPORTS SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	36
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	39
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	42



Phone: (732) 721-8400
Fax: (732) 721-0062

SAYREVILLE HOUSING AUTHORITY

650 WASHINGTON ROAD
SAYREVILLE, NEW JERSEY 08872

July 17, 2026

To the Board of Directors, Department of Housing and Urban Development and the State of New Jersey.

On behalf of the Housing Authority of the Borough of Sayreville I respectfully submit this annual financial report for the year ended December 31, 2025. I believe the information presented is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Authority's financial position and operations have been included. The accompanying financial statements included in this annual financial report have been prepared in conformity with accounting principles generally accepted in the United States of America. Responsibility for the accuracy, completeness, and fairness of the financial statements' presentation rests with the management of the Authority.

The 2025 Housing Authority of the Borough of Sayreville Annual financial report consists of these sections:

- Introductory Section - This includes the independent auditor's report and a management discussion and analysis of our financial report.
- Financial Section - this includes the basic financial statements and notes, and required supplementary information.
- Single Audit Section - this includes reports from the independent auditor on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards; and on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The Housing Authority realizes its role as a means of housing for the low income and elderly in the community and the State of New Jersey has never been more important. The Authority has an estimated 180 Section 8 units. The following pages report and analyze the financial position of Sayreville Housing Authority.

Respectfully submitted,


Douglas Dzema
Executive Director

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

Member of American and Pennsylvania
Institutes of Certified Public Accountants

6225 Rising Sun Avenue
Philadelphia, PA 19111
Voice: 215-742-3428

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Authority of the Borough of Sayreville
Sayreville, New Jersey

Opinion

I have audited the accompanying financial statements of the Housing Authority of the Borough of Sayreville (herein called the Authority) as of and for the year ended December 31 2025 and December 31, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31 2025 and December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an

opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying financial information, the combining statements of net position, activities and changes in net position and Financial Data Schedule as listed in HUD supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 17, 2026, on my consideration of the Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Frank McConnell

Francis J. McConnell
Certified Public Accountant

July 17, 2026

**SAYREVILLE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

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

A – Financial Highlights

1. For the fiscal year ended December 31, 2025, the assets of the Authority exceeded its liabilities by \$606,859, (net position). This is an increase of \$105,395 from the previous year when assets exceeded liabilities by \$501,464.
2. As of December 31, 2025, the Authority reported ending unrestricted net position of \$569,494. The unrestricted net position increased \$69,770 from the prior year.
3. The Authority had total revenues of \$3,208,813 and total expenses of \$3,134,729 for the year ended December 31, 2025.
4. The Authority had no capital outlays for the fiscal year ending December 31, 2025.
5. The Authority's expenditures of federal awards amounted to \$2,737,429 for the fiscal year.
6. For the year ended 12/31/15 the Authority was required to implement GASB 68 that required it to record its unfunded pension liability as provided by the State of New Jersey. The net pension liability as of 12/31/25 is \$0, The adjustment to the books for the 2025 GASB 68 pension expense was \$0.
7. For the year ended 12/31/18 the Authority was required to implement GASB 75 that required it to record its other postemployment benefits (OPEB) liability as provided by the State of New Jersey. The net OPEB change for 12/31/25 is (\$14,006). The net OPEB liability reflected is \$388,703.

B – Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to the financial statements included in this report were prepared in accordance with GAAP, applicable to the Governmental entities for Proprietary Fund types.

2. Financial Statements

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

**SAYREVILLE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

2. Financial Statements (continued)

The Statements of Net Position present information on all the Authority's assets and liabilities, 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.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in assets and liabilities are included, regardless of when cash is received or paid.

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

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's purpose is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 9 through 12 included in this report.

3. Notes To Financial Statements

The accompanying notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements begin on page 13 of this report.

C – The Authority as a Whole

The Authority's net position increased during the fiscal year as detailed below. The Authority's revenues include subsidies received from HUD. The Authority receives subsidies each month based on a pre-authorized funding level. The Authority's revenues and operating reserves were sufficient to cover expenses during the fiscal year.

The following table provides a summary of the Authority's net position:

	<u>2025</u>	<u>2024</u>
Total Assets	\$ <u>1,150,703</u>	\$ <u>1,046,555</u>
Total Liabilities	<u>543,844</u>	<u>545,091</u>
Net position:		
Restricted	37,365	1,740
Unrestricted	<u>569,494</u>	<u>499,724</u>
Total Net Position	<u>606,859</u>	<u>501,464</u>
Total Net Position & Liabilities	\$ <u>1,150,703</u>	\$ <u>1,046,555</u>

**SAYREVILLE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

C – The Authority as a Whole (continued)

The following table provides a summary of the Authority's changes in net assets:

	<u>2025</u>	<u>%</u>	<u>2024</u>	<u>%</u>
Revenues:				
HUD Operating Grants	\$ 2,737,429	84.49	\$ 2,456,280	80.53
Other revenue	471,384	14.55	565,396	18.54
Investment income	<u>31,311</u>	0.96	<u>28,360</u>	0.93
Total revenues	<u>3,240,124</u>	100.00	<u>3,050,036</u>	100.00
Expenses:				
General operating expenses	347,727	11.09	280,890	9.40
HAP Expenses	<u>2,787,002</u>	88.91	<u>2,706,134</u>	90.60
Total expenses	<u>3,134,729</u>	100.00	<u>2,987,024</u>	100.00
Excess (Deficiency) of revenues over (under) expenses	105,395		63,012	
Prior Period adjustment	0		0	
Beginning net assets	<u>501,464</u>		<u>438,452</u>	
Ending net assets	<u>\$ 606,859</u>		<u>\$ 501,464</u>	

D – Capital Assets and Long-term Debt

The Authority has no capital assets or long-term debt.

E – Budgetary Highlights

For the year ended December 31, 2025, Housing Choice Voucher program budget was prepared by the Authority and was approved by the Board of Commissioners. The budget is primarily used as a management tool and has no legal stature. Also, the Authority adopted a comprehensive annual budget for the Authority. The budget was prepared in accordance with the accounting procedures prescribed by the State of New Jersey and was introduced and adopted as required by New Jersey Fiscal Control Law. The budget is on file with the New Jersey Department of Community Affairs.

**SAYREVILLE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

F – Significant Changes From Year Ended December 31, 2024 to December 31, 2025

For the year ended 12/31/15 the Authority was required to implement GASB 68 that required it to record its unfunded pension liability as provided by the State of New Jersey. The net pension liability as of 12/31/25 is \$0 which is the same as the prior year. In addition, the Authority was required to record deferred outflows of \$0 and deferred inflows of \$0. The adjustment to the books for the 2025 GASB 68 pension expense was \$0.

For the year ended 12/31/18 the Authority was required to implement GASB 75 that required it to record its OPEB liability as provided by the State of New Jersey. The new OPEB liability decreased \$14,006 in 2025.

HUD operating grants increased in 2025 with the rise of rents and because of a higher proration factor funded by HUD.

Investment income increased \$2,951 due to higher earnings rates.

Unrestricted cash increased \$78,112 as a result of the surplus generated by the Authority in 2025.

Restricted cash and Restricted Net Position increased \$35,625 as the Authority did not use all of the funds appropriated by HUD. The excess cash will be used in 2026 to fund HAP payments.

Unrestricted Net Position increased 69,770 due to the increase in surplus in 2025.

Housing assistance payments increased in 2025 as a result of increased rents throughout the area.

G – Economic Factors and Next Year's Budgets and Rates

The state of the Federal budget remains a significant factor in planning the Authority budget. The Section 8 housing assistance subsidies have been experiencing slow growth and administrative fees are being funded at a reduced level.

The Authority's current assets less current liabilities (working capital) of \$569,494 appears sufficient to cover any shortfall that may occur in 2025. Sayreville Housing Authority has not budgeted any of its unrestricted net position to supplement their 2025 budgeted expenditures.

H – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Douglas Dzema, Executive Director, Sayreville Housing Authority, 650 Washington Road, Sayreville, NJ, 08872.

FINANCIAL SECTION

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025 AND DECEMBER 31, 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and cash equivalents	\$ 910,365	\$ 832,253
Cash - restricted	37,365	1,740
Receivables, net of allowance	59,300	58,626
Prepaid expenses	-	21,664
Total Current Assets	<u>1,007,030</u>	<u>914,283</u>

Deferred Outflow of Resources

Deferred Outflows of resources - SHBP	<u>143,673</u>	<u>132,272</u>
	<u>143,673</u>	<u>132,272</u>
Total Assets and Deferred Outflow of Resources	<u><u>1,150,703</u></u>	<u><u>1,046,555</u></u>

LIABILITIES

Current Liabilities		
Accounts Payable	<u>11,468</u>	<u>10,110</u>
Long Term Liabilities		
Accrued OPEB Liabilities	<u>376,910</u>	<u>328,943</u>
Total Liabilities	<u>388,378</u>	<u>339,053</u>

DEFERRED INFLOW OF RESOURCES

Deferred Inflows of Resources - SHBP	<u>155,466</u>	<u>206,038</u>
	<u>155,466</u>	<u>206,038</u>

NET POSITION

Restricted net position	37,365	1,740
Unrestricted net position	569,494	499,724
Total net position	<u>606,859</u>	<u>501,464</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u><u>\$ 1,150,703</u></u>	<u><u>\$ 1,046,555</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
HUD Operating grants	\$ 2,737,429	\$ 2,456,280
Other Income	471,384	565,396
Total operating revenues	<u>3,208,813</u>	<u>3,021,676</u>
OPERATING EXPENSES		
Administrative	320,551	257,660
General	27,176	23,230
Housing Assistance Payments	2,787,002	2,706,134
Total Operating Expenses	<u>3,134,729</u>	<u>2,987,024</u>
NET OPERATING INCOME (LOSS)	74,084	34,652
NONOPERATING REVENUES (EXPENSES)		
Investment Income	31,311	28,360
Total nonoperating revenues	<u>31,311</u>	<u>28,360</u>
Change in net position	105,395	63,012
Total net position - beginning	<u>501,464</u>	<u>438,452</u>
Total net position - ending	<u>\$ 606,859</u>	<u>\$ 501,464</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Hud operating subsidies	\$ 2,737,429	\$ 2,456,280
Other revenue received	471,384	565,396
Payments to suppliers	(339,405)	(316,860)
Housing Assistance payments made	<u>(2,787,002)</u>	<u>(2,706,134)</u>
Net cash provided by (used) in operating activities	<u>82,406</u>	<u>(1,318)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	<u>31,311</u>	<u>28,360</u>
Net cash provided by investing activities	<u>31,331</u>	<u>28,360</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	113,737	27,042
<u>CASH AND CASH EQUIVALENTS, JANUARY 1</u>	<u>833,993</u>	<u>806,951</u>
<u>CASH AND CASH EQUIVALENTS, DECEMBER 31</u>	<u><u>\$ 947,730</u></u>	<u><u>\$ 833,993</u></u>
DECEMBER 31, CASH AND CASH EQUIVALENTS		
Unrestricted	910,365	832,253
Restricted	37,365	1,740
Total Unrestricted and Restricted	<u><u>\$ 947,730</u></u>	<u><u>\$ 833,993</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

	<u>2025</u>	<u>2024</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Net Operating GAIN (Loss)	\$ 74,084	\$ 34,652
Add back non-cash Items:		
Unbudgeted pension credit	(14,026)	(17,146)
Decrease (Increase) in Assets		
Accounts Receivable	(674)	9,235
Other assets	21,664	(21,664)
	<u>81,048</u>	<u>5,077</u>
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	1,358	(6,395)
	<u>1,358</u>	<u>(6,395)</u>
Net Cash provided by operating activities	<u>\$ 82,406</u>	<u>\$ (1,318)</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Program Description

The Housing Authority of the Borough of Sayreville (herein referred to as the Housing Authority) was organized under the laws of the State of New Jersey and operates under an Annual Contributions Contract (ACC) with the United States Department of Housing and Urban Development (HUD) to provide low-income housing to eligible participants under the United States Housing Act of 1937, as amended. The formation and operation of the Housing Authority is governed by the Act, and administered by HUD under the Annual Contributions Contracts.

The Authority is governed by a Board of Directors appointed locally. An Executive Director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority.

Housing Choice Voucher Program

This program allows for existing privately-owned housing units to be used for low-income housing. This program assists low-income families and persons to find and lease a house or apartment. After inspecting the unit, The Housing Authority assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by the Housing Authority through HUD funding.

The Housing Authority earns a fee for administering the annual contributions from HUD. This fund accounts for the revenues and expenses associated with providing administrative services.

B Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financial accountable. Based on these criteria, there are no additional agencies which should be included in the financial statements of the Housing Authority.

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

C - Basis of Accounting

The Authority's financial statements represent the net position and results of operations of the Housing Authority and have been prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America as applied to governmental entities.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Housing Authority maintains their accounts substantially in accordance with the chart of accounts prescribed by HUD and are organized utilizing the fund accounting model. A fund is an independent entity with a self-balancing set of accounts.

The Housing Authority accounts for its operations in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to a private business or where the Housing Authority has decided that determination of revenue earned, costs incurred and net revenue over expenses is necessary for management accountability.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB No. 34 *"Basic Financial Statements – and Management's Discussion and analysis – for State and Local Governments."*

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred regardless of the timing of the cash flows. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues and capital contributions) and decreases (expenses) in total net position.

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

C - Basis of Accounting - continued

Budgeting and Budgetary Accounting

The Authority prepares an annual operating and capital budget for all programs in accordance with HUD requirements. The budget is formally adopted by resolution of the Authority's Board of Directors. Once adopted, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. The budget is prepared on a detailed line-item basis.

D – Cash and Cash Equivalents

The Authority considers all securities, including certificates of deposits and short-term investments, with maturities of three months or less to be cash equivalents.

E – Accounts Receivable

The Authority recognizes receivables from HUD and other governmental agencies for amounts earned and billed but not received and for amounts earned but unbilled, as of year- end. Other Receivables consist of amounts owed from Sayreville Housing for Seniors Corporation for prior management fees. An allowance for doubtful accounts was established for this receivable.

F – Accrued Compensated absences

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered. No accumulated leave has been accrued at year end.

G – Use of Restricted Assets

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

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

H – Equity Classifications

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - consists of any capital assets, net of accumulated depreciation and reduced by any outstanding balances of loans, notes or mortgages

Restricted Net Position -consists of the net amount of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – all other net amounts of assets that do not meet the definition of “restricted” or “net investment in capital assets”.

I - Income Taxes

The Housing Authority is a New Jersey municipal authority and, as such, is exempt from income taxes and other state and local taxes. The Housing Authority believes it has not engaged in any activities for which its tax-exempt status would not be sustained under Internal Revenue Service examination or that would require filing of an income tax return for unrelated business income taxes.

J – Economic Dependency

The Section 8 Housing Program of the Authority is economically dependent on operating grants and subsidies from HUD.

K- Use of Estimates

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

L – Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, and in the management of Authority assets. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The authority classifies other revenues and expenses as non-operating.

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS –

Cash consists primarily of cash in checking accounts. Cash is classified as “Unrestricted” and “Restricted” for financial presentation purposes based on HUD guidance:

- Cash – Unrestricted includes cash available for program purposes including current operations, working capital and reserves. Because the funds are not tied to a certain program or property, they are classified as unrestricted.
- Cash – Restricted includes cash to be expended for specific purposes based on the sources of the money. The Housing Authority’s restricted cash generally would include housing choice voucher funds,

All funds on deposits are FDIC insured up to \$250,000 per institution or are fully collateralized in accordance with guidance recommended by HUD.

As of December 31, 2025 the cash and cash equivalents consisted of the following:

	2025	2024
Section 8 Housing Choice	\$ 947,730	\$ 833,993
	<u>947,730</u>	<u>833,993</u>
Bank Balances	<u>\$ 951,529</u>	<u>\$ 842,651</u>
<u>Reconciliation of detail to statement of net assets</u>		
Cash - unrestricted	910,365	832,253
Cash - restricted	37,365	1,740
	<u>\$ 947,730</u>	<u>\$ 833,993</u>

NOTE 3 – RECEIVABLES

Accounts Receivable as of December 31, 2025

	2025	2024
Accounts Rec - portables	52	-
Miscellaneous Receivable	399,160	398,538
Total accounts receivable	399,212	398,538
Less: allowance for doubtful accounts	<u>(339,912)</u>	<u>(339,912)</u>
	<u>59,300</u>	<u>58,626</u>

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

NOTE 4 – RISK MANAGEMENT

The Authority is exposed to various risks of potential liabilities, such as theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to deal with these potential liabilities, the Authority's risk management program consisted of various insurance policies covering each of these risks. The Authority believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

NOTE 5 – ACCOUNTS PAYABLE

Accounts Payable as of December 31, 2025

	2025	2024
Accounts Payable - vendors	\$ 7,738	\$ 10,110
Accounts Payable - portabilities	3,557	-
	<u>\$ 11,295</u>	<u>\$ 10,110</u>

NOTE 6 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES –

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charges to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. These inflows consist of an unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Note 7 –OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 7 –OTHER POST-EMPLOYMENT BENEFITS – continued

B. Benefits

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of services credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

At December 31, 2025, the Authority reported a liability of \$ 376,910, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

For the year ended December 31, 2025, the Authority recognized OPEB expense of \$(6,211) At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	2024		2024	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experiences	\$ 19,088	\$ 63,861	\$ 15,169	\$ 89,330
Changes in assumptions	63,012	62,565	42,611	92,982
Net difference between projected and actual earnings on pension plan investments		171		54
Changes in proportion and differences between Authority contributions and proportionate share of contributions	61,573	28,869	74,452	23,672
Total	\$ 143,673	\$ 155,466	\$ 132,232	\$ 206,038

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

Year Ended	Total
Dec., 31	
2026	(2,359)
2027	(2,359)
2028	(2,359)
2029	(2,359)
2030	(2,359)
	<u>\$ (11,793)</u>

**HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024**

Note 7 – OTHER POST-EMPLOYMENT BENEFITS -continued

D. Actuarial Assumptions

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate	2.50%
Salary increases:	
Through 2026	2.00 to 6.00%, based on years of service
Thereafter	3.00 – 7.00%, based on years of service

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-20209
PFRS	Pub-2010 safety classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-2020

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2020 and July 1, 2014 to June 30, 2022, respectively.

100% of active members are considered to participate in the Plan upon retirement.

E: Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2024. This represents the municipal bond return rate 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.

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 7 – OTHER POST-EMPLOYMENT BENEFITS -continued

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

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease	discount rate	1% Increase
Authority's proportionate share of the net OPEB liability	446,611	376,910	323,287

G: Health Care Trend Assumptions

For pre-Medicare preferred provider organization ("PPO") and health maintenance organization ("HMO") medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For 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% trend rate after eight years.

H: Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate

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

	1% Decrease	Healthcare cost Trend rate	1% Increase
Authority's proportionate share of the net OPEB liability	446,611	376,910	323,287

NOTE 8 – SUBSEQUENT EVENTS

In preparing the financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through July 17, 2026 the date the financial statements were available to be issued. The authority found no transactions that needed to be included.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportionate share of the net OPEB Liability	\$ 376,910	\$ 328,943	\$ 303,095	\$ 341,096	\$ 344,396	\$ 344,396	\$ 242,504	\$ 302,522
Employer's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%

Note: GASB Statement NO 75 requires ten years of information to be presented in this table.
years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$910,365	\$910,365	\$910,365
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted	\$37,365	\$37,365	\$37,365
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$947,730	\$947,730	\$947,730
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government	\$52	\$52	\$52
125 Accounts Receivable - Miscellaneous	\$399,160	\$399,160	\$399,160
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts - Tenants			
126.2 Allowance for Doubtful Accounts - Other	-\$339,912	-\$339,912	-\$339,912
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$59,300	\$59,300	\$59,300
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2025

	14,871 Housing Choice Vouchers	Subtotal	Total
142 Prepaid Expenses and Other Assets	\$0	\$0	\$0
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,007,030	\$1,007,030	\$1,007,030
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation			
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$0	\$0	\$0

Sayreville Housing Authority (NJ106)
Sayreville, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	Subtotal	Total
200 Deferred Outflow of Resources	\$143,673	\$143,673	\$143,673
290 Total Assets and Deferred Outflow of Resources	\$1,150,703	\$1,150,703	\$1,150,703
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$7,911	\$7,911	\$7,911
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$3,557	\$3,557	\$3,557
341 Tenant Security Deposits			
342 Unearned Revenue			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14,871 Housing Choice Vouchers	Subtotal	Total
310 Total Current Liabilities	\$11,468	\$11,468	\$11,468
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$376,910	\$376,910	\$376,910
350 Total Non-Current Liabilities	\$376,910	\$376,910	\$376,910
300 Total Liabilities	\$388,378	\$388,378	\$388,378
400 Deferred Inflow of Resources	\$155,466	\$155,466	\$155,466
508.4 Net Investment in Capital Assets			
511.4 Restricted Net Position	\$37,365	\$37,365	\$37,365
512.4 Unrestricted Net Position	\$569,494	\$569,494	\$569,494
513 Total Equity - Net Assets / Position	\$606,859	\$606,859	\$606,859
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,150,703	\$1,150,703	\$1,150,703

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14,871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$2,737,429	\$2,737,429	\$2,737,429
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$31,311	\$31,311	\$31,311
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$471,384	\$471,384	\$471,384
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$3,240,124	\$3,240,124	\$3,240,124

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2025

	14 871 Housing Choice Vouchers	Subtotal	Total
91100 Administrative Salaries			
91200 Auditing Fees	\$6,725	\$6,725	\$6,725
91300 Management Fee	\$208,560	\$208,560	\$208,560
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$564	\$564	\$564
91500 Employee Benefit contributions - Administrative	\$33,877	\$33,877	\$33,877
91600 Office Expenses	\$64,496	\$64,496	\$64,496
91700 Legal Expense	\$6,000	\$6,000	\$6,000
91800 Travel			
91810 Allocated Overhead			
91500 Other	\$329	\$329	\$329
91000 Total Operating - Administrative	\$320,551	\$320,551	\$320,551
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water			
93200 Electricity			

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	Subtotal	Total
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other			
94300 Ordinary Maintenance and Operations Contracts			
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$0	\$0	\$0
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
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14,871 Housing Choice Vouchers	Subtotal	Total
96140 All Other Insurance	\$22,431	\$22,431	\$22,431
96100 Total Insurance Premiums	\$22,431	\$22,431	\$22,431
96200 Other General Expenses	\$4,745	\$4,745	\$4,745
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	\$4,745	\$4,745	\$4,745
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$347,727	\$347,727	\$347,727
97000 Excess of Operating Revenue over Operating Expenses	\$2,892,397	\$2,892,397	\$2,892,397
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14,871 Housing Choice Vouchers	Subtotal	Total
97300 Housing Assistance Payments	\$2,433,527	\$2,433,527	\$2,433,527
97350 HAP Portability-In	\$353,475	\$353,475	\$353,475
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	\$3,134,729	\$3,134,729	\$3,134,729
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	Subtotal	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$105,395	\$105,395	\$105,395
11020 Required Annual Debt Principal Payments			
11030 Beginning Equity	\$0	\$0	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$501,464	\$501,464	\$501,464
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$569,494	\$569,494	\$569,494
11180 Housing Assistance Payments Equity	\$37,365	\$37,365	\$37,365
11190 Unit Months Available	2148	2148	2148
11210 Number of Unit Months Leased	2113	2113	2113
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			

Sayreville Housing Authority (NJ106)

Sayreville, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	14.871 Housing Choice Vouchers	Subtotal	Total
13510 CFFP Debt Service Payments			
13901 Replacement Housing Factor Funds			

SINGLE AUDIT AND OTHER REPORTS

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Department of Housing and Urban Development

	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	<u>\$ 2,737,429</u>
 Total Housing Voucher Cluster		 <u><u>\$ 2,737,429</u></u>

HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 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 operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Housing Authority of the Borough of Sayreville.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) 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.
- (b) The entity did not elect to use the 10 percent de minimis indirect rate.
- © The authority was not a subrecipient of any federal awards and did not pass through any federal awards to subrecipients

**HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None Reported
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	None

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None Reported
• Significant deficiencies (ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None Reported
Identification of major programs:	

CFDA Number

Name of Federal Program

14.871

Housing Choice Voucher

**HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

SECTION I – SUMMARY OF AUDITORS' RESULTS - Continued

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,000,000
Auditee qualified as low risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings for the current audit period.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings and Questioned Costs for the current period.

**HOUSING AUTHORITY OF THE BOROUGH OF SAYREVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no prior audit findings.

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

6225 Rising Sun Avenue
Philadelphia, PA 19111
Voice: 215-742-3428

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 Directors
Housing Authority of the Borough of Sayreville
Sayreville, New Jersey

I 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 Housing Authority of the Borough of Sayreville, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated July 17, 2026..

Internal Control over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Frank McConnell

Francis J McConnell
Certified Public Accountant

July 17, 2026

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

6225 Rising Sun Avenue
Philadelphia, PA 19111
Voice: 215-742-3428

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

Board of Directors
Sayreville Housing Authority
Sayreville, New Jersey

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Sayreville Housing Authority'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 Authority's major federal programs for the year ended December 31, 2025. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

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

Basis for Opinion on Each Major Federal Program

I conducted my 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). My 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.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives were 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's compliance based on my 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 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'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'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'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's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 My 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.

Frank McConnell

Francis J McConnell
Certified Public Accountant

July 17, 2026