Report On Audit

HOUSING AUTHORITY OF TOWN OF PHILLIPSBURG

For the Year Ended June 30, 2025

Housing Authority of the Town of Phillipsburg
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HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2025

As management of the Housing Authority of the Town of Phillipsburg (the "Authority"), we hereby present the following Management's Discussion and Analysis (MD&A). This narrative overview is provided as supplementary information in accordance with the requirements of the Governmental Accounting Standards Board (GASB) and is intended to offer a clear and systematic explanation of the financial statements accompanying this report.

The MD&A is designed to highlight the Authority's activities for the current fiscal year, the resulting financial changes, and relevant known conditions that may affect future operations. Given its necessarily summarized nature, readers are encouraged to review the Authority's financial statements and related notes in full—beginning on page 19—to obtain a comprehensive understanding of the Authority's financial position.

Readers should consider the information presented in this analysis together with the detailed financial statements and accompanying notes included elsewhere in this report.

FINANCIAL HIGHLIGHTS

The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year, resulting in a net position of $37,029,808. This represents an increase of $3,868,525 (12%) compared to the prior year.

As of June 30, 2025, the Authority's unrestricted net position totaled $20,243,866, an increase of $2,626,499 (15%) from the previous year. During fiscal year 2025, the Authority recorded a prior period adjustment of $220,875 related to the opening OPEB balance and deferred inflows. Additional details regarding unrestricted net position can be found in Note 21 of the financial statements.

The Authority's net investment in capital assets rose $1,215,015 (8%) to an ending balance of $15,756,945. This increase was primarily driven by $1,546,259 in fixed asset additions, partially offset by $303,441 in depreciation expense.

Restricted net position increased $27,011 (3%) from the prior year, ending at $1,028,997. Further details are available in Note 20 of this report.

Total cash as of June 30, 2025, was $27,806,776, an increase of $2,471,896 (10%).

- Operating cash increased $2,446,872 (10%) to $26,706,041.
- Restricted deposits and funded reserves rose $25,024 (2%) to $1,100,735. Comprehensive cash flow information is provided in the Statements of Cash Flows (pages 22–23).

The Authority's total assets and deferred outflows were $48,315,601, consisting of:

- Capital assets (net): $15,791,033
- Deferred outflows: $2,499,093
- Other assets: $1,531,745
- Total current assets: $28,493,730

FINANCIAL HIGHLIGHTS – CONTINUED

Total current assets increased $2,447,319 (9%) over the prior year. Key drivers include:

- Operating cash: + $2,446,872
- Restricted deposits and reserves: + $25,024
- Accounts receivable: – $36,869
- Prepaid expenses: + $12,292

Capital assets increased $1,249,103 (9%) in net book value. This reflects $1,546,259 in capital purchases, reduced by $303,441 in depreciation. Detailed capital outlay information is included in Note 8 – Fixed Assets.

Other assets decreased $120,034 (7%). This includes:

- Right-to-use assets: – $6,285 (34%)
- Noncurrent lease receivables: – $113,749 (7%)
  Further detail are provided in Notes 9–10.

Deferred outflows for pension costs and OPEB increased $146,544, ending at $2,499,093. Deferred inflows related to pension costs and OPEB decreased $805,261, ending at $2,172,183. Deferred lease revenue decreased $54,444, with an ending balance of $1,314,605. Additional information on deferred items is available in Note 11.

Total liabilities were $7,799,005, consisting of:

- Current liabilities: $725,849
- Noncurrent liabilities: $7,073,156
  Total liabilities increased $714,112 (10%) from the prior year.

Current liabilities increased $73,833 (11%), driven by:

- Accounts payable: + $54,997
- Accrued liabilities: + $19,446
- Tenant security deposits: – $2,109
- Unearned revenue: – $410
- Current lease payable: + $1,909, ending at $6,491

Noncurrent liabilities increased $640,279 (10%), primarily due to:

- Accrued compensated absences (long-term): + $64,058, ending at $281,478
- Noncurrent lease payable: – $8,645, ending at $6,219
  See Note 9 for additional information.

Accrued OPEB and pension liabilities increased $584,866, reaching $6,785,459. Further detail related to GASB 68 and 75 can be found in Notes 17–18.

Operating revenue totaled $7,787,640, an increase of $212,126 (3%) from the prior year. Operating expenses decreased $38,802 (1%) to $6,069,380. As a result, the Authority generated $1,718,260 in excess operating revenue, up $250,928 (17%) from the prior year's $1,467,332.

FINANCIAL HIGHLIGHTS - CONTINUED

Capital contributions from HUD totaled $906,638, an increase of $8,560 (1%) from the previous year. Capital outlays for the year amounted to $1,546,259. Full details is included in Note 8 – Fixed Assets.

Expenditures of Federal Awards were $4,338,210, compared to $4,546,429 in fiscal year 2024—a decrease of $208,219 (5%).

USING THIS ANNUAL REPORT

The Housing Authority's annual report includes financial statements that present combined information for the Authority's most significant programs:

1. Public and Indian Housing Program
2. Public Housing Capital Fund Program
3. Resident Opportunities and Self-Sufficiency (ROSS) Program

The Housing Authority's independent auditors have provided assurance in their audit report—included with this Management's Discussion and Analysis (MD&A)—that the basic financial statements are presented fairly in all material respects. The auditors provide varying levels of assurance on the additional information contained in this report. Readers are encouraged to review the independent auditors' report carefully to understand the degree of assurance provided for each section of the report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding of the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 59.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 66-67 of this report.

1. **Federal Awards** –Under the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 of the U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), a *federal award* is defined as any federal financial assistance or federal cost-reimbursement contract that a non-federal entity receives either directly from a federal agency or indirectly through a pass-through entity.

Federal Awards – Continued Federal financial assistance includes resources provided to non-federal entities in the form of grants, loans, loan guarantees, cooperative agreements, property, interest subsidies, insurance, direct appropriations, and other forms of support.

2. **Type A and Type B Programs** - The Single Audit Act Amendments of 1996, together with the Uniform Guidance, establish the expenditure thresholds used to classify Federal financial assistance programs as Type A or Type B. For the Housing Authority of the Town of Phillipsburg, Type A programs are those with expenditures of $750,000 or more during the fiscal year ending June 30, 2025. Type B programs are those with expenditures below $750,000 for the same fiscal year.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

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

Computation of Changes in Net Position are as follows:

	Year Ended		Increase
	June-25	June-24	(Decrease)
Cash	$ 27,806,776	$ 25,334,880	$ 2,471,896
Other Current Assets	686,954	711,531	(24,577)
Capital Assets - Net	15,791,033	14,541,930	1,249,103
Other Non Current Assets	1,531,745	1,651,779	(120,034)
Deferred Outflows	2,499,093	2,352,549	146,544
Total Assets	48,315,601	44,592,669	3,722,932
Less: Current Liabilities	(725,849)	(652,016)	(73,833)
Less: Non Current Liabilities	(7,073,156)	(6,432,877)	(640,279)
Less: Deferred Inflows	(3,486,788)	(4,346,493)	859,705
Net Position	$ 37,029,808	$ 33,161,283	$ 3,868,525
Net Investment in Capital Assets	$ 15,756,945	$ 14,541,930	$ 1,215,015
Restricted Net Position	1,028,997	1,001,986	27,011
Unrestricted Net Position	20,243,866	17,617,367	2,626,499
Net Position	$ 37,029,808	$ 33,161,283	$ 3,868,525

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Cash increased by $2,471,896 or 10%. Net cash used by operating activities was $1,762,986, net cash used by capital and related financing activities was $313,842, and net cash provided by investing activities was $1,022,752. The full details of this amount can be found in the Statements of Cash Flows on page 22-23 of this audit report.

Other current assets decreased $24,577 or 3%. Accounts receivable, net of allowances, decreased by $36,869, and prepaid expenses increased by $12,292.

Capital assets increased $1,249,103 (9%) in net book value. This reflects $1,546,259 in capital purchases, reduced by $303,441 in depreciation. Detailed capital outlay information is included in Note 8 – Fixed Assets.

Other assets decreased $120,034 (7%). This includes:

- Right-to-use assets: – $6,285 (34%)
- Noncurrent lease receivables: – $113,749 (7%)
  Further detail are provided in Notes 9–10.

Deferred outflows for pension costs increased $146,544, ending at $2,499,093.
Deferred inflows related to pension costs decreased $805,261, ending at $2,172,183.
Deferred lease revenue decreased $54,444, with an ending balance of $1,314,605.
Additional information on deferred items is available in Note 11.

Current liabilities increased $73,833 (11%), driven by:

- Accounts payable: + $54,997
- Accrued liabilities: + $19,446
- Tenant security deposits: – $2,109
- Unearned revenue: – $410
- Current lease payable: + $1,909, ending at $6,491

Noncurrent liabilities increased $640,279 (10%), primarily due to:

- Accrued compensated absences (long-term): + $64,058, ending at $281,478
- Noncurrent lease payable: – $8,645, ending at $6,219
  See Note 9 for additional information.

Accrued OPEB and pension liabilities increased $584,866, reaching $6,785,459. Further detail related to GASB 68 and 75 can be found in Notes 17–18.

The Authority's reported net position of $37,029,808 is made up of three categories. The net investment in capital assets in the amount of $15,756,945 represents 43% of the total net position. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2024	$ 14,541,930
Acquisition in Fixed Assets	1,546,259
Depreciation Expense	(303,441)
Depreciation Adjustment	(27,803)
Balance June 30, 2025	$ 15,756,945

The Authority reported a restricted net position of $1,028,997, an increase of $27,011 or 3% from the prior year. This balance represents available resources that may be used only for specific purposes stipulated by the grantor. The Authority placed CFP funds into a repair and replacement account for future use by the Authority as per HUD drawdown requirement 24 of CFR Part 990 regarding CFP Funds.

The Housing Authority of the Town of Phillipsburg operating results for June 30, 2025, reported an increase in the unrestricted position of $2,626,499 or 15% for an ending balance of $20,243,866. A full detail of this account can be found in the Notes to the Financial Statements Section Note – 21 Unrestricted Net Position. During the 2025 fiscal year, the Authority had a prior period adjustment in the amount of $220,875 to adjust the opening OPEB expense and deferred inflow balance.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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

Computation of Changes in Net Position are as follows:

	Year Ended June-25	Year Ended June-24	Increase (Decrease)
Revenues			
Tenant Revenues	$ 3,747,862	$ 3,455,104	$ 292,758
HUD Subsidies	3,431,572	3,648,351	(216,779)
Other Revenues	608,206	472,059	136,147
Total Operating Income	7,787,640	7,575,514	212,126
Expenses			
Operating Expenses	5,765,939	5,739,104	26,835
Depreciation Expense	303,441	369,078	(65,637)
Total Operating Expenses	6,069,380	6,108,182	(38,802)
Operating Income before Non Operating Income	1,718,260	1,467,332	250,928
Interest Income	1,022,752	1,132,530	(109,778)
Capital Grants	906,638	898,078	8,560
Change in Net Position	3,647,650	3,497,940	149,710
Net Position Prior Year	33,161,283	26,784,315	6,376,968
Prior Period Adjustments	220,875	2,879,028	(2,658,153)
Total Net Position	$ 37,029,808	$ 33,161,283	$ 3,868,525

Approximately 46% of the Authority's total operating revenue was provided by HUD operating subsidy, while 48% resulted from tenant revenue. Charges for various services provided the remaining 6% of the total operating income.

The Housing Authority of the Town of Phillipsburg Capital Fund Program received $906,638 in grant money, representing an increase of $8,560 from the prior fiscal year.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority had capital expenditures totaling $1,546,259 during the fiscal year. Major additions included playground replacements, power pole replacements, boiler replacements, installation of bullet-proof glass in the office, acquisition of a new maintenance truck and cargo van, upgrades to a library room, architectural and engineering services, and enhancements to the security camera system.

The Authority's operating expenses encompass a wide range of activities. The largest expenditure category was maintenance, representing 34% of total operating expenses. Administrative expenses accounted for 28%, tenant services for 1%, utilities for 20%, other operating expenses for 11%, and depreciation made up the remaining 6% of total operating expenses.

Operating revenues exceeded operating expenses, resulting in excess revenue from operations of $1,718,260, compared to $1,467,332 in the prior year. Key factors contributing to the year-over-year increase in excess operating revenue include:

- Tenant dwelling rental revenue increased $292,758 (8%), primarily due to higher tenant household income.
- HUD PHA operating grants decreased $216,779 (6%).
- Other income increased $136,147 (29%).

The Authority also experienced changes in several major expense categories:
Increases in expenses:

- Tenant services: + $77,409 (467%)
- Utilities: + $157,428 (13%)
- Other operating expenses: + $162,685 (23%)

Decreases in expenses:

- Administrative expenses: – $117,515 (7%)
- Maintenance expenses: – $253,172 (12%)
- Depreciation: – $65,637 (18%)

Total net cash provided by operating activities was $1,762,986, compared to cash used of $1,516,987 in the prior fiscal year. Full details can be found in the Statement of Cash Flows on pages 22–23 of this report.

The Authority's revenues are generated primarily from tenant rents and HUD subsidies and grants. Monthly operating subsidies are received based on HUD-approved amounts, while grant funds are drawn down as needed against authorized funding levels.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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

	June-25	June-24	June-23	June-22
Significant Income				
Total Tenant Revenue	$ 3,747,862	$ 3,455,104	$ 3,253,520	$ 3,103,469
HUD Operating Grants	3,431,572	3,648,351	3,542,610	3,809,258
HUD Capital Grants	906,638	898,078	933,402	95,682
Investment Income	1,022,752	1,132,530	468,693	113,657
Other Income	608,206	472,059	373,418	306,925
Total	$ 9,717,030	$ 9,606,122	$ 8,571,643	$ 7,428,991
Payroll Expense				
Administrative Salaries	676,726	759,644	541,985	695,818
Tenant Services Salaries	81,730	-	-	-
Maintenance Labor	697,256	731,099	606,986	602,243
Employee Benefits Expense	847,760	834,824	746,417	472,764
Total Payroll Expense	$ 2,303,472	$ 2,325,567	$ 1,895,388	$ 1,770,825
Other Significant Expenses				
Other Administrative Expenses	$ 400,959	$ 444,262	$ 363,184	$ 507,382
Utilities Expense	1,385,457	1,228,029	1,275,472	1,228,401
Maintenance Supplies	207,207	361,802	167,316	160,069
Maintenance Contract Cost	681,892	666,215	792,012	608,632
Insurance Premiums	340,565	311,716	280,931	255,888
Bad Debt Expense	211,327	147,159	186,288	215,799
Total	$ 3,227,407	$ 3,159,183	$ 3,065,203	$ 2,976,171
Total Operating Expenses	$ 6,069,380	$ 6,108,182	$ 5,664,871	$ 5,081,368
Total of Federal Awards	$ 4,338,210	$ 4,546,429	$ 4,476,012	$ 3,904,940

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG PROGRAMS

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

Resident Opportunity and Support Services – ROSS:

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

BUDGETARY HIGHLIGHTS

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

NEW INITIATIVES

For the fiscal year 2025 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 45% of its revenue from the Department of Housing and Urban Development (2024 fiscal year was 47%), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net investment in capital assets as of June 30, 2025, was $15,791,033 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The major factor that contributed to the increase was the purchase of fixed assets in the amount of $1,546,259, less the recording of depreciation expense in the amount of $303,441.

Major capital asset events during the fiscal year included the following:

- Playground replacements
- Power pole replacements
- Boiler replacements
- Installation of bullet-proof glass in the office
- Acquisition of a new maintenance truck and cargo van
- Upgrades to a library room
- Architectural and engineering services
- Enhancements to the security camera system

CAPITAL ASSETS AND DEBT ADMINISTRATION -CONTINUED

	June-25	June-24	Increase (Decrease)
Land	$ 1,594,339	$ 1,594,339	$ -
Building & Improvements	20,927,919	20,625,755	302,164
Furniture, Equipment - Dwelling	1,400,834	1,400,834	-
Furniture, Equipment - Administration	841,539	841,539	-
Leasehold Improvements	1,320,759	1,320,759	
Construction in Process	7,729,434	6,485,339	1,244,095
Total Fixed Assets	33,814,824	32,268,565	1,546,259
Accumulated Depreciation	(18,023,791)	(17,726,635)	(297,156)
Net Book Value	$ 15,791,033	$ 14,541,930	$ 1,249,103

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

2-Debt Administration
The Authority does not have any long-term debt at this time.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of the Town of Phillipsburg is primarily dependent on the U.S. Department of Housing and Urban Development (HUD) for operational funding. As a result, its financial position is influenced more significantly by federal budget decisions than by local economic conditions. Ongoing pressure on the federal budget—including record deficits and competing national funding priorities—continues to present uncertainty regarding future appropriations.
The Authority has submitted its 2026 fiscal year capital budgets to HUD for approval with no major revisions from prior plans. The Capital Fund Program, which operates under multi-year funding cycles, has remained relatively stable. These funds are used primarily for the modernization and improvement of public housing properties, as well as administrative costs associated with modernization activities.

The following key considerations were taken into account when developing the Authority's budget for the fiscal year ending June 30, 2026:

- State of the New Jersey economy, including factors that affect tenant income such as local employment, inflationary trends, and recessionary pressures. Because tenant rental payments are based on household income, changes in economic conditions directly impact rental revenue.

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

- Health insurance costs, which are expected to continue rising and exert upward pressure on employee benefit expenses over the next several years.

- Inflationary impacts on utility costs, maintenance supplies, materials, and other operating expenses.

- The conversion of Low-Income Public Housing units to RAD (Rental Assistance Demonstration) subsidy units, which may affect subsidy levels and long-term financial planning.

- Federal budget uncertainty, as even full funding of Operating and Capital Fund formulas by HUD does not guarantee that Congress will appropriate sufficient resources. Federal deficits and competing funding priorities are expected to continue influencing overall subsidy levels.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is intended to provide an overview of the Authority's financial activities for stakeholders and interested parties. Questions regarding the information presented in this report or requests for additional financial details should be directed to:

Mr. Thomas F. McGuire, Executive Director
Housing Authority of the Town of Phillipsburg
530 Heckman Street
Phillipsburg, NJ 08865
Phone: (908) 859-0122

GIAMPAOLO
& ASSOCIATES

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Phillipsburg
530 Heckman Street
Phillipsburg, NJ 08865

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of the Housing Authority of the Town of Phillipsburg, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Phillipsburg basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Phillipsburg 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Phillipsburg.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 1 through 14 and pages 60-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Phillipsburg's basic financial statements. The accompanying supplemental information on pages 66-74 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026, in our consideration of the Housing Authority of the Town of Phillipsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Phillipsburg's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Town of Phillipsburg's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey
Date: February 13, 2026

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
STATEMENT OF NET POSITION - 1
AS OF JUNE 30, 2025

		2025
Assets		
Current Assets:		
Cash and Cash Equivalents- Unrestricted		
Operating	$	26,706,041
Restricted		1,100,735
Total cash and equivalents		27,806,776
Accounts Receivables, Net of Allowances		503,680
Prepaid Expenses		183,274
Total Current Assets		28,493,730
Noncurrent Assets		
Capital Assets		
Land		1,594,339
Building		20,927,919
Furniture, Equipment - Dwelling		1,400,834
Furniture, Equipment - Administration		841,539
Leasehold Improvements		1,320,759
Construction in Process		7,729,434
Total Capital Assets		33,814,824
Less: Accumulated Depreciation		(18,023,791)
Net Book Value		15,791,033
Other Assets		
Right to Use Assets		12,045
Leases Receivable -Non Current		1,519,700
Total Other Assets		1,531,745
Total Assets		45,816,508
Deferred Outflow of Resources		
State of New Jersey P.E.R.S. and OPEB		2,499,093
Total Assets and Deferred Outflow of Resources	$	48,315,601

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
STATEMENT OF NET POSITION - 2
AS OF JUNE 30, 2025

	2025
Liabilities	
Current Liabilities:	
Accounts Payable	$ 364,709
Accrued Liabilities	203,193
Tenant Security Deposit Payable	71,619
Unearned Revenue	79,837
Lease Payable - Current Portion	6,491
Total Current Liabilities	725,849
Noncurrent Liabilities	
Accrued Compensated Absences - Long-Term	281,478
Lease Payable - Noncurrent	6,219
Accrued Net Pension and OPEB Liabilities	6,785,459
Total Noncurrent Liabilities	7,073,156
Total Liabilities	7,799,005
Deferred Inflow of Resources	
State of New Jersey P.E.R.S. and OPEB	2,172,183
Lease Revenue	1,314,605
Total Deferred Inflow of Resources	3,486,788
Net Position:	
Net Investment in Capital Assets	15,756,945
Restricted	1,028,997
Unrestricted	20,243,866
Total Net Position	37,029,808
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 48,315,601

See accompanying notes to the financial statements.

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

	2025
Revenue:	
Tenant Rental Revenue	$ 3,747,862
HUD PHA Operating Grants	3,431,572
Other Revenue	608,206
Total Revenue	7,787,640
Operating Expenses:	
Administrative Expenses	1,565,643
Tenant Services	93,989
Utilities Expense	1,385,457
Maintenance Expense	1,861,516
Other Operating Expenses	859,334
Depreciation Expense	303,441
Total Operating Expenses	6,069,380
Excess Revenue From Operations	1,718,260
Non Operating Income:	
Investment Income	1,022,752
Excess Operating Revenue Before Capital Grant Contributions	2,741,012
Capital Grants	906,638
Change in Net Position	3,647,650
Beginning Net Position	33,161,283
Prior Period Adjusments	220,875
Beginning Net Position, Restated	33,382,158
Ending Net Position	$ 37,029,808

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025

	2025
Cash Flow From Operating Activities	
Receipts from Tenants	$ 3,424,690
Receipts from Federal Grants	3,183,526
Receipts from Other Sources	608,206
Payments to Vendors and Suppliers	(1,959,717)
Payments to Employees	(1,373,982)
Payment of Employee Benefits	(847,760)
Payment of Utilities Expenses	(1,271,977)
Net Cash Provided by Operating Activities	1,762,986
Cash Flow From Capital and Related Financing Activities	
Receipts from Capital Grants	906,638
Acquisitions and Construction of Capital Assets	(1,546,259)
Security Deposit (Paid) Received	(2,109)
Prior Period Adjustment	220,875
Lease Receivable - Non Current	113,749
Lease Payable	(6,736)
Net Cash (Used) by and Related Financing Activities	(313,842)
Cash Flow From Investing Activities	
Interest Income	1,022,752
Net Cash Provided by Investing Activities	1,022,752
Net Increase in Cash and Cash Equivalents	2,471,896
Beginning Cash, Cash Equivalents and Restricted Cash	25,334,880
Ending Cash, Cash Equivalents and Restricted Cash	$ 27,806,776
Reconciliation of Cash Balances:	
Cash and Cash Equivalents - Unrestricted	$ 26,706,041
Cash and Cash Equivalents - Restricted	1,100,735
Total Cash and Cash Equivalents	$ 27,806,776

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025

		2025
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Excess Revenue From Operations	$	1,718,260
Adjustments to reconcile excess revenue		
to net cash providedd by operating activities:		
Depreciation Expense		303,441
(Increase) Decrease in:		
Accounts Receivables		36,869
Prepaid Expenses		(12,292)
Deferred Outflow of Resources		(146,544)
Increase (Decrease) in:		
Accounts Payable		54,997
Accrued Liabilities		19,446
Unearned Revenue		(410)
OPEB and Pension Liability		584,866
Accrued Compensated Absences		64,058
Deferred Inflows of Resources		(859,705)
Net Cash Provided by Operating Activities	$	1,762,986
Supplementary information		
Lease payments received during the year	$	111,511

See accompanying notes to the financial statements.

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

Organization – The Authority is a governmental public corporation established under federal and state housing laws, as defined by New Jersey Statute (N.J.S.A. 4A:12A-1 et seq., the Housing Authority Act). Its purpose is to develop, acquire, and administer low-income housing and related programs that serve low- and moderate-income families residing in the Town of Phillipsburg, in accordance with regulations issued by the U.S. Department of Housing and Urban Development (HUD).

The Authority is governed by an autonomous Board of Commissioners, which is accountable to both HUD and the New Jersey Department of Community Affairs. The Board appoints an Executive Director who oversees the Authority's day-to-day operations. The Authority is responsible for the development, maintenance, and management of public housing within Phillipsburg, and it receives operating and modernization subsidies from the federal government.

The financial statements include all accounts of the Authority. The Authority represents the lowest level of government for which the Board of Commissioners and the Executive Director exercise oversight responsibility. It is not included in any other governmental reporting entity, even though board members are primarily appointed by the Mayor of Phillipsburg and the Town Council. The Board retains full decision-making authority, including the power to appoint management, influence operations, and maintain responsibility for accounting and fiscal matters. Accordingly, the Authority has determined that it is excluded from the Town of Phillipsburg's reporting entity.

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

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

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

Significant Accounting Policies

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

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

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

In July 2021, the Authority adopted GASB Statement No. 87, *Accounting for Leases.* This standard enhances the usefulness and comparability of governmental financial statements by requiring recognition of certain lease receivables and liabilities previously unreported. It establishes a single model for lessees and lessors and improves decision-usefulness by mandating detailed note disclosures regarding the timing, significance, and purpose of leasing arrangements.

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

Purpose

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

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

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

Revenue Recognition
The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, laundry income, and cell phone tower rental income. The Authority recognizes rental revenue from tenants who entered into a lease agreement (contract) for a unit in the development with durations of less than one year. The Authority records revenue for such leases as prescribed by HUD. This standard indicates that government subsidy and tenant payments are to be considered subject to ASC 606. The Authority believes that both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Authority on behalf of the tenant, such as utilities monthly fees.

Additional revenue includes miscellaneous fees from the tenant, laundry income, cell phone tower income. Such fees are necessary for the primary activities of the operations and are recognized as revenue at the point in time such fees are incurred.

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

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

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

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

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

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

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

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

Other accounting policies - Continued

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

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

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

7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
8 – The Authority does not have any infrastructure assets for its Enterprise Fund.

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

10- Advertising costs are charged to expense when incurred.

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

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

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

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

Other accounting policies - Continued

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

15 - Net Position

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

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

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

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

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, laundry income, and cell phone tower rental income.

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

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

17-Impairment Losses

The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with *Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets.* Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. As of June 30, 2025, the Authority has determined that no impairment of its long-lived assets exists.

18- Recent Accounting Pronouncements

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

Revenue from Rental Contracts

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

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

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

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

Activities - The programs administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
Public Housing			
Public and Indian Housing	14.850	NJ-24	578
Public Housing Capital Fund	14.872		
ROSS Grant	14.870		

Activities -Continued

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

Public Housing Capital Fund Program:
The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

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

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

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

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

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

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

Board of Commissioners – Continued

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

NOTE 2 – ESTIMATES

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

NOTE 3 - PENSION PLAN

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

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

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925. On the web: http://www.state.nj.us/treasury/pensions/pdf/financial/2016divisioncombined.pdf

NOTE 3 - PENSION PLAN -CONTINUED

Funding Policy

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

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2025 amounted to $207,764 and $192,672 for 2024.

Post Employment Retirement Benefits

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

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

NOTE 4 – CASH AND CASH EQUIVALENTS

The Housing Authority of the Town of Phillipsburg reports cash and cash equivalents at cost, which approximates fair value. Cash, cash equivalents, and investments include bank deposits, petty cash, a money market checking account, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For purposes of the statement of cash flows, cash and cash equivalents consist of all cash balances and highly liquid investments with original maturities of three months or less.

Concentration of Credit Risk

HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit, or other federally insured investments. HUD also mandates that all deposits be fully collateralized at all times. Acceptable collateral includes FDIC/FSLIC insurance as well as the market value of securities pledged to the governmental unit. Under HUD requirements, U.S. Government obligations are permitted as collateral, and such collateral must be held either directly by the Authority or by an independent bank or trust company on behalf of the Authority. Deposits held in various financial institutions are collateralized in accordance with the New Jersey Government Code and the Banking Law.

NOTE 4 – CASH AND CASH EQUIVALENTS - CONTINUED

Risk Disclosures

Collateral for Deposits

Under N.J.S.A. 40A:5-14, New Jersey authorities must deposit public funds in a bank or trust company located within the State of New Jersey and chartered under federal or state law, or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 identifies the types of securities that may be purchased by New Jersey authorities. Deposits must be placed in public depositories that are protected under the Governmental Unit Deposit Protection Act (GUDPA). Enacted in 1970, GUDPA protects governmental units from losses on deposits in the event of a banking institution failure in New Jersey.

Interest Rate Risk

To limit exposure to fair value losses resulting from increasing interest rates, the Authority's investment policy restricts investment maturities to no more than two years from the date of purchase. As of June 30, 2025, none of the Authority's deposits or investments exceeded this limitation, and all were either immediately available or had remaining maturities of less than two years.

Credit Risk

Credit risk is the risk that a security or portfolio will lose value due to a real or perceived deterioration in the issuer's ability to repay its obligations. The Authority's investment policy prohibits investment of its portfolio in securities of any single issuer other than those of the U.S. Government, its agencies, or its instrumentalities.
The Authority's checking accounts and investments are categorized to indicate the level of credit risk assumed. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned.

The custodial credit risk categories are defined as follows:

Depository Accounts	June-25	June-24
Insured	$ 250,550	$ 250,550
Collateralized held by pledging bank's trust department in the Authority's name	27,556,226	25,084,330
Total	$ 27,806,776	$ 25,334,880

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Restricted Cash

The Authority has total restricted cash on June 30, 2025, in the amount of $1,100,735 and $1,075,711 for 2024 which consists of the following:

	June-25	June-24
Repair and Replacement Reserve Fund	$ 1,028,997	$ 1,001,986
Tenant Security Deposit	71,738	73,725
Total Restricted Cash	$ 1,100,735	$ 1,075,711

The tenant security deposit restricted cash on June 30, 2025, was $71,738. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing account.

The Authority placed CFP funds into a repair and replacement account for future use by the Authority per HUD drawdown requirement of 24 CFR Part 990 regarding CFP Funds.

Investments

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

Investment	Maturity Date	Interest Rate	Fair Value
Money Market Account	Upon Demand	3.25%	$ 6,343,892

NOTE 5 - ACCOUNTS RECEIVABLE

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

	June-25	June-24
Tenants Accounts Receivable - Present	$ 323,172	$ 272,577
Tenants Accounts Receivable - Fraud Recovery	10,859	6,326
Less Allowance for Doubtful Accounts	(195,614)	(151,685)
Net Tenants Accounts Receivable	138,417	127,218
HUD Receivable	248,046	301,820
Cell Phone Tower Receivable -Current	117,217	111,511
Net Accounts Receivable	$ 503,680	$ 540,549

NOTE 5 - ACCOUNTS RECEIVABLE - CONTINUED

Tenant Rent and Receivables Policy

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

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

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

Any recoveries of previously written-off debts are recognized as income in the year they are received. For the primary government fiscal period ending June 30, 2025, the total bad debt expense recorded was $211,327 and for 2024 was $147,159.

NOTE 6 – PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off monthly. Acquisition of materials and supplies is accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses on June 30, 2025, and 2024, consisted of prepaid insurance amounts.

NOTE 7 – INTERFUND ACTIVITY

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

NOTE 8 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

Routine repairs, maintenance, and minor renewals are expensed in the year incurred, while major renewals and improvements are capitalized. Capitalization occurs when expenditures meet the requirements of the Authority's Capitalization Policy, which stipulates that assets purchased or constructed at a cost of $5,000 or less are expensed when incurred.

Depreciation Expense

Depreciation expense for June 30, 2025, was $303,441 and $369,078 for 2024. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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

Impairment Losses

The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with *Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets.* Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. As of June 30, 2025, the Authority has determined that no impairment of its long-lived assets exists.

Major capital asset events during the fiscal year included the following:

- Playground replacements
- Power pole replacements
- Boiler replacements
- Installation of bullet-proof glass in the office
- Acquisition of a new maintenance truck and cargo van
- Upgrades to a library room
- Architectural and engineering services
- Enhancements to the security camera system

NOTE 8 - FIXED ASSETS – CONTINUED

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

	Balance June-24	Additions	Balance June-25
Land and Improvements	$ 1,594,339	$ -	$ 1,594,339
Buildings & Improvements	20,625,755	302,164	20,927,919
Furniture & Equipment - Dwelling	1,400,834	-	1,400,834
Furniture & Equipment - Administration	841,539	-	841,539
Leasehold Improvements	1,320,759	-	1,320,759
Construction in Progress	6,485,339	1,244,095	7,729,434
Totals	32,268,565	1,546,259	33,814,824
Accumulated Depreciation	(17,726,635)	(297,156)	(18,023,791)
Net Book Value	$ 14,541,930	$ 1,249,103	$ 15,791,033

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

Net Book Value of the Assets	Balance June-25
Land and Improvements	$ 1,594,339
Buildings & Improvements	6,467,260
Furniture & Equipment - Dwelling	-
Furniture & Equipment - Administration	-
Leasehold Improvements	-
Construction in Progress	7,729,434
Net Book Value	$ 15,791,033

NOTE 9 – RIGHT TO USE ASSETS

In March 2023, the Authority entered a lease with a copy company to lease 2 color copiers. The agreement requires 63 monthly payments of $565. The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The discount rate used was 3%. The right to use assets are amortized on a straight-line basis over the life of the related lease. The amount of amortization expense for June 2025 was $6,285.

	June-25
Initial Copiers Present Value	$ 32,994
Less Accumulated Depreciation	(20,949)
Net Right to Use Asset	$ 12,045

Future minimum lease payments under operating leases as of June 30, 2025, are as follows:

June-26	$ 6,491
June-27	6,219
Total Lease Payable	$ 12,710

NOTE 10 – LEASE RECEIVABLE

The Authority entered five (5) leases to rent roof top space for cell phone tower for 300 months. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5%. As of June 30, 2025, the weighted average discount rate for the remaining lease term is 4.65%.

As of June 30, 2025, the Authority has recognized lease receivables totaling $1,636,917 related to finance leases. The components of the lease receivable include unearned revenue of $1,314,605. In fiscal year 2025, the Authority recognized $111,511 of lease revenue.

The significant assumptions and judgments made in applying the accounting policies related to lease receivables include discount rate of the interest rate.

Future minimum lease receivable under operating leases as of June 30, 2025, are as follows

June-26	$ 117,217
June-27	123,213
June-28	125,491
June-29	110,333
June-30	115,825
Subtotal	592,079
Thereafter	1,044,838
Total Lease Receivable	$ 1,636,917

Deferred inflow, $1,314,605 for 2025 and $1,369,049 for 2024 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The OPEB and Pension Liability discussed in Note 17 and 18 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience regarding economic and demographic factors, when the actuary calculated the net pension liability and OPEB, is amortized over a five-year closed period for PERS and OPEB, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense and OPEB expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows on June 30, 2025, are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	$ 238,566	$ 41,560	$ 280,126
Changes in Assumptions	787,547	2,577	790,124
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	1,241,214	187,629	1,428,843
Total	$ 2,267,327	$ 231,766	$ 2,499,093

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	$ 798,162	$ 5,523	$ 803,685
Changes in Assumptions	781,954	23,605	805,559
Net Difference Between Projected and Actual Earning on Pension Plan Investments	2,132	96,199	98,331
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	403,028	61,580	464,608
Total	$ 1,985,276	$ 186,907	$ 2,172,183

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Difference in Expected and Actual Experience

The difference between expected and actual experience regarding economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $280,126 and $803,685.

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $790,124 and $805,559.

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

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $-0- and $98,331.

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are $1,428,843 and $464,608.

NOTE 12 – ACCOUNTS PAYABLE

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

	June-25	June-24
Accounts Payable Vendors	$ 128,444	$ 86,968
Accounts Payable - Other Government	236,265	222,744
Total Accounts Payable	$ 364,709	$ 309,712

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

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Phillipsburg. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2025, the PILOT expense of $236,265 was accrued. PILOT payable on June 30, 2025, consists of $236,265.

NOTE 14 – ACCRUED EXPENSES

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

	June-25	June-24
Compensated Absences - Current Portion	$ 31,275	$ 24,158
Wages and Payroll Taxes Payable	58,438	43,912
Accrued Expense - Utilities	113,480	115,677
Total Accrued Liabilities	$ 203,193	$ 183,747

NOTE 15 - UNEARNED REVENUE

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

NOTE 16 - ACCRUED COMPENSATED ABSENCES

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

Authority Employees Policy

All permanent employees shall be entitled, upon retirement, to receive a lump sum payment as supplemental compensation for each full day of earned and unused accumulated sick leave, which is credited to him/her on the effective date of his/her retirement. Retirement is defined as applying for and receiving benefits from The Public Employees Retirement System.

Employees must leave employment in good standing after giving proper notice to be eligible for such payment.

The supplemental compensation payment to be paid hereunder, shall be computed at the rate of one-half (1/2) of the employees daily base rate of pay for each day of earned and unused accumulated sick leave based upon the average annual base rate compensation received during the last year of his/her employment, prior to the effective date of his/her retirement, provided however, that no such lump sum payment of supplemental compensation shall exceed $15,000.00. This limitation does not apply to the current Executive Director.

NOTE 16 – ACCRUED COMPENSATED ABSENCES - CONTINUED

Authority Executive Director Policy

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement or leaving in good standing, the Executive Director is compensated for 100% of the unused sick days with no maximum amount under the Authority's current personnel policy. Generally, unused vacation may be carried over at a rate of ½ of what was earned for that year. In the event of separation from the Authority, the Executive Director is eligible for compensation of up to one year plus any time earned in the year of separation.

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

Balance on 30-Jun-24	Additions	Payments	Balance on 30-Jun-25	Current Portion
$ 241,578	$ 71,175	$ -	$ 312,753	$ 31,275

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS

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

	June-25	June-24
Accrued OPEB Payable	$ 4,710,744	$ 4,112,542
Accrued Pension Payable	2,074,715	2,088,051
Total OPEB and Pension Payable	$ 6,785,459	$ 6,200,593

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2016 year. This note will discuss the liability associated with GASB #75, which is accrued to other postemployment benefits. Note – 18 will discuss the effect of GASB #68 and the pension liability which arose from that.

OPEB Liability

The Authority as of June 30, 2025, reported a net OPEB liability in the amount of $4,710,744 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2024, the last evaluation date, is as follows:

	June-25	June-24
Employer OPEBLiability	$ 4,669,389	$ 4,080,489
Plan Net Position	41,355	32,053
Employer Net OPEB Liability	$ 4,710,744	$ 4,112,542

The Authority allocation percentage is 0.0263090% as of June 30, 2024, and 0.0274050% for June 30, 2023.

OPEB Liability – Plan Description and Benefits Provided

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

Plan Description and Benefits Provided

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

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

1) retired on a disability pension; or

2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or

3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or

4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS – CONTINUED

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ending June 30, 2025 was $4,710,744.

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

Plan Members	25

Net OPEB Liability

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

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

Inflation Rate = 2.16%
Salary Increases
Through 2026 = 2.75% to 6..55%
Thereafter = 3.00% to 7.00%

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

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Actuarial Assumptions - Continued

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

Change in Assumptions: Effective June 30, 2024.

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
	2.93%	3.93%	4.93%
Total OPEB Liability	$ 5,487,509	$ 4,710,744	$ 4,088,624

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

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

	Healthcare Cost Inflation Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 3,984,328	$ 4,710,744	$ 5,644,711

Changes in Proportion

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

Changes in Net OPEB Liability:

Total OPEB Liability	**2025**	**2024**
Service Cost	$ 143,407	$ 163,645
Interest on Total OPEB liability	145,870	159,326
Expected Investment Return	-	859
Administrative Expenses	-	3,458
Changes in Benefits Term	28,327	6,314
Current Period Deferred Inflows/Outflows of Resources	-	(21,173)
Changes in Assumptions or Other Inputs	302,833	-
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	107,470	436
Benefit Payments	(129,705)	-
Change in Plan	-	-
Net Change in Total OPEB Liability	598,202	312,865
Total OPEB Liability, Beginning	4,112,542	3,799,677
Total OPEB Liability, Ending	$ 4,710,744	$ 4,112,542

NOTE 17 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

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

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

Year Ending June 30, 2025	$ (295,707)
Year Ending June 30, 2026	(127,310)
Year Ending June 30, 2027	(21,878)
Year Ending June 30, 2028	(116,637)
Year Ending June 30, 2029	(74,309)
Therafter	79,706
Total	$ (556,135)

NOTE 18 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2025, reported a net pension liability in the amount of $2,074,715 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2024, the last evaluation date, is as follows:

	June-25	June-24
Employer Total Pension Liability	$ 6,413,902	$ 6,078,655
Plan Net Position	(4,339,187)	(3,990,604)
Employer Net Pension Liability	$ 2,074,715	$ 2,088,051

The Authority allocation percentage is 0.1526868% as of June 30, 2024, and 0.01447060% as of June 30, 2023.

Plan Description

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

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

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

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

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

Allocation Percentage Methodology

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

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology -Continued

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

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

Actuarial Assumptions

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

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

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

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

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2024. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate

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

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Discount Rate - Continued

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

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proprortionate Share of the Net Pension Liability (Asset)	$ 2,751,518	$ 2,088,048	$ 1,570,734

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2025	$ (116,763)
Year Ending June 30, 2026	$ (65,172)
Year Ending June 30, 2027	$ 134,066
Year Ending June 30, 2028	$ (8,259)
Year Ending June 30, 2029	$ 1,144
Total	$ (54,984)

Changes in Proportion

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

NOTE 18 - ACCRUED PENSION LIABILITY - CONTINUED

Pension Expense

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

Service Cost	$	153,830
Interest on the Total Pension Liability		648,369
Benefits Changes		
Member Contributions		(627,504)
Administrative Expenses		2,631
Expected Investment Return Net of Investment Expenses		(22,587)
Pension Expense Related to Specific Liabilities of Individual Employers		(2,116)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		(60,007)
Changes of Assumptions		(34,036)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(12,455)
Total	$	46,125

NOTE 19 - NET INVESTMENT IN CAPITAL ASSETS

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

	June-25	June-24
Balance July 1,	$ 14,541,930	$ 14,012,930
Acquisition in Fixed Assets	1,546,259	898,078
Depreciation Expense	(303,441)	(369,078)
Depreciation Adjustment	(27,803)	-
Balance June 30,	$ 15,756,945	$ 14,541,930

NOTE 20 – RESTRICTED NET POSITION

The Authority restricted net position account balance on June 30, 2025, is $1,028,997 and $1,001,986 for 2024. The Authority placed CFP funds into a repair and replacement account for future use by the Authority per HUD drawdown requirement of 24 CFR Part 990 regarding CFP Funds.

NOTE 21 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position balance on June 30, 2025, is $20,243,866. The details of the account balance are as follows:

	PIH Program Reserves	COCC	Total
Balance June 30, 2024	$ 17,705,226	$ (87,859)	$ 17,617,367
Increase During the Year	2,596,474	-	2,596,474
Decrease During the Year	-	(190,850)	(190,850)
Prior Period Adjustment	161,557	59,318	220,875
Balance June 30, 2025	$ 20,463,257	$ (219,391)	$ 20,243,866

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

NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2025, were $2,707,550 and for 2024 was $2,884,786.

NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD was $4,338,210 to the Authority which represents approximately 45% of the Authority's total revenue for the year ended June 30, 2025, and $4,546,429 for 2024 which represents approximately 47% of the Authority's total revenue for the year.

NOTE 24 - CONTINGENCIES

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

Contingencies

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

Other Insurance

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

Construction Commitments

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

NOTE 25 - PRIOR PERIOD ADJUSTMENTS

For year ending June 30, 2025

As of June 30, 2025, the Authority had a prior period adjustment in the amount of $220,875 while recording GASB #68 and #75 Net Pension and OPEB Liability from the State of New Jersey audit report for the Pension and OPEB liability as of June 30, 2023.

NOTE 26 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended June 30, 2025, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of all its buildings for the purpose of determining potential liability issues.

NOTE 27 - SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority through February 13, 2026, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG

Required Supplementary Information
June 30, 2025

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

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

Total OPEB Liability	**2025**	**2024**	**2023**	**2022**
Service Cost	$ 143,407	$ 163,645	$ 187,437	$ 160,323
Interest on Total OPEB liability	145,870	159,326	94,435	78,418
Expected Investment Return	-	859	10	(451)
Administrative Expenses	-	3,458	2,902	2,148
Changes in Benefits Term	28,327	6,314	94,694	384
Current Period Deferred Inflows/Outflows of Resources	-	(21,173)	205,068	(133,319)
Changes in Assumptions or Other Inputs	302,833	-	(196,597)	(142,309)
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	107,470	436	949	942
Benefit Payments	(129,705)	-	-	-
Change in Plan	-	-	-	-
Net Change in Total OPEB Liability	598,202	312,865	388,898	(33,864)
Total OPEB Liability, Beginning	4,112,542	3,799,677	3,410,779	3,444,643
Total OPEB Liability, Ending	$ 4,710,744	$ 4,112,542	$ 3,799,677	$ 3,410,779
Covered, Employee Payroll	$ 1,455,712	$ 1,490,653	$ 1,252,012	$ 1,455,581
covered employee payroll	323.60%	275.89%	303.49%	234.32%

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

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG

Required Supplementary Information
June 30, 2025

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

Total OPEB Liability	**2021**	**2020**	**2019**	**2018**
Service Cost	$ 116,306	$ 131,129	$ -	$ -
Interest on Total OPEB liability	95,480	125,130	101,644	96,738
Expected Investment Return	(1,465)	(2,220)	-	
Administrative Expenses	1,903	1,865	-	-
Changes in Benefits Term	198	(375)	-	-
Current Period Deferred Inflows/Outflows of Resources	(105,682)	(121,849)	-	-
Changes in Assumptions or Other Inputs	672,250	(159,221)	237,107	490,024
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	870	704	-	-
Benefit Payments	-	-	(165,301)	(153,806)
Change in Plan	-	(608,219)	-	-
Net Change in Total OPEB Liability	779,860	(633,056)	173,450	432,956
Total OPEB Liability, Beginning	2,664,783	3,297,839	3,124,389	2,691,433
Total OPEB Liability, Ending	$ 3,444,643	$ 2,664,783	$ 3,297,839	$ 3,124,389
Covered, Employee Payroll	$ 1,229,879	$ 1,288,723	$ 1,288,723	
covered employee payroll	280.08%	206.78%	255.90%	

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG

Required Supplementary Information
June 30, 2025

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

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

	2025	2024	2023	2022	2021
Housing Authority's proportion of the net pension liability	0.01526868%	0.01447060%	0.01358830%	0.01414453%	0.01422744%
Housing Authority's proportionate share of the net pension liability	$ 2,074,715	$ 2,088,051	$ 2,050,662	$ 1,676,816	$ 2,320,123
Housing Authority's covered employee payroll	$ 1,455,712	$ 1,490,653	$ 1,252,012	$ 1,455,581	$ 1,229,879
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	142.52%	140.08%	163.79%	115.20%	188.65%
Plan fiduciary net position as a percentage of the total pension liability	32.37%	21.50%	21.50%	29.35%	24.08%

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

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG

Required Supplementary Information
June 30, 2025

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

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

	2020	2019	2018	2017	2016
Housing Authority's proportion of the net pension liability	0.01630206%	0.01586160%	0.01586000%	0.01675000%	0.01903000%
Housing Authority's proportionate share of the net pension liability	$ 2,937,382	$ 3,123,076	$ 3,123,076	$ 3,898,683	$ 5,635,847
Housing Authority's covered employee payroll	$ 1,201,304	$ 1,288,723	$ 1,288,723	$ 1,300,279	$ 1,264,936
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	244.52%	242.34%	242.34%	299.83%	445.54%
Plan fiduciary net position as a percentage of the total pension liability	56.57%	53.60%	53.60%	62.55%	67.05%

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

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG

Required Supplementary Information
June 30, 2025

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

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

	2025	2024	2023	2022	2021
Contractually required contribution	$ 207,764	$ 192,672	$ 171,355	$ 165,766	$ 155,641
Contribution in relation to the contractually required contribution	(207,764)	(192,672)	(171,355)	(165,766)	(155,641)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,455,712	$ 1,490,653	$ 1,229,879	$ 1,229,879	$ 1,229,879
Contribution as a percentage of covered employee payroll	14.27%	12.93%	13.93%	13.48%	12.65%

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

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG

Required Supplementary Information
June 30, 2025

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

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

	2020	2019	2018	2017	2016
Contractually required contribution	$ 158,571	$ 158,224	$ 158,224	$ 156,198	$ 169,205
Contribution in relation to the contractually required contribution	(158,571)	(158,224)	(158,224)	(156,198)	(169,205)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,201,304	$ 1,288,723	$ 1,288,723	$ 1,300,279	$ 1,264,936
Contribution as a percentage of covered employee payroll	13.20%	12.28%	12.28%	12.01%	13.38%

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

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025

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

	CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
Public and Indian Housing Program					
NJ024	14.850	$ -	$ 2,707,550	$ 2,707,550	$ -
Grant Total 14.850		-	2,707,550	2,707,550	-
Public Housing Capital Fund Program					
NJ39P024501	14.872	-	1,559,958	1,559,958	-
Grant Total 14.872		-	1,559,958	1,559,958	-
Resident Opportunity & Self Sufficiency					
ROSS181182	14.870	-	70,702	70,702	-
Grant Total 14.870		-	70,702	70,702	-
Total Expenditures of Federal Awards		$ -	$ 4,338,210	$ 4,338,210	$ -

HOUSING AUTHORITY OF THE TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2025

Note 1. Presentation:
The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Town of Phillipsburg is under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Town of Phillipsburg, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the Town of Phillipsburg.

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

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

Note 4. Loans Outstanding:
The Housing Authority Town of Phillipsburg had no loans outstanding on June 30, 2025.

Note 5. Non- Cash Federal Assistance:
The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2025.

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

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$25,842,404			$863,637	$26,706,041		$26,706,041
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	$1,028,997				$1,028,997		$1,028,997
114 Cash - Tenant Security Deposits	$71,738				$71,738		$71,738
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	$26,943,139	$0	$0	$863,637	$27,806,776	$0	$27,806,776
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	$247,557		$489		$248,046		$248,046
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous	$117,217				$117,217		$117,217
126 Accounts Receivable - Tenants	$323,172				$323,172		$323,172
126.1 Allowance for Doubtful Accounts -Tenants	-$195,614				-$195,614		-$195,614
126.2 Allowance for Doubtful Accounts - Other	$0		$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	$10,859				$10,859		$10,859
128.1 Allowance for Doubtful Accounts - Fraud	$0				$0		$0
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful	$503,191	$0	$489	$0	$503,680	$0	$503,680
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	$160,692			$22,582	$183,274		$183,274
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From	$489				$489	-$489	$0
145 Assets Held for Sale							
150 Total Current Assets	$27,607,511	$0	$489	$886,219	$28,494,219	-$489	$28,493,730
161 Land	$1,594,339				$1,594,339		$1,594,339
162 Buildings	$20,927,919				$20,927,919		$20,927,919
163 Furniture, Equipment & Machinery - Dwellings	$1,400,834				$1,400,834		$1,400,834
164 Furniture, Equipment & Machinery - Administration	$802,706			$38,833	$841,539		$841,539
165 Leasehold Improvements	$1,320,759				$1,320,759		$1,320,759
166 Accumulated Depreciation	-$17,984,958			-$38,833	-$18,023,791		-$18,023,791

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
167 Construction in Progress	$7,391,977		$337,457		$7,729,434		$7,729,434
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	$15,453,576	$0	$337,457	$0	$15,791,033	$0	$15,791,033
171 Notes, Loans and Mortgages Receivable - Non-Current	$1,519,700				$1,519,700		$1,519,700
172 Notes, Loans, & Mortgages Receivable - Non Current -							
173 Grants Receivable - Non Current							
174 Other Assets	$12,045			$0	$12,045		$12,045
176 Investments in Joint Ventures							
180 Total Non-Current Assets	$16,985,321	$0	$337,457	$0	$17,322,778	$0	$17,322,778
200 Deferred Outflow of Resources	$2,224,191			$274,902	$2,499,093		$2,499,093
290 Total Assets and Deferred Outflow of Resources	$46,817,023	$0	$337,946	$1,161,121	$48,316,090	-$489	$48,315,601
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	$68,423		$34,088	$25,933	$128,444		$128,444
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	$46,314			$12,124	$58,438		$58,438
322 Accrued Compensated Absences - Current Portion	$20,326			$10,949	$31,275		$31,275
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	$236,265				$236,265		$236,265
341 Tenant Security Deposits	$71,619				$71,619		$71,619
342 Unearned Revenue	$79,837				$79,837		$79,837
343 Current Portion of Long-term Debt - Capital							
344 Current Portion of Long-term Debt - Operating							
345 Other Current Liabilities							
346 Accrued Liabilities - Other	$113,480				$113,480		$113,480
347 Inter Program - Due To			$489		$489	-$489	$0
348 Loan Liability - Current	$6,491				$6,491		$6,491
310 Total Current Liabilities	$642,755	$0	$34,577	$49,006	$726,338	-$489	$725,849
351 Long-term Debt, Net of Current - Capital							

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	$182,937			$98,541	$281,478		$281,478
355 Loan Liability - Non Current	$5,041			$1,178	$6,219		$6,219
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	$5,675,294			$1,110,165	$6,785,459		$6,785,459
350 Total Non-Current Liabilities	$5,863,272	$0	$0	$1,209,884	$7,073,156	$0	$7,073,156
300 Total Liabilities	$6,506,027	$0	$34,577	$1,258,890	$7,799,494	-$489	$7,799,005
400 Deferred Inflow of Resources	$3,365,166			$121,622	$3,486,788		$3,486,788
508.4 Net Investment in Capital Assets	$15,453,576		$303,369		$15,756,945		$15,756,945
511.4 Restricted Net Position	$1,028,997				$1,028,997		$1,028,997
512.4 Unrestricted Net Position	$20,463,257	$0	$0	-$219,391	$20,243,866		$20,243,866
513 Total Equity - Net Assets / Position	$36,945,830	$0	$303,369	-$219,391	$37,029,808	$0	$37,029,808
600 Total Liabilities, Deferred Inflows of Resources and	$46,817,023	$0	$337,946	$1,161,121	$48,316,090	-$489	$48,315,601

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$3,677,564				$3,677,564		$3,677,564
70400 Tenant Revenue - Other	$70,298				$70,298		$70,298
70500 Total Tenant Revenue	$3,747,862	$0	$0	$0	$3,747,862	$0	$3,747,862
70600 HUD PHA Operating Grants	$3,360,870	$70,702			$3,431,572		$3,431,572
70610 Capital Grants	$906,638				$906,638		$906,638
70710 Management Fee				$842,980	$842,980	-$842,980	$0
70720 Asset Management Fee				$69,360	$69,360	-$69,360	$0
70730 Book Keeping Fee				$50,355	$50,355	-$50,355	$0
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				$962,695	$962,695	-$962,695	$0
70800 Other Government Grants			$303,369		$303,369		$303,369
71100 Investment Income - Unrestricted	$911,333			$84,408	$995,741		$995,741
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	$290,051			$14,786	$304,837		$304,837
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted	$27,011				$27,011		$27,011
70000 Total Revenue	$9,243,765	$70,702	$303,369	$1,061,889	$10,679,725	-$962,695	$9,717,030
91100 Administrative Salaries	$407,757			$268,969	$676,726		$676,726
91200 Auditing Fees	$4,979			$2,800	$7,779		$7,779
91300 Management Fee	$772,278	$70,702			$842,980	-$842,980	$0
91310 Book-keeping Fee	$50,355				$50,355	-$50,355	$0
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	$76,453			$411,505	$487,958		$487,958
91600 Office Expenses	$7,981			$253,972	$261,953		$261,953
91700 Legal Expense				$130,300	$130,300		$130,300
91800 Travel				$927	$927		$927
91810 Allocated Overhead							
91900 Other							
91000 Total Operating - Administrative	$1,319,803	$70,702	$0	$1,068,473	$2,458,978	-$893,335	$1,565,643

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee	$69,360				$69,360	-$69,360	$0
92100 Tenant Services - Salaries	$81,730				$81,730		$81,730
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services	$12,259				$12,259		$12,259
92400 Tenant Services - Other							
92500 Total Tenant Services	$93,989	$0	$0	$0	$93,989	$0	$93,989
93100 Water	$228,937				$228,937		$228,937
93200 Electricity	$580,352			$38	$580,390		$580,390
93300 Gas	$442,961			$210	$443,171		$443,171
93400 Fuel							
93500 Labor							
93600 Sewer	$132,959				$132,959		$132,959
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	$1,385,209	$0	$0	$248	$1,385,457	$0	$1,385,457
94100 Ordinary Maintenance and Operations - Labor	$697,256				$697,256		$697,256
94200 Ordinary Maintenance and Operations - Materials and	$207,207				$207,207		$207,207
94300 Ordinary Maintenance and Operations Contracts	$566,291			$115,601	$681,892		$681,892
94500 Employee Benefit Contributions - Ordinary	$275,161				$275,161		$275,161
94000 Total Maintenance	$1,745,915	$0	$0	$115,601	$1,861,516	$0	$1,861,516
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$148,095				$148,095		$148,095
96120 Liability Insurance	$74,048				$74,048		$74,048
96130 Workmen's Compensation	$74,048			$44,374	$118,422		$118,422
96140 All Other Insurance							
96100 Total Insurance Premiums	$296,191	$0	$0	$44,374	$340,565	$0	$340,565

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
96200 Other General Expenses							
96210 Compensated Absences	$47,133			$24,043	$71,176		$71,176
96300 Payments in Lieu of Taxes	$236,265				$236,265		$236,265
96400 Bad debt - Tenant Rents	$211,327				$211,327		$211,327
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	$494,725	$0	$0	$24,043	$518,768	$0	$518,768
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	$0	$0	$0
96900 Total Operating Expenses	$5,405,192	$70,702	$0	$1,252,739	$6,728,633	-$962,695	$5,765,938
97000 Excess of Operating Revenue over Operating	$3,838,573	$0	$303,369	-$190,850	$3,951,092	$0	$3,951,092
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense	$303,441				$303,441		$303,441
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	$5,708,633	$70,702	$0	$1,252,739	$7,032,074	-$962,695	$6,069,379
10010 Operating Transfer In	$435,546				$435,546		$435,546
10020 Operating transfer Out	-$435,547				-$435,547		-$435,547
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							

Phillipsburg Housing Authority (NJ024)

PHILLIPSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	14.870 Resident Opportunity and	2 State/Local	COCC	Subtotal	ELIM	Total
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)	-$1	$0	$0	$0	-$1	$0	-$1
10000 Excess (Deficiency) of Total Revenue Over (Under)	$3,535,131	$0	$303,369	-$190,850	$3,647,650	$0	$3,647,650
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$33,249,142	$0	$0	-$87,859	$33,161,283	$0	$33,161,283
11040 Prior Period Adjustments, Equity Transfers and	$161,557			$59,318	$220,875		$220,875
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts -							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	6936	0	0	0	6936	0	6936
11210 Number of Unit Months Leased	6714	0	0	0	6714	0	6714
11270 Excess Cash	$25,315,510				$25,315,510		$25,315,510
11610 Land Purchases	$0			$0	$0		$0
11620 Building Purchases	$748,487			$0	$748,487		$748,487
11630 Furniture & Equipment - Dwelling Purchases	$0			$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0			$0	$0		$0
11650 Leasehold Improvements Purchases	$0			$0	$0		$0
11660 Infrastructure Purchases	$0			$0	$0		$0
13510 CFFP Debt Service Payments	$0			$0	$0		$0
13901 Replacement Housing Factor Funds	$0			$0	$0		$0

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

Board of Commissioners
Housing Authority of the Town of Phillipsburg
530 Heckman Street
Phillipsburg, NJ 08865

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Housing Authority of the Town of Phillipsburg, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Housing Authority of the Town of Phillipsburg's basic financial statements, and have issued our report thereon dated February 13, 2026.

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

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

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey
Date: February 13, 2026

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& ASSOCIATES

467 Middletown Lincroft Road
Lincroft, NJ 07738
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INDEPENDENT AUDITOR'S REPORT
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the Town of Phillipsburg
530 Heckman Street
Phillipsburg, NJ 08865

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of Housing Authority of the Town of Phillipsburg Example Entity as of and for the year ended June 30, 2025, and have issued our report thereon dated February 13, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements.

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

Giampaolo & Associates

Lincroft, New Jersey
Date: February 13, 2026

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

Prior Audit Findings
None reported

Summary of Auditor's Results
Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

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

Noncompliance Material to Financial Statements Noted? ____ yes X no

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.872	Public Housing Capital Fund Program	$ 1,559,958

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

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

FINDINGS – FINANCIAL STATEMENT AUDIT
None reported

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

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& ASSOCIATES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Town of Phillipsburg
530 Heckman Street
Phillipsburg, NJ 08865

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

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

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

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

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

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

Grampaolo & Associates

Lincroft, New Jersey
February 13, 2026

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