

PENNS GROVE HOUSING AUTHORITY

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

YEAR ENDED JUNE 30, 2021

**PENNS GROVE HOUSING AUTHORITY
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JUNE 30, 2021**

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Penns Grove Housing Authority



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February 18, 2022

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

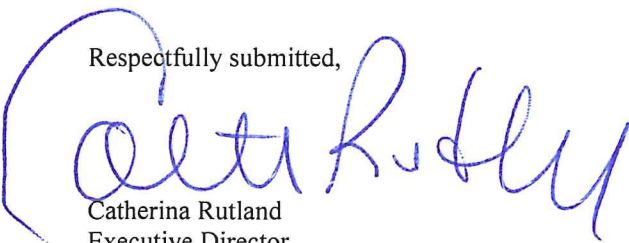
On behalf of the Penns Grove Housing Authority, I respectfully submit this annual financial report for the year ended June 30, 2021. I believe the information presented is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the 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 statement's presentation rests with the management of the Authority.

The 2021 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,


Catherina 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, 2021, 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, 2021, 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 February 18, 2022 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

February 18 ,2022

PENNS GROVE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

2021

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of this fiscal year by \$806,171 (net position)
- The Authority's unrestricted cash balance at June 30, 2021 was \$603,740 representing a decrease of \$ 135,212 from June 30, 2020.
- The Authority had intergovernmental revenues of \$ 1,157,779 HUD operating grants for the year ended June 30, 2021.

2020

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of 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.

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 \$806 thousand at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	2021	2020	2019
Current and Other Assets	732,086	818,623	669,659
Capital Assets, net of depreciation	1,283,876	1,325,822	1,439,426
Total Assets	2,015,962	2,144,445	2,109,085
Deferred Outflows of Resources	272,314	181,306	219,330
Current Liabilities	217,503	454,519	459,932
Noncurrnt Liabilities	898,856	833,994	826,499
Total Liabilities	1,116,359	1,288,513	1,286,431
Deferred Inflows of Resources	365,746	320,695	321,178
Net Investment in Capital Assets	1,283,376	1,352,822	1,439,426
Restricted	17,917	7,617	-
Unrestricted	(495,622)	(643,896)	(718,620)
Net Position	805,671	716,543	720,806

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 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
LAND	107,629	\$ 107,629	\$ 107,629
BUILDINGS AND IMPROVEMENTS	9,196,252	9,153,153	9,138,444
EQUIPMENT	571,600	566,982	566,982
CONSTRUCTION IN PROGRESS	<u>115,253</u>	<u>108,568</u>	<u>108,568</u>
TOTAL CAPITAL ASSETS	9,990,734	9,936,332	9,921,623
ACCUMULATED DEPRECIATION	<u>8,706,858</u>	<u>8,610,510</u>	<u>8,482,197</u>
NET CAPITAL ASSETS	<u>1,283,876</u>	<u>1,325,822</u>	<u>1,439,426</u>

Debt

At the end of June 30, 2021, the Authority had no outstanding debt.

Statement of Activities. The Statement of Activities shows the sources of the authority's changes in net position as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tenant Rental Revenue	672,102	\$ 645,797	\$ 620,026
Government Operating Grants	1,157,779	1,292,362	1,273,080
Other Revenue	<u>20,245</u>	<u>13,833</u>	<u>4,852</u>
Total Operating Revenue	1,850,126	1,951,992	1,897,958
Operating Expenses			
Administrative	447,808	421,525	399,995
Tenant Services	101,543	27,129	22,426
Utilities	398,697	390,679	413,347
Maintenance	553,686	569,542	541,639
Protective Services	-	7,528	9,716
Housing Assistance Payments	318,881	299,922	280,544
General expenses	151,772	111,892	95,957
Depreciation	96,348	128,313	131,425
Nonroutine maintenance		-	-
Total Operating expenses	<u>2,068,735</u>	<u>1,956,530</u>	<u>1,895,049</u>
Net Operating Income (loss)	(218,609)	(4,538)	2,909
Non Operating Revenue		-	-
Net Investment Income	335	275	178
Capital subsidies	<u>307,902</u>	<u>-</u>	<u>97,405</u>
Total NonOperating revenue	<u>308,237</u>	<u>275</u>	<u>97,583</u>
			-
CHANGE IN NET POSITION	<u>\$ 89,628</u>	<u>\$ (4,263)</u>	<u>\$ 100,492</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”). The authority also generated over \$600 thousand in tenant revenue which helped offset the authority’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, 2021

ASSETS

Current Assets:

Cash and Cash equivalents	\$ 603,740
Restricted cash and investments	96,871
Accounts Receivable, net	21,962
Other current assets	9,513
Total Current Assets	<u>732,086</u>

Noncurrent Assets

Capital Assets, net of depreciation	<u>1,283,876</u>
Total Noncurrent assets	<u>1,283,876</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow of Resources

Total Deferred outflows of Resources	<u>272,314</u>
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Total Assets and Deferred Outflow of Resources	<u><u>2,288,276</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	64,866
Accrued Liabilities	39,445
Accounts Payable - other Governments	27,876
Compensated absences	4,623
Trusts and deposits	49,520
Deferred credits and other liabilities	31,173

Total Current Liabilities	<u>217,503</u>
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Noncurrent Liabilities:

Compensated absences	41,606
Accrued Pension	<u>857,250</u>
Total Noncurrent liabilities	<u>898,856</u>

Total Liabilities	<u>1,116,359</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflow of Resources

Total Deferred Inflow of Resources	<u>365,746</u>
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NET POSITION

Net Position:

Net Investment in capital assets	1,283,876
Restricted in Section 8 Reserves	17,917
Unrestricted	<u>(495,622)</u>
Total Net Position	<u>806,171</u>

Total Liabilities, Deferred Inflow of Resources and Net Position	<u><u>\$ 2,288,276</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, 2021

Operating Revenue	
Tenant Revenue	\$ 672,102
Government operating grants	1,157,779
Other Income	<u>20,245</u>
Total operating revenues	<u>1,850,126</u>
Operating expenses	
Administrative	447,808
Tenant services	101,543
Utilities	398,697
Maintenance	553,686
General	151,772
Housing Assistance Payments	318,881
Depreciation Expense	<u>96,348</u>
Total Operating Expenses	<u>2,068,735</u>
Net Operating Income (loss)	(218,609)
Nonoperating revenue	
Investment Income	335
Capital Subsidies	<u>307,902</u>
Net nonoperating revenues	<u>308,237</u>
Change in net position	89,628
Total net position - beginning	<u>716,543</u>
Total net position - ending	<u><u>\$ 806,171</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Governmental operating grants	\$ 1,157,779
Receipts from residents and others	692,347
Payments to suppliers	(1,180,954)
Payments to and on behalf of employees	(657,496)
Housing Assistance payments made	<u>(318,881)</u>

Net cash provided by operating activities	<u>(307,205)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Restricted cash	(37,934)
Interest on investments	<u>335</u>

Net cash provided by Investing activities	<u>(37,599)</u>
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**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Purchase of fixed assets, net	(54,312)
capital subsidies received	<u>307,902</u>
Net cash (used) in capital and related financing activities	<u>253,590</u>

<u>INCREASE (DECREASE) IN CASH</u>	(91,214)
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<u>CASH - BEGINNING OF YEAR</u>	<u>791,825</u>
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<u>CASH - END OF YEAR</u>	<u><u>\$ 700,611</u></u>
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Cash - unrestricted	\$ 603,740
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Cash - Restricted	96,871
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	<u><u>\$ 700,611</u></u>
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Penns Grove Housing Authority
Statement of Cash Flows
For the Year ended June 30, 2021

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

Net Operating Income (loss)	\$ (218,609)
Add back non-cash Items:	
Depreciation expense	96,348
Bad Debt Expense	50,468
unbudgeted pension credit	(4,180)
Decrease (Increase) in Assets	
Accounts Receivable -	(3,985)
Other current assets	(692)
	<u>(80,650)</u>
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	36,789
Accrued Compensated absences	16,361
Deferred credits and other liabilities	(282,069)
Other Governmental agencies	2,364
	<u>-</u>
	<u>(226,555)</u>
Net Cash provided by operating activities	<u>\$ (307,205)</u>

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**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Program Description

The Penns Grove Housing Authority (herein referred to as “the 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, 2021 were \$ 729,375, 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, 2021**

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.

<u>Category</u>	<u>Useful lives (in Years)</u>
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, 2021**

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 its 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, 2021**

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, 2021 cash and investment balances consist of the following:

	<u>2021</u>
Operating Accounts	603,740
Escrow Accounts	96,871
	-
	-
	<u>700,611</u>
	-
	<u>700,611</u>
	<u><u>700,611</u></u>
Bank Balances	<u>\$ 726,224</u>

Reconciliation of detail to statement of net assets

Cash - unrestricted	603,740
Cash - restricted	96,871
	<u>\$ 700,611</u>
	<u><u>700,611</u></u>

PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2021

NOTE 3 – RECEIVABLES

Accounts Receivable as of June 30, 2021

	<u>2021</u>
Tenant accounts receivable	90,533
Other	<u>12,659</u>
Total accounts receivable	103,192
Less: allowance for doubtful accounts	<u>(81,230)</u>
	<u>21,962</u>

NOTE 4 – CAPITALASSETS

Changes in capital assets for 2020 consisted of:

	<u>2020</u>	<u>additions</u>	<u>disposals</u>	<u>transfers</u>	<u>2021</u>
<u>Non-depreciable capital assets:</u>					
Land	107,629	-	-		107,629
Construction in Progress	108,568	49,694		(43,009)	115,253
	<u>216,197</u>	<u>49,694</u>		<u>(43,009)</u>	<u>222,882</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	9,153,153	-	-	43,099	9,196,252
Equipment - Admin & Dwelling	566,982	4,618	-		571,600
Totals	<u>9,720,135</u>	<u>4,618</u>	<u>-</u>	<u>43,099</u>	<u>9,767,852</u>
Total capital assets	9,936,332	54,312			9,990,734
Accumulated Depreciation:	<u>(8,610,510)</u>	<u>(96,348)</u>	<u>-</u>		<u>(8,706,858)</u>
Net Capital Assets	<u>1,325,822</u>	<u>(42,036)</u>	<u>-</u>	<u>-</u>	<u>1,283,876</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, 2021**

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, 2021 PILOT expense was accrued in the amount of \$27,876. 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:

	2021
Beginning compensated absences	\$ 29,868
Compensated absences earned	21,661
Compensated absences redeemed	<u>(5,300)</u>
Ending compensated absences	46,229
Less: current portion	4,623
Compensated absences, net of current position	<u>\$ 41,606</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 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.

PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2021

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
2022			\$ (18,646)
2023			(18,646)
2024			(18,646)
2025			(18,646)
2026			(18,648)
			<u>\$ (93,232)</u>

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

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2021**

NOTE 9 – PENSION PLAN – continued

				Target	Expected Real
Asset Class				Allocation	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%
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 7.00% as of June 30, 2020. 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.

Pension Plan Fiduciary Net Position – detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which is available on the PERS website at www.pers.state.nj.gov.

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 7.00 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 (6.006 percent) or 1-percentage point higher (8.00 percent) than the current rate,

				1% Decrease	Discount Rate	1% Increase
				6.00%	7.00%	8.00%
Authority's proportionate share of						
the net pension liability				1,087,600	857,250	674,236

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2021**

NOTE 10 – ACCRUED LIABILITIES

Accrued Liabilities as of June 30, 2021;

	<u>2021</u>
Accrued Payroll and taxes	\$ 5,244
Accrued utilities	34,201
	<u>\$ 39,445</u>

NOTE 11 – DEFERRED CREDITS AND OTHER LIABILITIES

Deferred Credits and other liabilities as of June 30, 2021

	<u>2021</u>
Unearned revenue	\$ 31,173
	<u>\$ 31,173</u>

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through February 8, 2022 the date the financial statements were available to be issued. The authority has experienced no uncertainties and 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, 2021

	2021	2020	2019	2018	2017	2016	2015
Authority's proportions of the net pension liability (asset)	0.0052568237%	0.0040909766%	0.0040909766%	0.0041105656%	0.0041396433%	0.0039292500%	0.0046938000%
Authority's proportionate share of the net pension liability	857,250	807,113	805,493	956,874	1,226,044	882,038	878,808
Authority's covered-employee payroll	355,023	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	241.46%	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%	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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	57507	43,571	40,692	38,080	36,776	33,781
Contributions in relation to the statutorily required contributions	57507	43,571	40,692	38,080	-	33,781
Contributions deficiency (excess)						
Authority's covered-employee payroll	355023	306,215	374,678	376,864	450,454	439,870
Contributions as a percentage of covered-employee payroll	16.20%	14.23%	10.86%	10.10%	8.16%	7.68%

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	PHC public housing Cares	Housing choice Vouchers	HCC HCV CARES	Elimination	Totals
ASSETS							
Current Assets							
Cash	565,932	-		37,808			\$ 603,740
Restricted cash and investments	49,520	-	16,636	17,917	12,798		96,871
Receivables, net	21,962	-		-	-		21,962
Investments	-	-		-	-		-
Due from other funds	-	-		-	-		-
Other assets	9,513	-		-	-		9,513
Total Current assets	<u>646,927</u>	<u>-</u>	<u>16,636</u>	<u>55,725</u>	<u>12,798</u>	<u>-</u>	<u>732,086</u>
NONCURRENT ASSETS							
Capital assets, net of depreciation	1,283,876	-		-	-		1,283,876
Other assets	-	-		-	-		-
Total noncurrent assets	<u>1,283,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,283,876</u>
Deferred Outflow of Resources	272,314						272,314
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>2,203,117</u>	<u>-</u>	<u>16,636</u>	<u>55,725</u>	<u>12,798</u>	<u>-</u>	<u>2,288,276</u>
LIABILITIES AND NET POSITION							
Current Liabilities							
Accounts payable	64,866	-		-	-		64,866
Accrued Liabilities	39,445	-		-	-		39,445
Due to other governments	27,876	-		-	-		27,876
Due to other funds	-	-		-	-		-
Compensated absences	4,623	-		-	-		4,623
Trusts and deposits	49,520	-		-	-		49,520
Deferred credits and other liabilities	1,739	-	16,636	-	12,798		31,173
Total current liabilities	<u>188,069</u>	<u>-</u>	<u>16,636</u>	<u>-</u>	<u>12,798</u>	<u>-</u>	<u>217,503</u>
NONCURRENT LIABILITIES							
Compensated Absences	41,606	-		-	-		41,606
Accrued Pension	857,250	-		-	-		857,250
Total noncurrent liabilities	<u>898,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>898,856</u>
TOTAL LIABILITIES	<u>1,086,925</u>	<u>-</u>	<u>16,636</u>	<u>-</u>	<u>12,798</u>	<u>-</u>	<u>1,116,359</u>
Deferred Inflow of Resources	365,746						365,746
NET POSITION							
Net Investment in Capital Assets	1,283,876	-		-	-		1,283,876
Restricted for Section 8	-	-		17,917	-		17,917
Unrestricted net position	(533,430)	-		37,808	-		(495,622)
	<u>750,446</u>	<u>-</u>	<u>-</u>	<u>55,725</u>	<u>-</u>	<u>-</u>	<u>806,171</u>
TOTAL LIABILITIES AND NET POSITION	<u>2,203,117</u>	<u>-</u>	<u>16,636</u>	<u>55,725</u>	<u>12,798</u>	<u>-</u>	<u>2,288,276</u>

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

	Low Rent Housing	Capital Fund Program	PHC public housing Cares	Housing Choice Vouchers	HCV --HCC CARES	Elimination	Totals
Operating revenue	-						
Total Tenant Revenue	672,102	-		-	-		\$ 672,102
Operating subsidies	729,375	-	81,577	346,827	-		1,157,779
other revenue	1,191	-		19,054		-	20,245
Total operating revenue	<u>1,402,668</u>	<u>-</u>	<u>81,577</u>	<u>365,881</u>	<u>-</u>	<u>-</u>	<u>1,850,126</u>
Operating Expenses							
Administrative expenses	424,956	-		22,852	-	-	447,808
Asset Management Fee	-			-		-	-
Tenant services	19,966	-	81,577	-	-		101,543
Utilities	398,697	-		-	-		398,697
Protective Services	-						-
Maintenance	553,686	-		-	-	-	553,686
General	151,772	-		-	-		151,772
Housing Assistance payments	-			-			-
Depreciation expense	96,348	-		318,881	-		415,229
Total operating expenses	<u>1,645,425</u>	<u>-</u>	<u>81,577</u>	<u>341,733</u>	<u>-</u>	<u>-</u>	<u>2,068,735</u>
Operating income (loss)	<u>(242,757)</u>	<u>-</u>	<u>-</u>	<u>24,148</u>	<u>-</u>	<u>-</u>	<u>(218,609)</u>
Nonoperating revenue (expenses)							
Investment Income	305	-		30	-		335
Net nonoperating revenue	<u>305</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>335</u>
Income (Loss) before capital subsidies	(242,452)	-		24,178	-	-	(218,274)
Capital subsidies		307,902					307,902
Change in net position	<u>(242,452)</u>	<u>307,902</u>		<u>24,178</u>	<u>-</u>	<u>-</u>	<u>89,628</u>
Total net assets at beginning of year	684,996	-		31,547	-		716,543
Capital contributions/transfers	307,902	(307,902)			-		-
Total net position at end of year	<u>750,446</u>	<u>-</u>		<u>55,725</u>	<u>-</u>	<u>-</u>	<u>\$ 806,171</u>

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021					
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCv CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$565,932		\$37,808		\$603,740		\$603,740
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		\$16,636	\$17,917	\$12,798	\$47,351		\$47,351
114 Cash - Tenant Security Deposits	\$49,520				\$49,520		\$49,520
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$615,452	\$16,636	\$55,725	\$12,798	\$700,611		\$700,611
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$90,533				\$90,533		\$90,533
126.1 Allowance for Doubtful Accounts - Tenants	-\$71,470				-\$71,470		-\$71,470
126.2 Allowance for Doubtful Accounts - Other							
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	\$12,659				\$12,659		\$12,659
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	\$21,962	\$0	\$0	\$0	\$21,962		\$21,962
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$9,513				\$9,513		\$9,513
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$646,927	\$16,636	\$55,725	\$12,798	\$732,086		\$732,086
161 Land	\$107,629				\$107,629		\$107,629
162 Buildings	\$9,196,252				\$9,196,252		\$9,196,252
163 Furniture, Equipment & Machinery - Dwellings	\$286,115				\$286,115		\$286,115
164 Furniture, Equipment & Machinery - Administration	\$285,485				\$285,485		\$285,485

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021						
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCv CARES Act Funding	Subtotal	ELIM	Total
165 Leasehold Improvements								
166 Accumulated Depreciation		-\$8,706,858				-\$8,706,858		-\$8,706,858
167 Construction in Progress		\$115,253				\$115,253		\$115,253
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation		\$1,283,876	\$0	\$0	\$0	\$1,283,876		\$1,283,876
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		\$1,283,876	\$0	\$0	\$0	\$1,283,876		\$1,283,876
200 Deferred Outflow of Resources		\$272,314				\$272,314		\$272,314
290 Total Assets and Deferred Outflow of Resources		\$2,203,117	\$16,636	\$55,725	\$12,798	\$2,288,276		\$2,288,276
311 Bank Overdraft								
312 Accounts Payable <= 90 Days		\$39,518				\$39,518		\$39,518
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable		\$5,244				\$5,244		\$5,244
322 Accrued Compensated Absences - Current Portion		\$4,623				\$4,623		\$4,623
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs		\$25,348				\$25,348		\$25,348
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government		\$27,876				\$27,876		\$27,876
341 Tenant Security Deposits		\$49,520				\$49,520		\$49,520
342 Unearned Revenue		\$1,739	\$16,636		\$12,798	\$31,173		\$31,173
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		\$34,201				\$34,201		\$34,201
347 Inter Program - Due To								

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021					
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCv CARES Act Funding	Subtotal	ELIM	Total
348 Loan Liability - Current							
310 Total Current Liabilities	\$188,069	\$16,636	\$0	\$12,798	\$217,503		\$217,503
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	\$41,606				\$41,606		\$41,606
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$857,250				\$857,250		\$857,250
350 Total Non-Current Liabilities	\$898,856	\$0	\$0	\$0	\$898,856		\$898,856
300 Total Liabilities	\$1,086,925	\$16,636	\$0	\$12,798	\$1,116,359		\$1,116,359
400 Deferred Inflow of Resources	\$365,746				\$365,746		\$365,746
508.4 Net Investment in Capital Assets	\$1,283,876	\$0			\$1,283,876		\$1,283,876
511.4 Restricted Net Position	\$0	\$0	\$17,917	\$0	\$17,917		\$17,917
512.4 Unrestricted Net Position	-\$533,430	\$0	\$37,808	\$0	-\$495,622		-\$495,622
513 Total Equity - Net Assets / Position	\$750,446	\$0	\$55,725	\$0	\$806,171		\$806,171
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,203,117	\$16,636	\$55,725	\$12,798	\$2,288,276		\$2,288,276

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021					
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$666,138				\$666,138		\$666,138
70400 Tenant Revenue - Other	\$5,964				\$5,964		\$5,964
70500 Total Tenant Revenue	\$672,102	\$0	\$0	\$0	\$672,102		\$672,102
70600 HUD PHA Operating Grants	\$729,375	\$81,577	\$346,827	\$0	\$1,157,779		\$1,157,779
70610 Capital Grants	\$307,902				\$307,902		\$307,902
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	\$305		\$30		\$335		\$335
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	\$1,191		\$19,054		\$20,245		\$20,245
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted			\$0		\$0		\$0
70000 Total Revenue	\$1,710,875	\$81,577	\$365,911	\$0	\$2,158,363		\$2,158,363
91100 Administrative Salaries	\$195,362		\$16,800		\$212,162		\$212,162
91200 Auditing Fees	\$4,160		\$2,400		\$6,560		\$6,560
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$113,810		\$1,285		\$115,095		\$115,095
91600 Office Expenses			\$1,467		\$1,467		\$1,467
91700 Legal Expense	\$23,813				\$23,813		\$23,813
91800 Travel	\$965				\$965		\$965
91810 Allocated Overhead							
91900 Other	\$86,846		\$900		\$87,746		\$87,746

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCv CARES Act Funding	Subtotal	ELIM	Total
91000 Total Operating - Administrative	\$424,966	\$0	\$22,852	\$0	\$447,808		\$447,808
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other	\$19,966	\$81,577			\$101,543		\$101,543
92500 Total Tenant Services	\$19,966	\$81,577	\$0	\$0	\$101,543		\$101,543
93100 Water	\$70,755				\$70,755		\$70,755
93200 Electricity	\$70,334				\$70,334		\$70,334
93300 Gas	\$144,508				\$144,508		\$144,508
93400 Fuel							
93500 Labor							
93600 Sewer	\$113,100				\$113,100		\$113,100
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$398,697	\$0	\$0	\$0	\$398,697		\$398,697
94100 Ordinary Maintenance and Operations - Labor	\$208,674				\$208,674		\$208,674
94200 Ordinary Maintenance and Operations - Materials and Other	\$182,852				\$182,852		\$182,852
94300 Ordinary Maintenance and Operations Contracts	\$40,595				\$40,595		\$40,595
94500 Employee Benefit Contributions - Ordinary Maintenance	\$121,565				\$121,565		\$121,565
94000 Total Maintenance	\$553,686	\$0	\$0	\$0	\$553,686		\$553,686
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0		\$0
96110 Property Insurance							
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance	\$68,382				\$68,382		\$68,382

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021					
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96100 Total Insurance Premiums	\$68,382	\$0	\$0	\$0	\$68,382		\$68,382
96200 Other General Expenses	\$5,046				\$5,046		\$5,046
96210 Compensated Absences							
96300 Payments in Lieu of Taxes	\$27,876				\$27,876		\$27,876
96400 Bad debt - Tenant Rents	\$50,468				\$50,468		\$50,468
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$83,390	\$0	\$0	\$0	\$83,390		\$83,390
96700 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	\$1,549,077	\$81,577	\$22,852	\$0	\$1,653,506		\$1,653,506
97000 Excess of Operating Revenue over Operating Expenses	\$161,798	\$0	\$343,059	\$0	\$504,857		\$504,857
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			\$304,567		\$304,567		\$304,567
97350 HAP Portability-In			\$14,314		\$14,314		\$14,314
97400 Depreciation Expense	\$96,348				\$96,348		\$96,348
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$1,645,425	\$81,577	\$341,733	\$0	\$2,068,735		\$2,068,735
10010 Operating Transfer In	\$307,902				\$307,902		\$307,902
10020 Operating transfer Out	-\$307,902				-\$307,902		-\$307,902
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021					
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCv CARES Act Funding	Subtotal	ELIM	Total
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	\$65,450	\$0	\$24,178	\$0	\$89,628		\$89,628
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$684,996	\$0	\$31,547	\$0	\$716,543		\$716,543
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							
11170 Administrative Fee Equity			\$37,808		\$37,808		\$37,808
11180 Housing Assistance Payments Equity			\$17,917		\$17,917		\$17,917
11190 Unit Months Available	1824		480		2304		2304
11210 Number of Unit Months Leased	1798		396		2194		2194
11270 Excess Cash	\$319,764				\$319,764		\$319,764
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

Penns Grove Housing Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>		
Low Rent Public Housing	14.850	\$ 729,375
COVID 19 - Public and Indian housing	14.850	<u>81,577</u>
Total for CFDA 14.850		810,952
<u>Housing Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	346,827
Public Housing Capital Fund Program	14.872	<u>307,902</u>
 Total		 <u><u>\$ 1,465,681</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, 2021

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, 2021. 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, 2021

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"> • Material weakness(es) identified? • Reportable condition(s) identified that are not considered to be material weaknesses? reported 	No None
Noncompliance material to financial statements noted?	No

Federal Awards

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

CFDA Number

Name of Federal Program

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, 2021

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, 2021

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, 2021, 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 February 18, 2022.

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

February 18, 2022

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

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

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

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

Board of Directors
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, 2021. 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, 2021.

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 J McConnell
Certified Public Accountant

February 18, 2022