HOUSING AUTHORITY OF THE BOROUGH OF LODI

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

YEARS ENDED SEPTEMBER 30, 2025 and SEPTEMBER 30, 2024

HOUSING AUTHORITY OF THE BOROUGH OF LODI
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YEAR ENDED SEPTEMBER 30, 2025

LODI
HOUSING
AUTHORITY

A HUD SPONSORED PUBLIC HOUSING AGENCY
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June 10, 2026

Dear Board of Commissioners, US Department of Housing and Urban Development and the State of New Jersey:

On behalf of Lodi Housing Authority, I respectfully submit this annual financial report for the year ended September 30, 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 Lodi Housing Authority 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 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Lodi Housing Authority realizes that 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 four projects of their own with over 200 units for low income and elderly tenants and over 400 Section 8 participants. The following pages report and analyze the financial position of Lodi Housing Authority.

Respectfully submitted,

Frank P. Luciano
Executive Director

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

Member of American and Pennsylvania
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lodi Housing Authority
Lodi, New Jersey

Opinion

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lodi Housing Authority (herein called the Authority) as of and for the years ended September 30 2025 and September 30, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of September 30 2025 and September 30, 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, which 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, which 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lodi 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 June 10, 2026, on my consideration of the Penns Grove 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 Penns Grove Housing Authority's internal control over financial reporting and compliance.

Frank McConnell

Francis J. McConnell
Certified Public Accountant

June 10, 2026

As management of the Housing Authority of the Borough of Lodi, New Jersey we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended September 30, 2025 and September 30, 2024. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

2025

- The Assets and deferred outflows of the Authority exceeded its liabilities by $ 2,307,763 total net position.
- The Authority's unrestricted cash balance at September 30, 2025 was $3,182,265 representing an increase of $442,544 from September 30, 2024.
- The Authority had intergovernmental revenues of $ 7,686,016 HUD operating grants for the year ended September 30, 2025.

2024

- The Assets and deferred outflows of the Authority exceeded its liabilities by $ 1,503,754, total net position.
- The Authority's unrestricted cash balance at September 30, 2024 was $2,739,721 representing an increase of $723,600 from September 30, 2023.
- The Authority had intergovernmental revenues of $ 7,443,092 HUD operating grants for the year ended September 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources (short term spend able resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses and Changes in Fund Net Position – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: may serve over time as a useful indicator of an agency's financial position. In the case of the Lodi Housing Authority was in a net position by $2.3million at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	2025	2024
Current and Other Assets	3,508,365	2,989,883
Capital Assets, net of depreciation	5,305,509	5,305,435
Total Assets	8,813,874	8,295,318
Deferred Outflows of Resources	1,834,417	1,835,706
Current Liabilities	515,676	588,585
Noncurrent Liabilities	5,961,535	5,617,184
Total Liabilities	6,477,211	6,205,769
Deferred Inflows of Resources	1,863,317	2,421,601
Net Investment in Capital Assets	5,305,509	5,305,435
Restricted	145,143	78,799
Unrestricted (Deficit)	(3,142,899)	(3,880,480)
Net Position	2,307,753	1,503,754

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets The following table summarizes the changes in capital assets between fiscal years 2025 and 2024:

	2025	2024
LAND	$ 2,600,000	$ 2,600,000
BUILDINGS AND IMPROVEMENTS	14,726,400	14,726,400
EQUIPMENT	1,623,013	1,426,689
TOTAL CAPITAL ASSETS	18,949,413	18,753,089
ACCUMULATED DEPRECIATION	13,643,904	13,447,654
NET CAPITAL ASSETS	5,305,509	5,305,435

Debt

At the end of September 30, 2025 and 2024, the Authority had no outstanding debt.

Statement of Activities. The Statement of Activities shows the sources of LHA's changes in net position as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2025 and 2024.

	9/30/2025	9/30/2024	Diff
tenant revenue	1,942,651	1,838,157	104,494
hud revenue	7,686,016	7,443,092	242,924
other revenue	204,246	123,215	81,031
total revenue	9,832,913	9,404,464	428,449
Operating expenses			-
admin	1,211,772	1,083,760	128,012
tenant services	-	1,298	(1,298)
utilities	586,814	507,943	78,871
maint	787,252	921,693	(134,441)
Security	440	43,826	(43,386)
HAP	6,129,176	5,829,783	299,393
Other operating	256,309	349,238	(92,929)
Depreciation	162,009	164,592	(2,583)
total expenses	9,133,772	8,902,133	231,639
Oper inc (loss)	699,141	502,331	196,810
Non Operating	129,868	143,826	(13,958)
Change in Net Position	829,009	646,157	182,852

Statement of Activities – continued

Governmental operating revenue includes the annual operating subsidies for the low rent and capital grants made available by the U.S. Housing and Urban Development ("HUD"). LHA also generated over 1.9 million in tenant revenue which helped offset LHA's administrative expenses.

Other Information

The Authority has been designated a High Performer as per the PHAS Certification and as well their SEMAP Certification.

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 information should be addressed to the Office of the Executive Director, Housing Authority of the Borough of Lodi, New Jersey, 50 Brookside Avenue, Lodi, New Jersey 07644, or call (973) 470-3650.

FINANCIAL SECTION

HOUSING AUTHORITY OF THE BOROUGH OF LODI
STATEMENT OF NET POSITION
SEPTEMBER 30

ASSETS AND DEFERRED OUTFLOWS

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,182,265	$ 2,739,721
Restricted cash and cash equivalents	187,814	123,976
Receivables, net of allowance	75,971	67,081
Other current assets	62,315	59,105
Total Current Assets	3,508,365	2,989,883
Noncurrent assets		
Capital assets, net of depreciation	5,305,509	5,305,435
Total Noncurrent Assets	5,305,509	5,305,435
Deferred Outflow of Resources		
Deferred Outfows of resources PERS	166,362	239,357
Deferred Outfows of resources - OPEB	1,668,055	1,596,349
Total Deferred Outflows	1,834,417	1,835,706
Total Assets and Deferred Outflow of Resources	10,648,291	10,131,024

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2025	2024
LIABILITIE		
Current Liabilities		
Accounts Payable	69,966	104,395
Accrued Liabilities	8,489	41,966
Compensated Absences	15,817	18,605
Trusts and deposits	42,671	45,177
Deferred credits and other liabilities	378,733	378,342
Total Current Liabilities	515,676	588,485
Noncurrent liabilities		
Accrued Pension	1,862,084	1,995,075
Accrued OPEB	3,957,103	3,454,665
Compensated Absences	142,348	167,444
Total Noncurrent Liabilities	5,961,535	5,617,184
Total Liabilities	6,477,211	6,205,669
Deferred Inflows of Resources		
Deferred Inflows of resources - PERS	121,037	131,468
Deferred Inflows of resources - OPEB	1,742,280	2,290,133
Total Deferred Inflows of Resources	1,863,317	2,421,601
NET POSITION		
Net Investments in capital assets	5,305,509	5,305,435
Restricted Net Assets - Section 8 Housing Choice Vouchers	145,143	78,799
Unrestricted net assets (Deficit)	(3,142,889)	(3,880,480)
Total net position (Deficit)	2,307,763	1,503,754
Total Liabilities, Deferred Inflow of Resources, and Net Position	$10,648,291	$ 10,131,024

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF LODI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30

	2025	2024
OPERATING REVENUES		
Tenant Revenue	$ 1,942,651	$ 1,838,157
Operating grants	7,686,016	7,443,092
Other Income	204,246	123,215
Total operating revenues	9,832,913	9,404,464
OPERATING EXPENSES		
Administrative	1,211,772	1,083,760
Tenant services	-	1,298
Utilities	586,814	507,943
Maintenance	787,252	921,693
Protective services	440	43,826
General	256,309	349,238
Housing Assistance Payments	6,129,176	5,829,783
Depreciation Expense	162,009	164,592
Total Operating Expenses	9,133,772	8,902,133
NET OPERATING INCOME (LOSS)	699,141	502,331
NONOPERATING REVENUES (EXPENSES)		
Investment Income	129,868	143,826
Total nonoperating revenues	129,868	143,826
Change in net position	829,009	646,157
Total net position (Deficit) - beginning	1,503,754	857,597
Prior period Adjustments	(25,000)	-
Total net position (Deficit) - ending	$ 2,307,763	$ 1,503,754

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF LODI
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Hud operating subsidies	$ 7,686,016	7,443,092
Receipts from residents and others	1,942,651	1,838,157
Other revenue received	204,246	123,215
Payments to suppliers	(1,656,515)	(1,561,309)
Payments to and on behalf of employees	(1,508,625)	(1,416,742)
Housing Assisstance payments made	(6,129,176)	(5,829,783)
Net cash provided by (used) in operating activities	538,597	596,630
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(162,083)	(22,366)
Net cash (used) in capital and related financing activities	(162,083)	(22,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	129,868	143,826
Net cash provided by investing activities	129,868	143,826
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	506,382	718,090
CASH AND CASH EQUIVALENTS, OCTOBER 1	2,863,697	2,145,607
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	$ 3,370,079	$ 2,863,697
SEPTEMBER 30, CASH AND CASH EQUIVALENTS		
Unrestricted	$ 3,182,265	2,739,721
Restricted	187,814	123,976
Total Unrestricted and Restricted	$ 3,370,079	$ 2,863,697

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The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF LODI
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Loss	$ 699,141	502,331
Add back non-cash Items:		
Depreciation expense	162,009	164,592
Bad Debt Expense	-	4,655
Pension Expense/Credit	(190,054)	-
Decrease (Increase) in Assets		
Accounts Receivable	(8,890)	271,856
Prepaid Expenses	(3,210)	(1,727)
	658,996	941,707
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(92,906)	(67,922)
Accrued Compensated absences	(27,884)	65,671
other Liabilities and deferred credits	391	(342,826)
	(120,399)	(345,077)
Net Cash provided by operating activities	$ 538,597	$ 596,630

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The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Program Description

The Housing Authority of the Borough of Lodi (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.

Low Rent Housing Program

This program provides low-rent housing to qualified residents of the Borough of Lodi, New Jersey. All units are owned and operated by the Housing Authority and were purchased with financing arranged or provided through HUD. The operations of the program are subsidized by HUD through an Annual Contributions Contract. Operating subsidy contributions for the year ended September 30, 2025 was $ 291,033 and is included in operating subsidies in the combined statement of revenues, expenses and changes in net assets.

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.

Capital Fund Program Grants

Capital fund grants are recognized as revenues in the combined statement of revenues, expenses and changes in net assets in accordance with GASB Statement No. 34. Capital grants support the development, modernization and operation of public housing developments.

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.

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.

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

Rents are due from tenants on the first day of each month. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason.

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.

F - 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.

G – Capital Assets

Capital assets include land, structures and equipment recorded at cost and is comprised of property betterments and additions, and modernization program costs. Charges for maintenance and repairs are expensed when incurred. The authority depreciates these assets over their estimated useful lives using the straight-line method of depreciation.

Category	Useful lives (in Years)
Buildings	30 - 40 years
Improvements	30 - 40 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years
Computer equipment	5 - 10 years

Impairment of Capital Assets

GASB Statement No., 42, *Accounting and Financial reporting for Impairment of Capital Assets and for the Insurance Recoveries*, established accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The housing authority is required to evaluate prominent events of changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of September 30, 2025.

H – Accrued Compensated absences

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

I – 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".

J – 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.

K - 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.

L - 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.

M – Economic Dependency

The Section 8 and Low Rent Housing Programs of the Authority are economically dependent on operating grants and subsidies from HUD.

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 includes: housing choice voucher funds and resident security deposits.

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 September 30, 2025 cash and cash equivalents consisted of the follow

	2025	2024
Low rent	$2,487,592	$ 2,194,545
Section 8 Housing Choice	882,487	660,152
	-	-
	3,370,079	2,854,697
Bank Balances	$3,449,922	$ 3,244,385
Reconciliation of detail to statement of net assets		
	-	
Cash - unrestricted	3,182,265	2,739,721
Cash - restricted	187,814	123,976
	$3,370,079	$ 2,863,697

NOTE 3 – RECEIVABLES

Accounts Receivable as of September 30, 2025

	2025	2024
Tenant accounts receivable	9,852	4,235
Due from Other Government	13,546	-
Other	55,107	65,380
Total accounts receivable	78,505	69,615
Less: allowance for doubtful accounts	(2,534)	(2,534)
	75,971	67,081

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 - FIXED ASSETS

Changes in capital assets for 2025 consisted of:

	2024	additions	disposals	transfers	2025
Non-depreciable capital assets:					
Land	2,600,000	-	-		2,600,000
Depreciable capital assets:					
Buildings and Improvements	14,726,400	-	-	-	14,726,400
Equipment - Admin & Dwell	1,426,689	162,083	-	34,241	1,623,013
	-	-		-	-
Totals	16,153,089	162,083	-	34,241	16,349,413
Total capital assets	18,753,089	162,083	-		18,949,413
Accumulated Depreciation:	(13,447,654)	(162,009)	-	(34,241)	(13,643,904)
Net Capital Assets	5,305,435	74	-	(34,241)	5,305,509

NOTE 5 - FIXED ASSETS -continued

Changes in capital assets for 2024 consist of:

	2023	additions	disposals	transfers	2024
Non-depreciable capital assets:					
Land	2,600,000	-	-		2,600,000
Constructio in Progress					
Depreciable capital assets:					
Buildings and Improvements	14,726,400	-	-	-	14,726,400
Equipment - Admin & Dwell	1,404,323	22,366	-		1,426,689
	-	-		-	-
Totals	16,130,723	22,366	-	-	16,153,089
Total capital assets	18,730,723	22,366	-	-	18,753,089
Accumulated Depreciation:	(13,283,062)	(164,592)	-		(13,447,654)
Net Capital Assets	5,447,661	(142,226)	-		5,305,435

NOTE 6 – COMPENSATED ABSENCES

Accrued compensated absences represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the authority's Personnel Policy. Compensated absences activity consisted of the following:

	2025	2024
Beginning compensated absences	$ 186,049	$ 120,379
Compensated absences earned	161,573	221,000
Compensated absences redeemed	(189,457)	(155,330)
Ending compensated absences	158,165	186,049
Less: current portion	15,817	18,605
Compensated absences, net of current position	$ 142,348	$ 167,444

NOTE 7 – ACCRUED LIABILITIES

Accrued Liabilities as of September 30, 2025

	2025	2024
Accrued payroll and payroll taxes	$ 8,489	$ 41,966
	-	-
	$ 8,489	$ 41,966

NOTE 8 – DEFERRED CREDITS AND OTHER LIABILITIES

Deferred Credits and other liabilities as of September 30, 2025

	2025	2024
Unearned Revenue	$ 366,909	$ 378,342
prepaid rents	11,824	-
	$ 378,733	$ 378,342

NOTE 9 – NON-CURRENT LIABILITIES

Noncurrent liabilities as of September 30, 2025

Non-Current Liabilities	2025	2024
Accured Compensated absences	$ 142,348	$ 167,444
Accured pension	1,862,084	1,995,075
Accrued OPEB	3,957,103	3,454,665
	$ 5,961,535	$ 5,617,184

HOUSING AUTHORITY OF THE BOROUGH OF LODI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND SEPTEMBER 30, 2024

NOTE 10 – COMMITMENTS AND CONTINGIES

In December 2019 the housing authority received a lump sum payment in the amount of 400,152 for a 35 year easement agreement and assignment of a lease from a cell phone tower for T-Mobile. This is being amortized over the life of the easement agreement.

9/30/2026	11,433
9/30/2027	11,433
9/30/2028	11,433
9/30/2029	11,433
Thereafter	309,744
	$ 366,909
Current Rental Incom	11,433

NOTE 11 – <u>Deferred Outflows/Inflows of Resources</u> – 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 unamortized portion of the net difference between projected and actual earnings on pension plan investments.

NOTE 12 – PENSION PLAN

Description of Plan

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employers defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. It is a cost-sharing, multiple-employer defined benefit pension plan. The PERS was established on January 1, 1955 under the provisions of N.J.S.A. 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.

Vesting and Benefit Provisions

The vesting and benefit provisions for the PERS are set by N.J. S.A. 43:15A and 43:3B. All benefits vest after ten years of services, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined.

Funding Requirements - PERS

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. Employers' contributions are actuarially determined annually by the
The Authority's total contributions to PERS for the year ended September 30, 2025 was $ 186,471.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – at September 30, 2025, the Authority reported a liability of $1,862,084 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the authority's share of contributions to the pension plan relative to the contributions of all PERS participating employers. At June 30, 2024, the authority's collective proportion percentage was ..0137038432

NOTE 12 – PENSION PLAN - continued

For the year ended the authority recognized pension expense (benefit) of $116,044. At September 30, 2025, the authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	9/30/2025		9/30/2024	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experiences	$ 37,301	$ 4,957	$ 19,075	$ 8,155
Changes in assumptions	-	-	4,383	120,910
Net difference between projected and actual	2,313	21,186		
earnings on pension plan investments	-	86,340	9,188	-
Changes in proportion and differneces between	126,748	8,554	206,711	2,403
Authority contributions and proportionate share of contributions				
Total	$ 166,362	$ 121,037	$ 239,357	$ 131,468

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

Year Ended Sept., 30	Total
2026	$ 9,065
2027	$ 9,065
2028	$ 9,065
2029	$ 9,065
2030	$ 9,065
	$ 45,325

NOTE 12 – PENSION PLAN – continued

Discount Rate - the discount rate used to measure the total pension liability was 6.28% as of June 30, 2024 This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. 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 will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's Proportionate Share of Net Pension Liability to changes in the Discount Rate – the following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.28 percent, as well as what the authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.66 percent) or 1-percenatge point higher (6.66 percent) than the current rate,

	1% Decrease	Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Authority's proportionate share of the net pension liability	1,535,811	1,862,084	1,352,422

Actuarial assumptions – the total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation:	price	2.75%
	Wage	3.25%
Rates of salary increases:		
through 2026		2.00 – 6.00% based on years of service
Thereafter		3.00 – 7.00% based on years of service
Investment rate of return		7.00%

Mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality tables with an 82.2% adjustment for males and 101.4% adjustment for females., as appropriate, with adjustments for mortality improvements based on Scale AA.

NOTE 12 – PENSION PLAN – continued

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00%at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 are developed for each major 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 class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.12%
Non-US developed markets equity	12.75%	8.38%
International SmallCap Equity	1.25%	8.85%
Emerging Markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Note 13 – OTHER POST EMPLOYMENT BENEFITS

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.

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

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

At September 30, 2025, the Authority reported a liability of $3,957,103 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. Current numbers will be adjusted upon issuance of state audit report.

NOTE 13. – OTHER POST EMPLOYMENT BENEFITS - (continued)

For the year ended September 30, 2025, the Authority recognized OPEB expense of $(99,399). At September 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	9/30/2025		9/30/2024	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Changes in assumptions	$ 661,553	$ 656,854	$ 159,311	$ 938,172
Changes in proportions	806,103	413,166	447,507	976,520
Net differences between projected and actual	200,399	670,469	989,531	374,871
investment earnings on OPEB plan investments	-	1,791	-	570
Authority contributions subseqent to the	-		-	
measurement date	-		-	
Total	$ 1,668,055	$ 1,742,280	$ 1,596,349	$ 2,290,133

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 30-Sep	Total
2026	(14,845)
2027	(14,845)
2028	(14,845)
2029	(14,845)
2030	(14,845)
	$ (74,225)

NOTE 13. – 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, 2024. 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-2019
PFRS	Pub-2010 safety classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-2019

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2023, 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 3.50% 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.

NOTE 13. – 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

	1% Decrease	Discount Rate	1% Increase
Authority's proportionate share of			
the net OPEB liability	4,609,599	3,957,103	3,434,512

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	3,346,902	3,957,103	4,741,651

NOTE 14 – LITIGATION

The Authority has also been involved in numerous claims against present and former tenants regarding unpaid rents and damage claims. The Authority has proceeded according to the HUD guidelines in these cases.

NOTE 15 – SUBSEQUENT EVENTS

In preparing the financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through June 10, 2026 the date the financial statements were available to be issued. The authority has found no uncertainties to be recognized.

REQUIRED SUPPLEMENTARY IMFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF LODI, NEW JERSEY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED SEPTEMBER 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportions of the net pension liability (asset)	0.0134479415%	0.0134479415%	0.0134479415%	0.0134479415%	0.0119284293%	0.0119284293%	0.0117476469%	0.0001201073%	0.0128148609%	0.0112592985%
Authority's proportionate share of the net pension liability	$ 1,862,084	$ 1,995,075	$ 2,029,479	$ 2,029,479	$ 1,513,157	$ 1,945,215	$ 2,116,748	$ 2,364,854	$ 2,983,095	$ 3,334,681
Authority's covered-employee payroll	$ 1,041,644	$ 1,041,644	$ 1,041,644	$ 1,041,644	$ 966,861	$ 892,894	$ 961,965	$ 843,297	$ 842,214	$ 855,930
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.76%	191.53%	194.83%	194.83%	156.50%	217.86%	220.04%	280.43%	354.20%	389.60%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	53.60%	53.60%	53.60%	53.60%	53.60%	53.60%	53.60%	47.93%	59.86%

See accompanying independent auditor's report

HOUSING AUTHORITY OF THE BOROUGH OF LODI
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED SEPTEMBER 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$ 186,471	$ 184,093	$ 169,585	$ 169,585	$ 130,491	$ 130,491	$ 114,270	$ 119,468	$ 118,716	$ 100,026
Contributions in relation to the statutorily required contributions	$ 186,471	$ 184,093	$ 169,585	$ 169,585	$ 130,491	$ 130,491	$ 114,270	$ 119,468	$ 118,716	$ 100,026
Contributions deficiency (excess)										
Authority's covered-employee payroll	$ 1,041,644	$ 1,041,644	$ 1,041,644	$ 1,041,644	$ 966,861	$ 892,894	$ 961,965	$ 843,297	$ 842,214	$ 855,930
Contributions as a percentage of covered-employee payroll	17.90%	0.00%	16.28%	16.28%	13.50%	14.61%	11.88%	14.17%	14.10%	11.69%

See accompanying independent auditor's report

Housing Authority of the Borough of Lodi
Schedule of Proportionate Share of the Net OPEB Liability (Asset)
For the Year Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportionate share of the net OPEB liability	$ 3,957,103	$ 3,454,665	$ 3,191,806	$ 3,751,704	$ 3,751,704	$ 3,616,960	$ 2,422,579	$ 3,025,537
Employer's covered payroll	$ 1,041,644	$ 1,041,644	$ 1,041,644	$ 1,041,644	$ 966,861	$ 892,894	$ 937,135	$ 951,153
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	26.32%	30.15%	32.63%	27.76%	25.77%	24.69%	38.68%	31.44%
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: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF LODI
COMBINING STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025

	Public and Indian Housing	Capital fund Program	Housing Choice Vouchers	Totals
ASSETS				
Current Assets				
Cash	2,444,921		737,344	3,182,265
Restricted cash and investments	42,671		145,143	187,814
Receivables, net	23,398		52,573	75,971
Other assets	62,315		-	62,315
Total Current assets	2,573,305		935,060	3,508,365
NONCURRENT ASSETS				
Capital assets, net of depreciation	5,305,509		-	5,305,509
Total noncurrent assets	5,305,509		-	5,305,509
Deferred Outflows of Resources				
pension	141,408		24,954	166,362
OPEB	1,417,847		250,208	1,668,055
	1,559,255		275,162	1,834,417
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	9,438,069		1,210,222	10,648,291
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts payable	64,176		5,790	69,966
Accrued Liabilities	6,300		2,189	8,489
Compensated absences	9,754		6,063	15,817
Tenant security deposits	42,671		-	42,671
Deferred credits and other liabilities	378,733		-	378,733
Total current liabilities	501,634		14,042	515,676
NONCURRENT LIABILITIES				
Compensated absences	87,785		54,563	142,348
Accrued pension	1,582,771		279,313	1,862,084
Accrued OPEB	3,363,538		593,565	3,957,103
Total noncurrent liabilities	5,034,094		927,441	5,961,535
TOTAL LIABILITIES	5,535,728		941,483	6,477,211
Deferred Inflows of Resources	-		-	-
Pension	90,778		30,259	121,037
OPEB	1,306,710		435,570	1,742,280
	1,397,488		465,829	1,863,317
NET POSITION				
Net Investment in Capital assets	5,305,509		-	5,305,509
Restricted Net Position	-		145,143	145,143
Unrestricted Net position (deficit)	(2,800,656)		(342,233)	(3,142,889)
	2,504,853		(197,090)	2,307,763
TOTAL LIABILITIES AND NET POSITION	9,438,069		1,210,222	10,648,291

HOUSING AUTHORITY OF THE BOROUGH OF LODI
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Low Rent Housing	Capital Fund Program	Housing Choice Vouchers	Totals
Operating revenue				
Total Tenant Revenue	1,942,651		-	1,942,651
Operating subsidies	291,033	557,599	6,837,384	7,686,016
other revenue	180,004		24,242	204,246
Total operating revenue	2,413,688	557,599	6,861,626	9,832,913
Operating Expenses				
Administrative expenses	784,092		427,680	1,211,772
Utilities	586,814		-	586,814
Maintenance	766,295		20,957	787,252
Protective services	440		-	440
General	225,035		31,274	256,309
Housing Assistance payments	-		6,129,176	6,129,176
Depreciation expense	162,009		-	162,009
Total operating expenses	2,524,685		6,609,087	9,133,772
Operating income (loss)	(110,997)	557,599	252,539	699,141
Nonoperating revenue (expenses)				-
Investment Income	102,012		27,856	129,868
Net nonoperating revenue	102,012		27,856	129,868
Income (Loss) before capital subsidies	(8,985)	557,599	280,395	829,009
Change in net assets	(8,985)	557,599	280,395	829,009
Total net assets at beginning of year	1,981,239	-	(477,485)	1,503,754
Prior Period Adjustments	(25,000)			(25,000)
Capital contributions/transfers	557,599	(557,599)		-
Total net position at end of year	2,504,853	-	(197,090)	2,307,763

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	$2,444,921	$737,344	$3,182,265	$3,182,265
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		$145,143	$145,143	$145,143
114 Cash - Tenant Security Deposits	$42,671		$42,671	$42,671
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	$2,487,592	$882,487	$3,370,079	$3,370,079
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government	$13,546		$13,546	$13,546
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	$9,852		$9,852	$9,852
126.1 Allowance for Doubtful Accounts -Tenants	$0		$0	$0
126.2 Allowance for Doubtful Accounts - Other	$0		$0	$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery		$55,107	$55,107	$55,107
128.1 Allowance for Doubtful Accounts - Fraud		-$2,534	-$2,534	-$2,534
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	$23,398	$52,573	$75,971	$75,971
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit　　Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
142 Prepaid Expenses and Other Assets	$45,715		$45,715	$45,715
143 Inventories	$16,600		$16,600	$16,600
143.1 Allowance for Obsolete Inventories	$0		$0	$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	$2,573,305	$935,060	$3,508,365	$3,508,365
161 Land	$2,600,000		$2,600,000	$2,600,000
162 Buildings	$14,726,400		$14,726,400	$14,726,400
163 Furniture, Equipment & Machinery - Dwellings	$1,305,729		$1,305,729	$1,305,729
164 Furniture, Equipment & Machinery - Administration	$277,336	$39,948	$317,284	$317,284
165 Leasehold Improvements				
166 Accumulated Depreciation	-$13,603,956	-$39,948	-$13,643,904	-$13,643,904
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	$5,305,509	$0	$5,305,509	$5,305,509
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	$5,305,509	$0	$5,305,509	$5,305,509

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
200 Deferred Outflow of Resources	$1,559,255	$275,162	$1,834,417	$1,834,417
290 Total Assets and Deferred Outflow of Resources	$9,438,069	$1,210,222	$10,648,291	$10,648,291
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	$64,176	$5,790	$69,966	$69,966
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	$6,300	$2,189	$8,489	$8,489
322 Accrued Compensated Absences - Current Portion	$9,754	$6,063	$15,817	$15,817
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits	$42,671		$42,671	$42,671
342 Unearned Revenue	$378,733		$378,733	$378,733
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				

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
310 Total Current Liabilities	$501,634	$14,042	$515,676	$515,676
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	$87,785	$54,563	$142,348	$142,348
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	$4,946,309	$872,878	$5,819,187	$5,819,187
350 Total Non-Current Liabilities	$5,034,094	$927,441	$5,961,535	$5,961,535
300 Total Liabilities	$5,535,728	$941,483	$6,477,211	$6,477,211
400 Deferred Inflow of Resources	$1,397,488	$465,829	$1,863,317	$1,863,317
508.4 Net Investment in Capital Assets	$5,305,509		$5,305,509	$5,305,509
511.4 Restricted Net Position		$145,143	$145,143	$145,143
512.4 Unrestricted Net Position	-$2,800,656	-$342,233	-$3,142,889	-$3,142,889
513 Total Equity - Net Assets / Position	$2,504,853	-$197,090	$2,307,763	$2,307,763
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$9,438,069	$1,210,222	$10,648,291	$10,648,291

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	$1,902,494		$1,902,494	$1,902,494
70400 Tenant Revenue - Other	$40,157		$40,157	$40,157
70500 Total Tenant Revenue	$1,942,651	$0	$1,942,651	$1,942,651
70600 HUD PHA Operating Grants	$848,632	$6,837,384	$7,686,016	$7,686,016
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	$102,012	$27,382	$129,394	$129,394
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		$24,242	$24,242	$24,242
71500 Other Revenue	$180,004		$180,004	$180,004
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		$474	$474	$474
70000 Total Revenue	$3,073,299	$6,889,482	$9,962,781	$9,962,781

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
91100 Administrative Salaries	$365,693	$253,223	$618,916	$618,916
91200 Auditing Fees	$4,200	$4,200	$8,400	$8,400
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	$213,156	$99,610	$312,766	$312,766
91600 Office Expenses	$86,176	$33,272	$119,448	$119,448
91700 Legal Expense	$39,475	$21,375	$60,850	$60,850
91800 Travel				
91810 Allocated Overhead				
91900 Other	$19,750	$16,000	$35,750	$35,750
91000 Total Operating - Administrative	$728,450	$427,680	$1,156,130	$1,156,130
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	$0
93100 Water	$79,290		$79,290	$79,290
93200 Electricity	$265,169		$265,169	$265,169
93300 Gas	$151,501		$151,501	$151,501
93400 Fuel				

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
93500 Labor	$59,856		$59,856	$59,856
93600 Sewer				
93700 Employee Benefit Contributions - Utilities	$30,998		$30,998	$30,998
93800 Other Utilities Expense				
93000 Total Utilities	$586,814	$0	$586,814	$586,814
94100 Ordinary Maintenance and Operations - Labor	$318,949		$318,949	$318,949
94200 Ordinary Maintenance and Operations - Materials and Other	$135,472	$20,957	$156,429	$156,429
94300 Ordinary Maintenance and Operations Contracts	$144,734		$144,734	$144,734
94500 Employee Benefit Contributions - Ordinary Maintenance	$167,140		$167,140	$167,140
94000 Total Maintenance	$766,295	$20,957	$787,252	$787,252
95100 Protective Services - Labor	$440		$440	$440
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services	$0		$0	$0
95000 Total Protective Services	$440	$0	$440	$440
96110 Property Insurance	$100,005	$14,539	$114,544	$114,544
96120 Liability Insurance	$25,275	$3,696	$28,971	$28,971
96130 Workmen's Compensation	$23,730	$6,408	$30,138	$30,138
96140 All Other Insurance	$43,731		$43,731	$43,731
96100 Total insurance Premiums	$192,741	$24,643	$217,384	$217,384

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
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	$32,294	$6,631	$38,925	$38,925
96000 Total Other General Expenses	$32,294	$6,631	$38,925	$38,925
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0
96900 Total Operating Expenses	$2,307,034	$479,911	$2,786,945	$2,786,945
97000 Excess of Operating Revenue over Operating Expenses	$766,265	$6,409,571	$7,175,836	$7,175,836
97100 Extraordinary Maintenance	$55,642		$55,642	$55,642
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		$6,129,176	$6,129,176	$6,129,176
97350 HAP Portability-In				
97400 Depreciation Expense	$162,009		$162,009	$162,009
97500 Fraud Losses				

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	$2,524,685	$6,609,087	$9,133,772	$9,133,772
10010 Operating Transfer In	$557,599		$557,599	$557,599
10020 Operating transfer Out	-$557,599		-$557,599	-$557,599
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$548,614	$280,395	$829,009	$829,009
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0
11030 Beginning Equity	$1,981,239	-$477,485	$1,503,754	$1,503,754
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$25,000		-$25,000	-$25,000

Housing Authority of the Borough of Lodi (NJ011)

LODI, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 09/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
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		-$342,233	-$342,233	-$342,233
11180 Housing Assistance Payments Equity		$145,143	$145,143	$145,143
11190 Unit Months Available	2640	5724	8364	8364
11210 Number of Unit Months Leased	2640	5159	7799	7799
11270 Excess Cash	$1,808,803		$1,808,803	$1,808,803
11610 Land Purchases	$0		$0	$0
11620 Building Purchases	$0		$0	$0
11630 Furniture & Equipment - Dwelling Purchases	$149,868		$149,868	$149,868
11640 Furniture & Equipment - Administrative Purchases	$12,215		$12,215	$12,215
11650 Leasehold Improvements Purchases	$0		$0	$0
11660 Infrastructure Purchases	$0		$0	$0
13510 CFFP Debt Service Payments	$0		$0	$0
13901 Replacement Housing Factor Funds	$0		$0	$0

HOUSING AUTHORITY OF THE BOROUGH OF LODI
SCHEDULE OF ACTUAL MODERNIZATION COST CERTIFICATES
YEAR ENDED SEPTEMBER 30, 2025

PROGRAM/GRANT	NJ39P01150123
BUDGET - ORIGINAL FUNDS APPROVED	$ 554,494
FUNDS DISBURSED	554,494
FUNDS EXPENDED	$ 554,494
EXCESS (DEFICIENCY) OF ADVANCES DUE TO (FROM) HUD	$ -

THE ACTUAL MODERNIZATION COST CERTIFICATES ARE IN AGREEMENT WITH THE RECORDS OF THE HOUSING AUTHORITY OF THE BOROUGH OF LODI, NEW JERSEY.

SINGLE AUDIT AND OTHER REPORTS

HOUSING AUTHORITY OF THE BOROUGH OF LODI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2025

-

	CFDA NUMBER	FEDERAL EXPENDITURES
Department of Housing and Urban Development		
Public and Indian Housing	14.850	$ 291,033
Housing Voucher Cluester		
Section 8 Housing Choice Vouchers	14.871	6,837,384
Total Housing Voucher Cluster		6,837,384
Public Housing Capital Fund Program	14.872	557,599
Total federal Awards Expended		$ 7,686,016

See accompanying notes to Schedule of Federal Awards

HOUSING AUTHORITY OF THE BOROUGH OF LODI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 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 September 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 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 Lodi.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 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.

2 . The entity did not elect to use the 10 percent de minimis indirect rate.

3 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 LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 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 reported.

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None reported.
• Significant deficiency(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
14.850	Public and Indian Housing
14.871	Housing Choice Voucher Cluster
14.872	Capital Fund Program

HOUSING AUTHORITY OF THE BOROUGH OF LODI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS - Continued

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

SEMAP Certification – the required SEMAP indicators were verified in accordance with 24CFR985.3

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no Financial Statement findings in the current 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 LODI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 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
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Housing Authority of the Borough of Lodi
Lodi, 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 Lodi,, as of and for the year ended September 30, 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 June 10, 2026

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the Borough of Lodi'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 Lodi'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

June 10, 2026

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

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

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

Board of Directors
Lodi Housing Authority
Lodi, New Jersey

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Lodi 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 September 30, 2025. Lodi 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, Lodi 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 September 30, 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 Lodi 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 Lodi 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 Lodi 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 Lodi 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 Lodi 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 Lodi 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 Lodi 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 Lodi 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

June 10, 2026