

**PENNS GROVE HOUSING AUTHORITY**

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

**YEAR ENDED JUNE 30, 2020**

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# Penns Grove Housing Authority



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December 26, 2020

To the Board of Directors, Department of Housing and Urban Development

On behalf of the Penns Grove Housing Authority I respectfully submit this annual financial report for the year ended June 30, 2020. 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 2020 Penns Grove Housing Authority annual financial report consists of these sections:

- Introductory Section - This includes the independent auditor's report and a management discussion and analysis of our financial report.
- Financial Section - this includes the basic financial statements and foot notes to these basic financial statements.
- 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 Penns Grove Housing Authority realizes its role as a means of housing for the low income and elderly in the community has never been more important. The Authority has two projects of their own with over 200 units for low income and elderly tenants and around 50 Section 8 units. The following pages report and analyze the financial position of Penns Grove Housing Authority.

Respectfully submitted,

Catherine Rutland  
Executive Director

*FRANCIS J McCONNELL*  
CERTIFIED PUBLIC ACCOUNTANT

Member of American and Pennsylvania  
Institutes of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Penns Grove Housing Authority  
Penns Grove, New Jersey

**Report on the Financial Statements**

I have audited the accompanying financial statements of Penns Grove Housing Authority , as of and for the year ended June 30, 2020 , and the related notes to the financial statements, which collectively comprise Penns Grove Housing Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audits 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinions**

In my opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of Penns Grove Housing Authority, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the authority's contributions 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 my 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 Penns Grove 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 other supplementary Information in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 statement of net position, activities and changes in net position, Financial Data Schedule and 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 December 26, 2020 on my consideration of the Penns Grove Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Penns grove Housing Authority's internal control over financial reporting and compliance.

Francis J. McConnell  
Certified Public Accountant

December 26, 2020

**PENNS GROVE HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2020**

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As management of Penns Grove Housing Authority 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 June, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

**FINANCIAL HIGHLIGHTS**

**2020**

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the this fiscal year by \$716,543 (net position)
- The Authority's unrestricted cash balance at June 30, 2020 was \$738,952 representing an increase of \$ 188,897 from June 30, 2019.
- The Authority had intergovernmental revenues of \$ 1,292,362 HUD operating grants for the year ended June 30, 2020.

**2019**

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the this fiscal year by \$720,806 (net position)
- The Authority's unrestricted cash balance at June 30, 2019 was \$550,055 representing an increase of \$ 393,799 from June 30, 2018.
- The Authority had intergovernmental revenues of \$ 1,273,080 HUD operating grants for the year ended June 30, 2019.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

### **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 Penns Grove Housing Authority, assets exceed liabilities by \$000 thousand at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	2020	2019	2018
Current and Other Assets	818,623	669,659	265,770
Capital Assets, net of depreciation	1,325,822	1,439,426	1,439,371
Total Assets	2,144,445	2,109,085	1,705,141
Deferred Outflows of Resources	181,306	219,330	305,901
Current Liabilities	454,519	459,932	138,279
Noncurrnt Liabilities	833,994	826,499	985,212
Total Liabilities	1,288,513	1,286,431	1,123,491
Deferred Inflows of Resources	320,695	321,178	267,237
Net Investment in Capital Assets	1,352,822	1,439,426	1,439,371
Restricted	7,617	-	11,688
Unrestricted	(643,896)	(718,620)	(830,745)
Net Position	716,543	720,806	620,314



## **MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets The following table summarizes the changes in capital assets between fiscal years 2020, 2019 and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
LAND	107,629	\$ 107,629	\$ 107,629
BUILDINGS AND IMPROVEMENTS	9,153,153	9,138,444	9,138,444
EQUIPMENT	566,982	566,982	544,070
CONSTRUCTION IN PROGRESS	<u>108,568</u>	<u>108,568</u>	<u>-</u>
TOTAL CAPITAL ASSETS	9,936,332	9,921,623	9,790,143
ACCUMULATED DEPRECIATION	<u>861,051</u>	<u>8,482,197</u>	<u>8,350,772</u>
NET CAPITAL ASSETS	<u>1,325,822</u>	<u>1,439,426</u>	<u>1,439,371</u>

### **Debt**

At the end of June 30, 2020 the Authority had no outstanding debt.

**Statement of Activities.** The Statement of Activities shows the sources of PGHA's changes in net position as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2020 , 2019 and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tenant Rental Revenue	645,797	\$ 620,026	\$ 631,741
Government Operating Grants	1,292,362	1,273,080	1,107,255
Other Revenue	<u>13,833</u>	<u>4,852</u>	<u>39,652</u>
Total Operating Revenue	<u>1,951,992</u>	<u>1,897,958</u>	<u>1,778,648</u>
Operating Expenses			
Administrative	421,525	399,995	400,127
Tenant Services	27,129	22,426	54,378
Utilities	390,679	413,347	429,420
Maintenance	569,542	541,639	542,972
Protective Services	7,528	9,716	7,773
Housing Assistance Payments	299,922	280,544	273,732
General expenses	111,892	95,957	102,303
Depreciation	128,313	131,425	139,537
Nonroutine maintenance		-	-
Total Operating expenses	<u>1,956,530</u>	<u>1,895,049</u>	<u>1,950,242</u>
Net Operating Income (loss)	(4,538)	2,909	(171,594)
Non Operating Revenue		-	-
Net Investment Income	275	178	110
Capital subsidies		<u>97,405</u>	<u>-</u>
Total NonOperating revenue	<u>275</u>	<u>97,583</u>	<u>110</u>
			-
CHANGE IN NET POSITION	<u>\$ (4,263)</u>	<u>\$ 100,492</u>	<u>\$ (171,484)</u>

## **MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

### **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”). PGHA also generated over \$600 thousand in tenant revenue which helped offset PGHA’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, Penns Grove Housing Authority , New Jersey, 40 South Broad Street, Penns Grove, New Jersey 08069 or call (856)299-0101.

## **FINANCIAL SECTION**

**Penns Grove Housing Authority**  
**Statement of Net Position**  
**June 30, 2020**

**ASSETS**

Current Assets:

Cash and Cash equivalents	\$ 738,952
Restricted cash and investments	52,873
Accounts Receivable, net	17,977
Other current assets	8,821
Total Current Assets	<u>818,623</u>

Noncurrent Assets

Capital Assets, net of depreciation	<u>1,325,822</u>
Total Noncurrent assets	<u>1,325,822</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflow of Resources

Total Deferred outflows of Resources	<u>181,306</u>
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Total Assets and Deferred Outflow of Resources	<u><u>2,325,751</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable	40,654
Accrued Liabilities	26,868
Accounts Payable - other Governments	25,512
Compensated absences	2,987
Trusts and deposits	45,256
Deferred credits and other liabilities	313,242

Total Current Liabilities	<u>454,519</u>
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Noncurrent Liabilities:

Compensated absences	26,881
Accrued Pension	<u>807,113</u>
Total Noncurrent liabilities	<u>833,994</u>

Total Liabilities	<u>1,288,513</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflow of Resources

Total Deferred Inflow of Resources	<u>320,695</u>
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**NET POSITION**

Net Position:

Net Investment in capital assets	1,352,822
Restricted in Section 8 Reserves	7,617
Unrestricted	<u>(643,896)</u>
Total Net Position	<u>716,543</u>

Total Liabilities, Deferred Inflow of Resources and Net Position	<u><u>\$ 2,325,751</u></u>
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The accompanying notes are an integral part of this statement

**Penns Grove Housing Authority**  
**Statement of Revenues, Expenses and Change in Net Position**  
**Year Ended June 30, 2020**

Operating Revenue	
Tenant Revenue	\$ 645,797
Government operating grants	1,292,362
Other Income	<u>13,833</u>
Total operating revenues	<u>1,951,992</u>
Operating expenses	
Administrative	421,525
Tenant services	27,129
Utilities	390,679
Protective Services	7,528
Maintenance	569,542
General	111,892
Housing Assistance Payments	299,922
Depreciation Expense	<u>128,313</u>
Total Operating Expenses	<u>1,956,530</u>
Net Operating Income (loss)	(4,538)
Nonoperating revenue	
Investment Income	275
Capital Subsidies	<u>-</u>
Net nonoperating revenues	<u>275</u>
Change in net position	(4,263)
Total net position - beginning	<u>720,806</u>
Total net position - ending	<u><u>\$ 716,543</u></u>

The accompanying notes are an integral part of this statement

**Penns Grove Housing Authority**  
**Statement of Cash Flows**  
**For the Year ended June 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Governmental operating grants	\$ 1,371,918
Receipts from residents and others	659,630
Payments to suppliers	(901,321)
Payments to and on behalf of employees	(626,974)
Housing Assistance payments made	<u>(299,922)</u>

Net cash provided by operating activities	<u>203,331</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Restricted cash	8,439
Interest on investments	<u>275</u>

Net cash provided by Investing activities	<u>8,714</u>
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**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Purchase of fixed assets, net	<u>(14,709)</u>
Net cash (used) in capital and related financing activities	<u>(14,709)</u>

<u>INCREASE (DECREASE) IN CASH</u>	<u>197,336</u>
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<u>CASH - BEGINNING OF YEAR</u>	<u>594,489</u>
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<u>CASH - END OF YEAR</u>	<u><u>\$ 791,825</u></u>
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Cash - unrestricted	\$ 738,952
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Cash - Restricted	52,873
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	<u><u>\$ 791,825</u></u>
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	\$ -
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**Penns Grove Housing Authority**  
**Statement of Cash Flows**  
**For the Year ended June 30, 2020**

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (loss)	\$ (4,538)
Add back non-cash Items:	
Depreciation expense	128,313
Bad Debt Expense	12,825
unbudgeted pension credit	(39,161)
Decrease (Increase) in Assets	
Accounts Receivable -	(8,936)
Other current assets	(49,198)
	<u>39,305</u>
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	(15,731)
Accrued Compensated absences	6,528
Deferred credits and other liabilities	193,491
Other Governmental agencies	(20,262)
	<u>-</u>
	<u>164,026</u>
Net Cash provided by operating activities	<u><u>\$ 203,331</u></u>

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**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Program Description**

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

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

**Low Rent Housing Program**

This program provides low-rent housing to qualified residents of the City of Penns Grove, New Jersey. All units are owned and operated by the Housing Authority. The operations of the program are subsidized by HUD through an Annual Contributions Contract. Operating subsidy contributions for the year ended June 30, 2020 were \$ 00,000 , and are included in operating subsidies in the combined statement of revenues, expenses and changes in net position.

**Housing Choice Voucher Program**

This program allows for existing privately-owned housing units to be used for low income housing. This program assists low income families and persons to find and lease a house or apartment. After inspecting the unit, Penns Grove HA assist the residents 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 Penns Grove HA through HUD funding.

Penns Grove HA earns a fee administering the annual contributions contributions from HUD. This fund accounts for the revenues and expenses associated with providing administrative services.

**Capital Fund Program Grants**

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



**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2020**  
(continued)

**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 Penns Grove Housing Authority.

**C - Basis of Accounting**

PGHA 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 PGHA has decided that determination of revenue earned, costs incurred and net revenue over expense 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 – 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 related 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 charges in net position present increases (revenue and capital contributions) and decreases (expenses) in total net position.

**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 – Capital Assets**

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

<b><u>Category</u></b>	<b><u>Useful lives (in Years)</u></b>
Buildings	40 years
Building Improvements	7 - 15 years
Furniture and Equipment	5 - 15 years

Long-lived assets are reviewed annually for impairment under the provisions and in accordance with GASB No. 42, *“Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.”*

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2020**  
(continued)

**H – Accrued Compensated absences**

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

**I – Post Employment Benefits**

The Authority does not provide it's employees with any health or post employment benefits, therefore there is no accrual for other post employment benefits.

**J – 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”.

**K – 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.

**L - Operating Revenues and Expenses**

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

**M - Income Taxes**

PGHA is a New Jersey municipal authority and, as such, is exempt from income taxes and other state and local taxes. PGHA 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.

**N- 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.

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2020**  
(continued)

**O – Economic Dependency**

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

**NOTE 2 – CASH AND INVESTMENTS**

HUD requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security deposits. Obligations furnished as security must be held by the authority or with an unaffiliated bank or trust company for the account of the authority.

It is the Authority's policy to maintain collateralization in accordance with the requirements of HUD. Authority cash and investment balances are covered by the Federal Deposit Insurance Corporation up to \$250,000 with the balance being covered by the Governmental Unit Deposit Protection act of the State of New Jersey.

As of June 30, 2020 cash and investment balances consist of the following:

	<u>2020</u>
Operating Accounts	746,569
Escrow Accounts	45,256
	-
	-
	<u>791,825</u>
	-
	<u>791,825</u>
	<u><u>791,825</u></u>
Bank Balances	<u>\$ 792,778</u>

**Reconciliation of detail to statement of net assets**

Cash - unrestricted	738,952
Cash - restricted	<u>52,873</u>
	<u><u>\$ 791,825</u></u>

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2020**

(continued)

**NOTE 3 – RECEIVABLES**

Accounts Receivable as of June 30, 2020

	<u>2020</u>
Tenant accounts receivable	35,728
Other	<u>13,011</u>
Total accounts receivable	48,739
Less: allowance for doubtful accounts	<u>(30,762)</u>
	<u>17,977</u>

**NOTE 4 – CAPITALASSETS**

Changes in capital assets for 2020 consisted of:

	<u>2019</u>	<u>additions</u>	<u>disposals</u>	<u>transfers</u>	<u>2020</u>
<u>Non-depreciable capital assets:</u>					
Land	107,629	-	-		107,629
Construction in Progress	108,568	-		-	108,568
	<u>216,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,197</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	9,138,444	14,709	-	-	9,153,153
Equipment - Admin & Dwelling	566,982	-	-		566,982
Totals	<u>9,705,426</u>	<u>14,709</u>	<u>-</u>	<u>-</u>	<u>9,720,135</u>
Total capital assets	9,921,623	14,709			9,936,332
Accumulated Depreciation:	<u>(8,482,197)</u>	<u>(128,313)</u>	<u>-</u>		<u>(8,610,510)</u>
Net Capital Assets	<u>1,439,426</u>	<u>(113,604)</u>	<u>-</u>	<u>-</u>	<u>1,325,822</u>

**NOTE 5 – 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.

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2020**

(continued)

**NOTE 6 – PAYABLE TO OTHER GOVERNMENT AGENCIES – (PILOT)**

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 City of Penns Grove, New Jersey. Under the cooperation agreements, the Authority must pay the lesser of 10% of its net shelter rent or the appropriate full real property taxes. During the fiscal years ended June 30, 2020 PILOT expense was accrued in the amount of \$25,512. Shown on statement of net position as payable to other government.

**NOTE 7 – 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:

	<u>2020</u>
Beginning compensated absences	\$ 23,340
Compensated absences earned	11,304
Compensated absences redeemed	<u>(4,776)</u>
Ending compensated absences	29,868
Less: current portion	2,987
Compensated absences, net of current position	<u>\$ 26,881</u>

**NOTE 8 – Deferred Outflows/Inflows of Resources** – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charges to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

**NOTE 9 – PENSION PLAN**

**Description of Plan**

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employer 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.

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2020**  
(continued)

**NOTE 9 – PENSION PLAN - continued**

**Vesting and Benefit Provisions**

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

**Funding Requirements - PERS**

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

The Authority's total contributions to PERS for the year ended were \$ 43,571.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – at June 30, 2020, the Authority reported a liability of \$ 807,113 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the authority's share of contributions to the pension plan relative to the contributions of all PERS participating employers. At June 30, 2019, the authority's collective proportion percentage was .00447936220.

For the year ended the authority recognized pension expense of \$ 41,768. At June 30, 2020, the authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experiences	\$ 14,487	\$ 3,565
Changes in assumptions	80,593	280,146
Net difference between projected and actual earnings on pension plan investments	-	12,741
Changes in proportion and differences between Authority contributions and proportionate share of contributions	86,226	24,243
Total	<u>\$ 181,306</u>	<u>\$ 320,695</u>

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2020**  
(continued)

**NOTE 9 – PENSION PLAN - continued**

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

Year Ended 30-Jun	Total
2021	\$ (27,877)
2022	(27,877)
2023	(27,877)
2024	(27,877)
2025	(27,877)
	<u>\$ (139,385)</u>

Actuarial assumptions – the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation :	2.25%
Rates of salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality tables, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rate of return for each major class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**NOTE 9 – PENSION PLAN – continued**

**Discount Rate** - the discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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-percentage point higher (6.66 percent) than the current rate,

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**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2020**

**NOTE 10 – ACCRUED LIABILITIES**

Accrued Liabilities as of June 30, 2020;

	<u>2020</u>
Accrued utilities	\$ 26,868
	<u>\$ 26,868</u>

**NOTE 11 – DEFERRED CREDITS AND OTHER LIABILITIES**

Deferred Credits and other liabilities as of June 30, 2020

	<u>2020</u>
Unearned revenue	\$ 313,242
	<u>\$ 313,242</u>

**NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through December 26 2020 the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties could have arisen which would have had a negative impact, The authority experienced no such uncertainties. No transactions were found for recognition or disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**PENNS GROVE HOUSING AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY**  
**YEAR ENDED JUNE 30, 2019**

	2020	2019	2018	2017	2016	2015
Authority's proportions of the net pension liability (asset)	0.0040909766%	0.0040909766%	0.0041105656%	0.0041396433%	0.0039292500%	0.0046938000%
Authority's proportionate share of the net pension liability	807,113	805,493	956,874	1,226,044	882,038	878,808
Authority's covered-employee payroll	306,215	374,678	376,864	450,454	439,870	454,389
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	263.58%	214.98%	253.90%	272.18%	200.52%	193.40%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	53.60%	47.93%	59.86%	52.07%	52.08%

Note: GASB Statement NO 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the Authority will present information for those years for which information is available.

See accompanying independent auditor's report

**PENNS GROVE HOUSING AUTHORITY**  
**SCHEDULE OF AUTHORITY'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY**  
**YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	43,571	40,692	38,080	36,776	33,781	38,695
Contributions in relation to the statutorily required contributions	43,571	40,692	38,080	36,776	33,781	38,695
Contributions deficiency (excess)	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
Authority's covered-employee payroll	306,215	374,678	376,864	450,454	439,870	454,389
Contributions as a percentage of covered-employee payroll	14.23%	10.86%	10.10%	8.16%	7.68%	8.52%

See accompanying independent auditor's report

## **OTHER SUPPLEMENTARY INFORMATION**

**Penns Grove Housing Authority**  
**Combining Statement of Net Position**  
**As of June 30, 2019**

	Low Rent Housing	Capital fund Program	Housing choice Vouchers	HCC HCV CARES	Elimination	Totals
<b>ASSETS</b>						
Current Assets						
Cash	707,528	-	25,870	5,554		\$ 738,952
Restricted cash and investments	45,256	-	7,617			52,873
Receivables, net	17,977	-	-	-		17,977
Investments	-	-	-	-		-
Due from other funds	1,940	-	-	-	(1,940)	-
Other assets	8,821	-	-	-	-	8,821
Total Current assets	<u>781,522</u>	<u>-</u>	<u>33,487</u>	<u>5,554</u>	<u>(1,940)</u>	<u>818,623</u>
<b>NONCURRENT ASSETS</b>						
Capital assets, net of depreciation	1,325,822	-	-	-		1,325,822
Other assets	-	-	-	-		-
Total noncurrent assets	<u>1,325,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325,822</u>
Deferred Outflow of Resources	181,306					181,306
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>2,288,650</u>	<u>-</u>	<u>33,487</u>	<u>5,554</u>	<u>(1,940)</u>	<u>2,325,751</u>
<b>LIABILITIES AND NET POSITION</b>						
Current Liabilities						
Accounts payable	40,654	-	-	-		40,654
Accrued Liabilities	26,868	-	-	-		26,868
Due to other governments	25,512	-	-	-		25,512
Due to other funds	-	-	1,940	-	1,940	-
Compensated absences	2,987	-	-	-		2,987
Trusts and deposits	45,256	-	-	-		45,256
Deferred credits and other liabilities	307,688	-	-	5,554		313,242
Total current liabilities	<u>448,965</u>	<u>-</u>	<u>1,940</u>	<u>5,554</u>	<u>1,940</u>	<u>454,519</u>
<b>NONCURRENT LIABILITIES</b>						
Compensated Absences	26,881	-	-	-		26,881
Accrued Pension	807,113	-	-	-		807,113
Total noncurrent liabilities	<u>833,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>833,994</u>
<b>TOTAL LIABILITIES</b>	<u>1,282,959</u>	<u>-</u>	<u>1,940</u>	<u>5,554</u>	<u>1,940</u>	<u>1,288,513</u>
Deferred Inflow of Resources	320,695					320,695
<b>NET POSITION</b>						
Net Investment in Capital Assets	1,352,822	-	-	-		1,352,822
Restricted for Section 8	-	-	7,617	-		7,617
Unrestricted net position	<u>(667,826)</u>	<u>-</u>	<u>23,930</u>	<u>-</u>	<u>-</u>	<u>(643,896)</u>
	<u>684,996</u>	<u>-</u>	<u>31,547</u>	<u>-</u>	<u>-</u>	<u>716,543</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>2,288,650</u>	<u>-</u>	<u>33,487</u>	<u>5,554</u>	<u>1,940</u>	<u>2,325,751</u>

**Penns Grove Housing Authority**  
**Combining Statement of Revenues, Expenses and changes in Net Position**  
**For the year ended June 30, 2018**

	<b>Low Rent Housing</b>	<b>Capital Fund Program</b>	<b>Housing Choice Vouchers</b>	<b>HCV --HCC CARES</b>	<b>Elimination</b>	<b>Totals</b>
Operating revenue	-					
Total Tenant Revenue	645,797	-	-	-		\$ 645,797
Operating subsidies	668,703	286,533	337,126	-		1,292,362
other revenue	13,833	-	-	-		13,833
Total operating revenue	<u>1,328,333</u>	<u>286,533</u>	<u>337,126</u>	<u>-</u>	<u>-</u>	<u>1,951,992</u>
Operating Expenses						
Administrative expenses	398,677	-	22,848	-	-	421,525
Asset Management Fee	-	-	-	-	-	-
Tenant services	27,129	-	-	-	-	27,129
Utilities	390,679	-	-	-	-	390,679
Protective Services	7,528	-	-	-	-	7,528
Maintenance	569,542	-	-	-	-	569,542
General	111,892	-	-	-	-	111,892
Housing Assistance payments	-	-	299,922	-	-	299,922
Depreciation expense	128,313	-	-	-	-	128,313
Total operating expenses	<u>1,633,760</u>	<u>-</u>	<u>322,770</u>	<u>-</u>	<u>-</u>	<u>1,956,530</u>
Operating income (loss)	<u>(305,427)</u>	<u>286,533</u>	<u>14,356</u>	<u>-</u>	<u>-</u>	<u>(4,538)</u>
Nonoperating revenue (expenses)						
Investment Income	259	-	16	-		275
Net nonoperating revenue	<u>259</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>275</u>
Income (Loss) before capital subsidies	<u>(305,168)</u>	<u>286,533</u>	<u>14,372</u>	<u>-</u>	<u>-</u>	<u>(4,263)</u>
Capital subsidies						
Change in net position	<u>(305,168)</u>	<u>286,533</u>	<u>14,372</u>	<u>-</u>	<u>-</u>	<u>(4,263)</u>
Total net assets at beginning of year	703,631	-	17,175	-		720,806
Capital contributions/transfers	286,533	(286,533)		-		-
Total net position at end of year	<u>684,996</u>	<u>-</u>	<u>31,547</u>	<u>-</u>	<u>-</u>	<u>\$ 716,543</u>

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$707,528	\$25,870	\$5,554	\$738,952		\$738,952
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$7,617		\$7,617		\$7,617
114 Cash - Tenant Security Deposits	\$45,256			\$45,256		\$45,256
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$752,784	\$33,487	\$5,554	\$791,825	\$0	\$791,825
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	\$35,728			\$35,728		\$35,728
126.1 Allowance for Doubtful Accounts - Tenants	-\$21,002			-\$21,002		-\$21,002
126.2 Allowance for Doubtful Accounts - Other						
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery	\$13,011			\$13,011		\$13,011
128.1 Allowance for Doubtful Accounts - Fraud	-\$9,760			-\$9,760		-\$9,760
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$17,977	\$0	\$0	\$17,977	\$0	\$17,977
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$8,821			\$8,821		\$8,821
143 Inventories						
143.1 Allowance for Obsolete Inventories						



Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
144 Inter Program Due From	\$1,940			\$1,940	-\$1,940	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$781,522	\$33,487	\$5,554	\$820,563	-\$1,940	\$818,623
161 Land	\$107,629			\$107,629		\$107,629
162 Buildings	\$9,153,152			\$9,153,152		\$9,153,152
163 Furniture, Equipment & Machinery - Dwellings	\$281,498			\$281,498		\$281,498
164 Furniture, Equipment & Machinery - Administration	\$285,485			\$285,485		\$285,485
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$8,610,510			-\$8,610,510		-\$8,610,510
167 Construction in Progress	\$108,568			\$108,568		\$108,568
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,325,822	\$0	\$0	\$1,325,822	\$0	\$1,325,822
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$1,325,822	\$0	\$0	\$1,325,822	\$0	\$1,325,822
200 Deferred Outflow of Resources	\$181,306			\$181,306		\$181,306
290 Total Assets and Deferred Outflow of Resources	\$2,288,650	\$33,487	\$5,554	\$2,327,691	-\$1,940	\$2,325,751
311 Bank Overdraft						

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$40,654			\$40,654		\$40,654
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable						
322 Accrued Compensated Absences - Current Portion	\$2,987			\$2,987		\$2,987
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$25,512			\$25,512		\$25,512
341 Tenant Security Deposits	\$45,256			\$45,256		\$45,256
342 Unearned Revenue	\$307,688		\$5,554	\$313,242		\$313,242
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$0			\$0		\$0
346 Accrued Liabilities - Other	\$26,868			\$26,868		\$26,868
347 Inter Program - Due To		\$1,940		\$1,940	-\$1,940	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$448,965	\$1,940	\$5,554	\$456,459	-\$1,940	\$454,519
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	\$26,881			\$26,881		\$26,881
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$807,113			\$807,113		\$807,113

Penns Grove Housing Authority (NJ074)  
PENN GROVE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$833,994	\$0	\$0	\$833,994	\$0	\$833,994
300 Total Liabilities	\$1,282,959	\$1,940	\$5,554	\$1,290,453	-\$1,940	\$1,288,513
400 Deferred Inflow of Resources	\$320,695			\$320,695		\$320,695
508.4 Net Investment in Capital Assets	\$1,352,822			\$1,352,822		\$1,352,822
511.4 Restricted Net Position	\$0	\$7,617		\$7,617		\$7,617
512.4 Unrestricted Net Position	-\$667,826	\$23,930	\$0	-\$643,896		-\$643,896
513 Total Equity - Net Assets / Position	\$684,996	\$31,547	\$0	\$716,543	\$0	\$716,543
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,288,650	\$33,487	\$5,554	\$2,327,691	-\$1,940	\$2,325,751

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$639,896			\$639,896		\$639,896
70400 Tenant Revenue - Other	\$5,901			\$5,901		\$5,901
70500 Total Tenant Revenue	\$645,797	\$0	\$0	\$645,797	\$0	\$645,797
70600 HUD PHA Operating Grants	\$955,236	\$337,126		\$1,292,362		\$1,292,362
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				\$0	\$0	\$0
70800 Other Government Grants			\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$259	\$16		\$275		\$275
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	\$13,833			\$13,833		\$13,833
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,615,125	\$337,142	\$0	\$1,952,267	\$0	\$1,952,267
91100 Administrative Salaries	\$173,528	\$16,800	\$0	\$190,328		\$190,328
91200 Auditing Fees	\$4,115	\$2,400		\$6,515		\$6,515

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$124,234	\$1,285	\$0	\$125,519		\$125,519
91600 Office Expenses	\$10,220	\$1,463	\$0	\$11,683		\$11,683
91700 Legal Expense	\$39,179			\$39,179		\$39,179
91800 Travel	\$10,387			\$10,387		\$10,387
91810 Allocated Overhead						
91900 Other	\$37,014	\$900		\$37,914		\$37,914
91000 Total Operating - Administrative	\$398,677	\$22,848	\$0	\$421,525	\$0	\$421,525
92000 Asset Management Fee						
92100 Tenant Services - Salaries	\$4,324			\$4,324		\$4,324
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$3,097			\$3,097		\$3,097
92400 Tenant Services - Other	\$19,708			\$19,708		\$19,708
92500 Total Tenant Services	\$27,129	\$0	\$0	\$27,129	\$0	\$27,129
93100 Water	\$51,380			\$51,380		\$51,380
93200 Electricity	\$120,242			\$120,242		\$120,242
93300 Gas	\$137,937			\$137,937		\$137,937
93400 Fuel						
93500 Labor						
93600 Sewer	\$81,120			\$81,120		\$81,120
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
93000 Total Utilities	\$390,679	\$0	\$0	\$390,679	\$0	\$390,679
94100 Ordinary Maintenance and Operations - Labor	\$176,677			\$176,677		\$176,677
94200 Ordinary Maintenance and Operations - Materials and Other	\$226,976			\$226,976		\$226,976
94300 Ordinary Maintenance and Operations Contracts	\$39,370			\$39,370		\$39,370
94500 Employee Benefit Contributions - Ordinary Maintenance	\$126,519			\$126,519		\$126,519
94000 Total Maintenance	\$569,542	\$0	\$0	\$569,542	\$0	\$569,542
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs	\$7,528			\$7,528		\$7,528
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$7,528	\$0	\$0	\$7,528	\$0	\$7,528
96110 Property Insurance	\$65,201			\$65,201		\$65,201
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance						
96100 Total Insurance Premiums	\$65,201	\$0	\$0	\$65,201	\$0	\$65,201
96200 Other General Expenses	\$1,826			\$1,826		\$1,826
96210 Compensated Absences	\$6,528			\$6,528		\$6,528
96300 Payments in Lieu of Taxes	\$25,512			\$25,512		\$25,512
96400 Bad debt - Tenant Rents	\$12,825			\$12,825		\$12,825
96500 Bad debt - Mortgages						
96600 Bad debt - Other						

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96800 Severance Expense						
96000 Total Other General Expenses	\$46,691	\$0	\$0	\$46,691	\$0	\$46,691
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
96900 Total Operating Expenses	\$1,505,447	\$22,848	\$0	\$1,528,295	\$0	\$1,528,295
97000 Excess of Operating Revenue over Operating Expenses	\$109,678	\$314,294	\$0	\$423,972	\$0	\$423,972
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$299,431		\$299,431		\$299,431
97350 HAP Portability-In		\$491		\$491		\$491
97400 Depreciation Expense	\$128,313			\$128,313		\$128,313
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,633,760	\$322,770	\$0	\$1,956,530	\$0	\$1,956,530
10010 Operating Transfer In	\$286,533			\$286,533	-\$286,533	\$0
10020 Operating transfer Out	-\$286,533			-\$286,533	\$286,533	\$0
10030 Operating Transfers from/to Primary Government						

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$18,635	\$14,372	\$0	-\$4,263	\$0	-\$4,263
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$703,631	\$17,175	\$0	\$720,806		\$720,806
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						
11100 Changes in Allowance for Doubtful Accounts - Other		\$23,930		\$23,930		\$23,930
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity	1824	\$7,617		\$7,617		\$7,617
11190 Unit Months Available		480		2304		2304



Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2020				
	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	1792	389		2181		2181
11270 Excess Cash	\$197,686			\$197,686		\$197,686
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$0			\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$14,707			\$14,707		\$14,707
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**

**Penns Grove Housing Authority**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>		
Low Rent Public Housing	14.850	\$ 668,703
<u>Housing Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	337,126
Public Housing Capital Fund Program	14.872	<u>286,533</u>
 Total		 <u><u>\$ 1,292,362</u></u>

See accompanying notes to Schedule of Federal Awards

**Penns Grove Housing Authority**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2020**

**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 June 30, 2020. 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 Nanticoke Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Penns Grove 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

**Penns Grove Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2020**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
<ul style="list-style-type: none"> <li>• Material weakness(es) identified?</li> <li>• Reportable condition(s) identified that are not considered to be material weaknesses? reported</li> </ul>	<p>No</p> <p>None</p>
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
<ul style="list-style-type: none"> <li>• Material weakness(es) identified?</li> <li>• Reportable condition(s) identified that are not considered to be material weakness(es)?</li> </ul>	<p>No</p> <p>No</p>
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)?	No
Identification of major programs:	

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program</u></b>
14.850	Low Rent Public Housing
14.872	Public Housing Capital Fund

**Penns Grove Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2020**

**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.

**Penns Grove Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2020**

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

There are no open prior audit findings.

Independent Auditors' 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  
Penns Grove Housing Authority  
Penns Grove, 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 basic financial statements of Penns Grove Housing Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Penns Grove Housing Authority's basic financial statements, and have issued our report thereon dated December 26, 2020.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Penns Grove 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 Penns Grove Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Penns Grove Housing Authority'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 Penns Grove 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.

  
Francis J. McConnell  
Certified Public accountant

December 26, 2020

**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  
Penns Grove Housing Authority  
Penns grove, New Jersey

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

I have audited the Penns Grove Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2020. The Penns Grove 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Penns Grove Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. 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) Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Penns Grove Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Penns Grove Housing Authority's compliance.

***Opinion on Each Major Federal Program***

In my opinion, Penns Grove 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 June 30, 2020.

## Report on Internal Control over Compliance

Management of Penns Grove Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Penns Grove Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Penns Grove Housing Authority's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Francis McConnell*

Francis J McConnell  
Certified Public Accountant

December 26, 2020