HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

YEAR ENDED SEPTEMBER 30, 2025

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
TABLE OF CONTENTS
SEPTEMBER 30, 2025

Housing Authority of the Borough of Keansburg
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April 14, 2026

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

On behalf of the Housing Authority of the Borough of Keansburg, I respectfully submit this annual financial report for the year ended September 30, 2025. I believe the information presented is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Authority's financial position and operations have been included. The accompanying financial statements included in this annual financial report have been prepared in conformity with accounting principles generally accepted in the United States of America. Responsibility for the accuracy, completeness, and fairness of the financial statements' presentation rests with the management of the Authority.

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

- Introductory Section - This includes the independent auditor's report and a management discussion and analysis of our financial report.

- Financial Section - this includes the basic financial statements and notes and required supplementary information.

- Single Audit Section - this includes reports from the independent auditor on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards; and on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The Housing Authority realizes its role as a means of housing for the low income and elderly in the community and the State of New Jersey has never been more important. The Authority has an estimated 333 Section 8 units. The following pages report and analyze the financial position of Keansburg Housing Authority.

Respectfully submitted,

Douglas Dzema
Executive Director

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

Member of American and Pennsylvania
Institutes of Certified Public Accountants

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Philadelphia, PA 19111
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Keansburg Housing Authority (herein called the Authority) as of and for the year ended September 30 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of September 30 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 14, 2026, on my consideration of the Keansburg Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Keansburg Housing Authority's internal control over financial reporting and compliance.

Frank McConnell

Francis J. McConnell
Certified Public Accountant

April 14, 2026

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2025

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

FINANCIAL HIGHLIGHTS

2025

- The Assets and deferred outflows of the Authority exceeded its liabilities by $ 1,872,129, total net position.
- The Authority's unrestricted cash balance at September 30, 2025 was $ 1,421,715 representing a increase of $81,428 from September 30, 2024.
- The Authority had intergovernmental revenues of $ 4,906.363 HUD operating grants for the year ended September 30, 2025.

2024

- The Assets and deferred outflows of the Authority exceeded its liabilities by $ 1,659,921, total net position.
- The Authority's unrestricted cash balance at September 30, 2024 was $ 1,340,287 representing a increase of $173,243 from September 30, 2023.
- The Authority had intergovernmental revenues of $ 4,498,860 HUD operating grants for the year ended September 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: may serve over time as a useful indicator of an agency's financial position. In the case of the Housing Authority of the Borough of Keansburg their net position was $1,872,129 at the close of the most recent fiscal year. The following table shows a summary of changes from the prior year

		2025	2024	change
Current and Other Assets		2,533,957	2,332,207	201,750
Capital Assets, net of depreciation		61,690	61,690	-
Total Assets		2,595,647	2,393,897	201,750
Deferred Outflows of Resources		247,010	298,841	(51,831)
Current Liabilities		32,299	17,575	14,724
Noncurrent Liabilities		484,119	435,648	48,471
Total Liabilities		516,418	453,223	63,195
Deferred Inflows of Resources		392,420	579,594	(187,174)
Net Investment in Capital Assets		61,690	61,690	-
Restricted		-	-	-
Unrestricted		1,810,439	1,598,231	212,208
Net Position	*	1,872,129	1,659,921	212,208

CAPITAL ASSET AND DEBT ADMINISTRATION

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

	2025	2024
LAND	$ 61,690	$ 61,690

The Authority's capital assets for its Proprietary Fund consisted of land in the amount of $61,690. The authority sold all of its buildings and equipment during the authority's conversion to RAD in 2019.

Debt

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

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

	9/30/2025	9/30/2024	Diff
	-	-	-
Hud revenue	4,906,363	4,498,860	407,503
other revenue	751,747	812,793	(61,046)
total revenue	5,658,110	5,311,653	346,457
Operating expenses			-
Administrative	330,677	231,867	98,810
Other operating	30,301	24,986	5,315
Houing Assistance	5,130,170	4,805,568	324,602
total expenses	5,491,148	5,062,421	428,727
			-
Operating Income	166,962	249,232	(82,270)
Nonoperating Income	45,245	40,545	4,700
			-
Change in Net Position	212,207	289,777	(77,570)

Statement of Activities – continued

Governmental operating revenue includes the annual operating subsidies for the low rent and capital grants made available by the U.S. Housing and Urban Development ("HUD"). Keansburg also generated over 900 thousand in other revenue which helped offset Keansburg's administrative expenses.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Executive Director, Housing Authority of the Borough of Keansburg, 1 Church Street, Keansburg, New Jersey 07734.

FINANCIAL SECTION

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,421,715
Accounts receivable, net	74,898
Prepaid Expenses	3,158
Total Current Assets	1,499,771
Noncurrent assets	
Notes Receivable	972,496
Land	61,690
Total Noncurrent Assets	1,034,186
Deferred Outflow of Resources	
Deferred outflows related to pensions	17,282
Deferred outflows related to OPEB	229,728
Total deferred outflows of resources	247,010
Total Assets and Deferred Outflow of Resources	$ 2,780,967

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES:	
Current Liabilities	
Accounts Payable	$ 20,661
Accounts payable - Other Government	9,996
Compensated Absences	1,642
Total Current Liabilities	32,299
Noncurrent liabilities	
Accrued OPEB	376,910
Accrued PENSION	107,209
Total Noncurrent Liabilities	484,119
Total Liabilities	516,418
Deferred Inflows of Resources	
Deferred inflows related to pensions	36,623
Deferred inflows related to OPEB	355,797
Total Deferred Inflow of Resources	392,420
NET POSITION	
Net Investments in capital assets	61,690
Unrestricted net assets	1,810,439
Total net position	1,872,129
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 2,780,967

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

OPERATING REVENUES		
HUD Operating grants	$	4,906,363
Other Income		751,747
Total operating revenues		5,658,110
OPERATING EXPENSES		
Administrative		330,677
Insurance and other general		30,301
Housing assistance payments		5,130,170
Total Operating Expenses		5,491,148
NET OPERATING INCOME (LOSS)		166,962
NONOPERATING REVENUES (EXPENSES)		
Bad Debts		(150,391)
Investment Income		195,636
Total nonoperating revenues		45,245
Change in net position		212,207
Total net position - beginning		1,659,922
Total net position - ending	$	1,872,129

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Hud operating grants	$	4,906,363
Receipts from residents and others		751,747
Payments to suppliers		(491,757)
Housing Assistance payments made		(5,130,170)
Net cash provided by (used) in operating activities		36,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income		45,245
Net cash provided by investing activities		45,245
		-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		81,428
CASH AND CASH EQUIVALENTS, OCTOBER 1		1,340,287
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	$	1,421,715
DECEMBER 31, CASH AND CASH EQUIVALENTS		
Unrestricted	$	1,421,715
Total Unrestricted and Restricted	$	1,421,715

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income	166,962
Pension and OPEB credit	(240,420)
Bad Debts	150,391
(Increase) Decrease in Assets	
Accounts Receivable	(55,474)
	21,459
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	7,265
other Liabilities and deferred credits	7,459
	14,724
Net Cash provided by operating activities	$ 36,183

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HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. <u>Organization and Program Description</u>

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

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

Housing Choice Voucher Program

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

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

Business Activities Fund

The Business Activities Fund is utilized as part of the RAD program. RAD was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards rent. The Business Activities Fund holds the mortgage notes from the sale of the Authority's public housing units.

B Reporting Entity

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

C - Basis of Accounting

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

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

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

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB No. 34 *"Basic Financial Statements – and Management's Discussion and analysis – for State and Local Governments*."
Proprietary funds are accounted for using the economic resources measurement focus.
and the accrual basis of accounting, whereby all revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which the liability is incurred regardless of the timing of the cash flows. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statements of net position. The statements of revenues, expenses, and changes in net position present increases (revenues and capital contributions) and decreases (expenses) in total net position.

C - Basis of Accounting – continued

Budgeting and Budgetary Accounting

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

D – Cash and Cash Equivalents

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

E – Accounts Receivable

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed for portable tenants participating in the Section 8 Housing Choice Vouchers program.

An allowance for doubtful accounts is established to provide for all accounts which may not be collected in the future for any reason.

F – Allowance for Doubtful Accounts

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

G – Notes Receivable

The Authority has utilized funds in accordance with HUD guidelines to assist in the construction and redevelopment of an affordable housing development through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions.

H - Use of Estimates

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

I – Capital Assets

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

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

Impairment of Capital Assets

GASB Statement No., 42, *Accounting and Financial reporting for Impairment of Capital Assets and for the Insurance Recoveries*, established accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The housing authority is required to evaluate prominent events of changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of September 30, 2024
.

J – Accrued Compensated absences

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

K – Equity Classifications

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

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

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

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

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

L – Use of Restricted Assets

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

M - Operating Revenues and Expenses

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

N - Income Taxes

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

O – Economic Dependency

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

P - Pensions

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

Q - Other Post-Employment Benefits ("OPEB")

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

NOTE 2 – CASH AND CASH EQUIVALENTS –

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

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

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

As of September 30, 2025

	2025
Operating Accounts	1,421,715
	-
	1,421,715
Bank Balances	$ 1,418,921
Reconciliation of detail to statement of net assets	
Cash - unrestricted	1,421,715
	-
	$ 1,421,715

NOTE 3 – RECEIVABLES

Accounts Receivable as of September 30, 2025

	205
HUD	65,988
Fraud Recovery	2,325
Miscellaneous	8,910
	77,223
Less: allowance for doubtful accounts	(2,325)
	74,898

NOTE 4 – RISK MANAGEMENT

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

NOTE 5 - CAPITAL ASSETS/LAND

On April 16, 2019, the Authority sold all capital assets other than land to Granville Towers Urban Renewal Associates, LP (the "Partnership") as part of the Authority's conversion of its public housing units to Section 8 project-based vouchers through HUD's RAD program.

The land is leased to the Partnership under a ninety-nine-year lease. As of September 30, 2025, capital assets consisted of land in the amount of $61,690.

NOTE 6 – COMPENSATED ABSENCES

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

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 – NOTES RECEIVABLE

On September 30, 2025, notes receivable consisted of the following.

Description	Amount
The Authority entered into a loan with the Partnership on April 18, 2019, in the original amount of $2,697,047, and bears interest at a rate of 3.15%. The Partnership also received a subordinate permanent financing commitment from the Authority in the amount of $1,402,953. . The total loan amount was equal to $4,100,000. The loan is shown on the statement of net position net of the deferred gain on the sale of fixed assets in the amount of $3,127,504. Principal and interest on the loan are due at maturity in April,2049 and the loan is secured by real property. Accrued interest as of September 30, 2025, totaled $150,391. The Authority does not anticipate collecting this amount and has established an allowance for doubtful accounts for the entire amount of accrued interest.	$972,496

NOTE 8 -GROUND LEASE AGREEMENT

On April 18, 2019, the Authority entered into a 99-year ground lease with Granville Towers Urban Renewal Associates, LP as part of the Authority's conversion of its public housing units to Section 8 project-based vouchers under HUD's RAD program. The leased premises contain the building and all improvements associated with an eighty-unit apartment complex. Annual base rental is $1.

NOTE 9 -CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2025, the Authority estimates that no material liabilities will result from such audits.

NOTE 10 – <u>Deferred Outflows/Inflows of Resources</u> – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charges to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

NOTE 11 – PENSION PLAN

Description of Plan

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employers defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. It is a cost-sharing, multiple-employer defined benefit pension plan. The PERS was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees.

Vesting and Benefit Provisions

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

Funding Requirements - PERS

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

NOTE 11 – PENSION PLAN – continued

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – on September 30, 2025, the Authority reported a liability of $ 107,209 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the authority's share of contributions to the pension plan relative to the contributions of all PERS participating employers.

For the year ended the authority recognized pension benefit of $32,783. On September 30, 2025, the authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 2,148	$ 285
Changes in assumptions	133	1,220
Net difference between projected and actual		-
earnings on pension plan investments	-	4,971
Changes in proportion and differneces between	15,001	30,147
Authority contributions and proportionate share of contributions		
Total	$ 17,282	$ 36,623

NOTE 11 – PENSION PLAN – continued

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

Year			
Ended			
30-Sep			Total
2026			(3,868)
2027			(3,868)
2028			(3,868)
2029			(3,868)
2030			(3,868)
			$ (19,341)

Actuarial assumptions – the total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00%on June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major class included in PERS's target asset allocation as of June 30, 2020, are summarized in the following table:

NOTE 11 – PENSION PLAN – continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
Public High Yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equity	27.00%	7.71%
Non-US developed markets equity	13.50%	8.57%
Emerging Markets equity	5.50%	10.23%
Private equity	13.00%	11.42%

Discount Rate - the discount rate used to measure the total pension liability was 6.28% as of June 30, 2023 This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
Authority's proportionate share of the net pension liability	255,846	107,209	179,039

Note 12 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits

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

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

Note 12 – OTHER POST EMPLOYMENT BENEFITS - continued

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

On September 30, 2025, the Authority reported a liability of $376,910 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023. Current numbers will be adjusted upon issuance of state audit report.

For the year ended September 30, 2025, the Authority recognized OPEB benefit33,624. On September 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences expected & actual	$ 19,088	$ 63,861
Changes in assumptions	63,012	62,565
Changes in proportions	147,628	229,200
Net differences between projected and actual	-	171
investment earnings on OPEB plan investments	-	-
Authority contributions subseqent to the measurement date		
Total	$229,728	$ 355,797

NOTE 12. – OTHER POST EMPLOYMENT BENEFITS - (continued)

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

Year Ended 30-Sep			Total
2026			(25,214)
2027			(25,214)
2028			(25,214)
2029			(25,214)
2030			(25,214)
			$(126,069)

D - Actuarial Assumptions

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

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

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-2019
PFRS	Pub-2010 safety classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-2019

Actuarial assumptions used in the July 1, 2019, valuation was based on the results of the PFRS and PERS experience studies prepared for July 1, 2013, to June 30, 2018, and July 1, 2014, to June 30, 2018, respectively.

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

NOTE 12. – OTHER POST EMPLOYMENT BENEFITS - (continued)

E: Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2024. This represents the municipal bond return rate chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

	1% Decrease	discoiunt rate	1% Increase
Authority's proportionate share of the net OPEB liability	333,017	376,910	399,525

G: Health Care Trend Assumptions

For pre-Medicare preferred provider organization ("PPO") and health maintenance organization ("HMO") medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% trend rate after eight years.

NOTE 12. – OTHER POST EMPLOYMENT BENEFITS - (continued)

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

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

	1% Decrease	discoiunt rate	1% Increase
Authority's proportionate share of the net OPEB liability	409,510	376,910	168,985

NOTE 13 – Defined Contribution Plan

The Authority also participates in the "New Jersey Defined Contribution Retirement Plan" which is a Money Purchase Plan. Under the plan 5.5% of an employee's annual base salary is automatically contributed, The State of New Jersey contributes an amount equal to three percent of employees base salary. This plan is administered by Prudential Insurance Co. The Authority's contributions to the plan for the years ended September 30, 2025, and 2024 were $1,100 and $1,100, respectively.

NOTE 17 – SUBSEQUENT EVENTS

In preparing the financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through April 14, 2026 the date the financial statements were available to be issued. The authority has found no uncertainties to be recognized.

REQUIRED SUPPLEMENTARY IMFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED SEPTEMBER 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$ 10,736	$ 9,846	$ 8,214	$ 8,214	$ 7,671	$ 13,464	$ 15,045	$ 16,560	$ 20,379	$ 17,423
Contributions in relation to the statutorily required contributions	$ 10,736	$ 9,846	$ 8,214	$ 8,214	$ 7,671	$ 13,464	$ 15,045	$ 16,560	$ 20,379	$ 17,423
Contributions deficiency (excess)					$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 103,764	$ 103,764	$ 48,000	$ 48,000	$ 48,000	$ 74,321	$ 121,584	$ 195,565	$ 175,866	$ 214,601
Contributions as a percentage of covered-employee payroll	10.35%	9.49%	17.11%	17.11%	15.98%	18.12%	12.37%	8.47%	11.59%	8.12%

See accompanying independent auditor's report

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED SEPTEMBER 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportions of the net pension liability (asset)	0.0008%	0.0737%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%
Authority's proportionate share of the net pension liability	$ 107,209	$ 106,704	$ 98,300	$ 98,300	77,596	$ 200,706	$ 200,706	$ 327,803	$ 512,083	$ 580,851
Authority's covered-employee payroll	$ 103,764	$ 103,764	$ 48,000	$ 48,000	$ 48,000	$ 74,321	$ 121,584	$ 195,565	$ 175,866	$ 214,601
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.32%	102.83%	204.79%	204.79%	161.66%	270.05%	165.08%	167.62%	291.18%	270.67%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	58.32%	58.32%	58.32%	58.32%	58.32%	56.30%	53.60%	48.10%	45.35%

See accompanying independent auditor's report

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
AS OF SEPTEMBER 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer's proportionate share of the net OPEB liability	$ 376,910	$ 328,943	$ 303,935	$ 341,096	$ 344,306	$ 344,306	$ 605,645	$ 605,645	$ 389,125
Employer's covered payroll	$ 106,704	$ 106,704	$ 92,390	$ 75,901	$ 75,901	$ 121,584	$ 121,584	$ 196,814	$ 184,084
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	353.23%	308.28%	328.97%	449.40%	453.63%	283.18%	498.13%	307.72%	211.38%
Plan fiduciary net position as a percentage of the total opeb LIABILITY	1.03%	1.03%	1.03%	1.03%	1.03%	1.03%	1,98%	1.97%	1.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

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

	Business Activities	Housing Choice Vouchers	Totals
Current Assets			
Cash	193,771	1,227,944	1,421,715
Receivables, net	-	74,898	74,898
Other assets	-	3,158	3,158
Total Current assets	193,771	1,306,000	1,499,771
NONCURRENT ASSETS			
Notes Receivable	972,496		972,496
Land	61,690		61,690
Total noncurrent assets	1,034,186		1,034,186
Deferred Outflows of Resources - Pension	-	17,282	17,282
Deferred Outflows of Resources - OPEB	-	229,728	229,728
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	1,227,957	1,553,010	2,780,967
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	-	20,661	20,661
Accounts Payable - other government	-	9,996	9,996
Compensated absences	-	1,642	1,642
Total current liabilities	-	32,299	32,299
NONCURRENT LIABILITIES			
Accrued pension	-	107,209	107,209
Accrued OPEB	-	376,910	376,910
Total noncurrent liabilities	-	484,119	484,119
TOTAL LIABILITIES	-	516,418	516,418
Deferred Inflows of Resources - pension	-	36,623	36,623
Deferred Inflows of Resources -OPEB	-	355,797	355,797
NET POSITION			
Net Investment in capital assets	61,690		61,690
Unrestricted net position (deficit)	1,166,267	644,172	1,810,439
TOTAL NET POSITION	1,227,957	644,172	1,872,129
TOTAL LIABILITIES, NET POSITION and DEFERRED INFLOWS	1,227,957	1,553,010	2,780,967

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

	Business Activities	Housing Choice Vouchers	Totals
Operating revenue			
HUD Operating subsidies	-	4,906,363	4,906,363
other revenue	-	751,747	751,747
Total operating revenue	-	5,658,110	5,658,110
Operating Expenses			
Administrative expenses	4,257	326,420	330,677
General	-	30,301	30,301
Housing assistance payments	-	5,130,170	5,130,170
Total operating expenses	4,257	5,486,891	5,491,148
Operating income (loss)	(4,257)	171,219	166,962
Nonoperating revenue (expenses)			
Investment Income	156,000	39,636	195,636
bad debts - mortgage interest	(150,391)	-	(150,391)
Net nonoperating revenue	5,609	39,636	45,245
Change in net assets	1,352	210,855	212,207
Total net assets at beginning of year	1,226,605	433,317	1,659,922
Total net position at end of year	1,227,957	644,172	1,872,129

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted		$193,771	$1,227,944	$1,421,715	$1,421,715
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	$0	$193,771	$1,227,944	$1,421,715	$1,421,715
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects			$65,988	$65,988	$65,988
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous			$8,910	$8,910	$8,910
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts -Tenants					
126.2 Allowance for Doubtful Accounts - Other			$0	$0	$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery			$2,325	$2,325	$2,325
128.1 Allowance for Doubtful Accounts - Fraud			-$2,325	-$2,325	-$2,325
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$74,898	$74,898	$74,898
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets			$3,158	$3,158	$3,158
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
145 Assets Held for Sale					
150 Total Current Assets	$0	$193,771	$1,306,000	$1,499,771	$1,499,771
161 Land		$61,690		$61,690	$61,690
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements					
166 Accumulated Depreciation					
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$61,690	$0	$61,690	$61,690
171 Notes, Loans and Mortgages Receivable - Non-Current		$972,496		$972,496	$972,496
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	$0	$1,034,186	$0	$1,034,186	$1,034,186
200 Deferred Outflow of Resources			$247,010	$247,010	$247,010
290 Total Assets and Deferred Outflow of Resources	$0	$1,227,957	$1,553,010	$2,780,967	$2,780,967
311 Bank Overdraft					
312 Accounts Payable <= 90 Days			$20,661	$20,661	$20,661
313 Accounts Payable >90 Days Past Due					

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion			$1,642	$1,642	$1,642
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government			$9,997	$9,997	$9,997
341 Tenant Security Deposits					
342 Unearned Revenue					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	$0	$0	$32,300	$32,300	$32,300
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities			$484,119	$484,119	$484,119
350 Total Non-Current Liabilities	$0	$0	$484,119	$484,119	$484,119
300 Total Liabilities	$0	$0	$516,419	$516,419	$516,419

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Balance Sheet Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
400 Deferred Inflow of Resources			$392,420	$392,420	$392,420
508.4 Net Investment in Capital Assets		$61,690		$61,690	$61,690
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	$0	$1,166,267	$644,171	$1,810,438	$1,810,438
513 Total Equity - Net Assets / Position	$0	$1,227,957	$644,171	$1,872,128	$1,872,128
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$1,227,957	$1,553,010	$2,780,967	$2,780,967

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	$0	$0	$0	$0	$0
70600 HUD PHA Operating Grants			$4,906,363	$4,906,363	$4,906,363
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted		$5,609	$39,636	$45,245	$45,245
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			$1,480	$1,480	$1,480
71500 Other Revenue			$750,267	$750,267	$750,267
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		$150,391		$150,391	$150,391
70000 Total Revenue	$0	$156,000	$5,697,746	$5,853,746	$5,853,746
91100 Administrative Salaries			$136,035	$136,035	$136,035

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
91200 Auditing Fees			$6,686	$6,686	$6,686
91300 Management Fee			$33,315	$33,315	$33,315
91310 Book-keeping Fee					
91400 Advertising and Marketing			$203	$203	$203
91500 Employee Benefit contributions - Administrative			$9,967	$9,967	$9,967
91600 Office Expenses		$4,257	$106,303	$110,560	$110,560
91700 Legal Expense			$11,275	$11,275	$11,275
91800 Travel					
91810 Allocated Overhead					
91900 Other			$22,636	$22,636	$22,636
91000 Total Operating - Administrative	$0	$4,257	$326,420	$330,677	$330,677
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	$0	$0	$0	$0	$0
93100 Water					
93200 Electricity					
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	$0	$0	$0	$0	$0
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and Other					
94300 Ordinary Maintenance and Operations Contracts					
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	$0	$0	$0	$0	$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	$0	$0	$0	$0	$0
96110 Property Insurance					
96120 Liability Insurance			$20,107	$20,107	$20,107
96130 Workmen's Compensation					
96140 All Other Insurance			$1,467	$1,467	$1,467
96100 Total insurance Premiums	$0	$0	$21,574	$21,574	$21,574
96200 Other General Expenses			$8,727	$8,727	$8,727
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other		$150,391		$150,391	$150,391
96800 Severance Expense					
96000 Total Other General Expenses	$0	$150,391	$8,727	$159,118	$159,118
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
96900 Total Operating Expenses	$0	$154,648	$356,721	$511,369	$511,369
97000 Excess of Operating Revenue over Operating Expenses	$0	$1,352	$5,341,025	$5,342,377	$5,342,377
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			$4,417,995	$4,417,995	$4,417,995
97350 HAP Portability-In			$712,175	$712,175	$712,175
97400 Depreciation Expense					
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	$0	$154,648	$5,486,891	$5,641,539	$5,641,539

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$1,352	$210,855	$212,207	$212,207
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0
11030 Beginning Equity	$0	$1,226,605	$433,316	$1,659,921	$1,659,921
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					

Keansburg Housing Authority (NJ060)

KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

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

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Total
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			$644,171	$644,171	$644,171
11180 Housing Assistance Payments Equity			$0	$0	$0
11190 Unit Months Available	0		3996	3996	3996
11210 Number of Unit Months Leased	0		3789	3789	3789
11270 Excess Cash	$0			$0	$0
11610 Land Purchases	$0			$0	$0
11620 Building Purchases	$0			$0	$0
11630 Furniture & Equipment - Dwelling Purchases	$0			$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0			$0	$0
11650 Leasehold Improvements Purchases	$0			$0	$0
11660 Infrastructure Purchases	$0			$0	$0
13510 CFFP Debt Service Payments	$0			$0	$0
13901 Replacement Housing Factor Funds	$0			$0	$0

SINGLE AUDIT AND OTHER REPORTS

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

Department of Housing and Urban Development

	CFDA NUMBER	FEDERAL EXPENDITURES
Housing choice voucher cluster		
Housing Choice Voucher	14.871	$ 4,906,363
Total for CFDA 14.871		4,906,363

Housing Authority of the Borough of Keansburg
Notes to Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(b). The entity did not elect to use the 10 percent de minimis indirect rate.

(c) The authority was not a subrecipient of any federal awards and did not pass through any federal awards to subrecipients

Housing Authority of the Borough of Keansburg

Schedule of Findings and Questioned Costs

For the Year ended September 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to financial statements noted?	None reported.

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported.
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None reported.

Identification of major programs:

CFDA Number	Name of Federal Program
14.871	Housing choice vouchers

Housing Authority of the Borough of Keansburg
Schedule of Findings and Questioned Costs
For the Year ended September 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS - Continued

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

SECTION II – FINANCIAL STATEMENT FINDINGS

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

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

Housing Authority of the Borough of Keansburg
Schedule of Findings and Questioned Costs
For the Year ended September 30, 2025

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no prior audit findings.

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

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

Board of Directors
Housing Authority of the Borough of Keansburg
Keansburg, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Borough of Keansburg, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Keansburg's basic financial statements, and have issued our report thereon dated April 14, 2026.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Frank McConnell

Francis J McConnell
Certified Public Accountant

April 14, 2026

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

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

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Philadelphia, PA 19111
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Housing Authority of the Borough of Keansburg
Keansburg, NJ

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives were to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Keansburg Housing Authority's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Keansburg Housing Authority's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Frank McConnell

Francis J McConnell
Certified Public Accountant

April 14, 2026