

**PENNS GROVE HOUSING AUTHORITY**

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

**YEAR ENDED JUNE 30, 2022**

**PENNS GROVE HOUSING AUTHORITY  
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JUNE 30, 2022**

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# Penns Grove Housing Authority



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January 10, 2023

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, 2022. 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 2022 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

To the Board of Directors  
Penns Grove Housing Authority  
Penns Grove, New Jersey

*Opinion*

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Penns Grove Housing Authority (herein called the Authority) as of and for the year ended June 30 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### *Required Supplementary Information*

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

opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


#### *Other Information*

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated January 10, 2023, 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

January 10, 2023

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

**June 30, 2022**

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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, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

**FINANCIAL HIGHLIGHTS**

**2022**

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of this fiscal year by \$ 1,116,451 (net position)
- The Authority's unrestricted cash balance at June 30, 2022 was \$ 940,901 representing an increase of \$ 337,161 from June 30, 2021.
- The Authority had intergovernmental revenues of \$ 1,196,679 HUD operating grants for the year ended June 30, 2022.

**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.

## 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

	2022	2021	2020
Current and Other Assets	1,107,329	732,806	818,623
Capital Assets, net of depreciation	1,187,541	1,283,876	1,325,822
Total Assets	2,294,870	2,016,682	2,144,445
Deferred Outflows of Resources	155,342	272,314	181,306
Current Liabilities	293,639	217,503	454,519
Noncurrnt Liabilities	560,707	898,856	833,994
Total Liabilities	854,346	1,116,359	1,288,513
Deferred Inflows of Resources	479,415	365,746	320,695
Net Investment in Capital Assets	1,187,541	1,283,376	1,352,822
Restricted	20,499	17,917	7,617
Unrestricted	(91,589)	(495,622)	(643,896)
Net Position	1,116,451	805,671	716,543



## **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 2022, 2021 and 2020:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
LAND	107,629	\$ 107,629	\$ 107,629
BUILDINGS AND IMPROVEMENTS	9,196,252	9,196,252	9,153,153
EQUIPMENT	571,600	571,600	566,982
CONSTRUCTION IN PROGRESS	<u>115,253</u>	<u>115,253</u>	<u>108,568</u>
TOTAL CAPITAL ASSETS	9,990,734	9,990,734	9,936,332
ACCUMULATED DEPRECIATION	<u>8,803,193</u>	<u>8,706,858</u>	<u>8,610,510</u>
NET CAPITAL ASSETS	<u>1,187,541</u>	<u>1,283,876</u>	<u>1,325,822</u>

### **Debt**

At the end of June 30, 2022, 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 2022, 2021 and 2020

	<u>2022</u>	<u>2021 **</u>	<u>2020</u>
Tenant Rental Revenue	700,517	\$ 672,102	\$ 645,797
Government Operating Grants	1,196,679	1,157,779	1,292,362
Other Revenue	<u>15,114</u>	<u>20,245</u>	<u>13,833</u>
Total Operating Revenue	1,912,310	1,850,126	1,951,992
Operating Expenses			
Administrative	349,571	447,808	421,525
Tenant Services	81,115	101,543	27,129
Utilities	420,267	478,573	390,679
Maintenance	538,020	553,686	569,542
Protective Services	4,830	-	7,528
Housing Assistance Payments	314,347	318,881	299,922
General expenses	43,361	151,772	111,892
Depreciation	<u>96,335</u>	<u>96,348</u>	<u>128,313</u>
Total Operating expenses	1,847,846	2,148,611	1,956,530
Net Operating Income (loss)	64,464	(298,485)	(4,538)
Non Operating Revenue		-	-
Net Investment Income	3,922	335	275
Capital subsidies	<u>321,770</u>	<u>307,902</u>	<u>-</u>
Total NonOperating revenue	325,692	308,237	275
			-
CHANGE IN NET POSITION	<u>\$ 390,156</u>	<u>\$ 9,752</u>	<u>\$ (4,263)</u>

**\*\* Utilities expense for 2021 restated for proper comparison**

## **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, 2022**

**ASSETS**

Current Assets:	
Cash and Cash equivalents	\$ 940,901
Restricted cash and investments	71,414
Accounts Receivable, net	45,712
Other current assets	49,302
Total Current Assets	<u>1,107,329</u>

Noncurrent Assets	
Capital Assets, net of depreciation	<u>1,187,541</u>
Total Noncurrent assets	<u>1,187,541</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflow of Resources	
Total Deferred outflows of Resources	<u>155,342</u>

Total Assets and Deferred Outflow of Resources	<u><u>2,450,212</u></u>
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**LIABILITIES**

Current Liabilities:	
Accounts Payable	29,779
Accrued Liabilities	159,822
Accounts Payable - other Governments	45,901
Compensated absences	4,453
Trusts and deposits	50,915
Deferred credits and other liabilities	2,769

Total Current Liabilities	<u>293,639</u>
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Noncurrent Liabilities:	
Compensated absences	40,079
Accrued Pension	<u>520,628</u>
Total Noncurrent liabilities	<u>560,707</u>

Total Liabilities	<u>854,346</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflow of Resources	
Total Deferred Inflow of Resources	<u>479,415</u>

**NET POSITION**

Net Position:	
Net Investment in capital assets	1,187,541
Restricted in Section 8 Reserves	20,499
Unrestricted	<u>(91,589)</u>
Total Net Position	<u>1,116,451</u>

Total Liabilities, Deferred Inflow of Resources and Net Position	<u><u>\$ 2,450,212</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, 2022**

Operating Revenue	
Tenant Revenue	\$ 700,517
Government operating grants	1,196,679
Other Income	15,114
Total operating revenues	<u>1,912,310</u>
Operating expenses	
Administrative	349,571
Tenant services	81,115
Utilities	420,267
Protective Services	4,830
Maintenance	538,020
General	43,361
Housing Assistance Payments	314,347
Depreciation Expense	96,335
Total Operating Expenses	<u>1,847,846</u>
Net Operating Income (loss)	64,464
Nonoperating revenue	
Investment Income	3,922
Capital Subsidies	321,770
Net nonoperating revenues	<u>325,692</u>
Change in net position	390,156
Total net position - beginning	<u>806,171</u>
Prior Period Adjustment	(79,876)
Total net position - ending	<u>\$ 1,116,451</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, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Governmental operating grants	\$ 1,196,679
Receipts from residents and others	715,631
Payments to suppliers	(1,073,862)
Payments to and on behalf of employees	(512,632)
Housing Assistance payments made	<u>(314,347)</u>

Net cash provided by operating activities	<u>11,469</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Restricted cash	(25,457)
Interest on investments	<u>3,922</u>

Net cash provided by Investing activities	<u>(21,535)</u>
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**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Capital Subsidies received	<u>321,770</u>
Net cash (used) in capital and related financing activities	<u>321,770</u>

<b><u>INCREASE (DECREASE) IN CASH</u></b>	<u>311,704</u>
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<b><u>CASH - BEGINNING OF YEAR</u></b>	<u>700,611</u>
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<b><u>CASH - END OF YEAR</u></b>	<u><u>\$ 1,012,315</u></u>
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Cash - unrestricted	\$ 940,901
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Cash - Restricted	71,414
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	<u><u>\$ 1,012,315</u></u>
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**Penns Grove Housing Authority**  
**Statement of Cash Flows**  
**For the Year ended June 30, 2022**

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

Net Operating Income (loss)	\$ 64,464
Add back non-cash Items:	
Depreciation expense	96,335
Bad Debt Expense	(30,593)
unbudgeted pension credit	(128,412)
Decrease (Increase) in Assets	
Accounts Receivable -	(23,750)
Other current assets	(39,789)
	<u>(61,745)</u>
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	85,290
Accrued Compensated absences	(1,697)
Deferred credits and other liabilities	(28,404)
Other Governmental agencies	18,025
	<u>-</u>
	<u>73,214</u>
Net Cash provided by operating activities	<u><u>\$ 11,469</u></u>

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**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**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, 2022 were \$ 841,198, 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, the Authority 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 the authority through HUD funding.

The authority 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, 2022**

**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**

The Authority accounts for its operations in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to a private business or where the authority 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.

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**D - Recently Issued Accounting Pronouncements**

*New Accounting Standards Adopted:*

GASB Statement No. 87, *Leases*, is effective for the year ending June 30, 2022. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously classified as operating. Statement has no effect on these statements

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, is effective for the year ending June 30, 2022. This statement suspends paragraphs 5-22 of GASB Statement No. 62 and requires that interest cost incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The ~~requirements~~ requirements of this statement, except for paragraphs 11b, 13 and 14 are effective for the year ending June 30, 2021. The removal of LIBOR as an appropriate benchmark interest rate, as referenced in paragraph 11b of this statement, is effective for the year ending June 30, 2022. The requirements for leases, as referenced in paragraphs 13 and 14 of this statement, are effective for the year ending June 30, 2022

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2022**

**D - Recently Issued Accounting Pronouncements - continued**

*New Accounting Standards not yet adopted:*

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associate with commitments extended by users, arrangements associate with conduit debt obligations, and related note disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the year ending June 30, 2023. This statement provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statements No. 87, *Leases*.

**E – 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.

**F – 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*."

**G – Accrued Compensated absences**

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

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**H – 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.

**I – Equity Classifications**

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

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

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

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

**J – Use of Restricted Assets**

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

**K - Operating Revenues and Expenses**

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

**L - Income Taxes**

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.

**M – Economic Dependency**

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

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**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.

**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, 2022 cash and investment balances consist of the following:

			2022
Operating Accounts			940,701
Escrow Accounts			71,414
Petty Cash			200
			1,012,315
Bank Balances			\$ 1,050,208
<u>Reconciliation of detail to statement of net assets</u>			
Cash - unrestricted			940,901
Cash - restricted			71,414
			\$ 1,012,315

**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 3 – RECEIVABLES**

Accounts Receivable as of June 30, 2022

	<u>2022</u>
Tenant accounts receivable	68,431
Other	<u>4,993</u>
Total accounts receivable	73,424
Less: allowance for doubtful accounts	<u>(27,712)</u>
	<u>45,712</u>

**NOTE 4 – CAPITAL ASSETS**

Changes in capital assets for 2022 consisted of:

	2021	additions	disposals	transfers	2022
<u>Non-depreciable capital assets:</u>					
Land	107,629	-	-		107,629
Construction in Progress	115,253	-		-	115,253
	<u>222,882</u>	-		-	<u>222,882</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	9,196,252	-	-	-	9,196,252
Equipment - Admin & Dwelling	571,600	-	-		571,600
Totals	<u>9,767,852</u>	-	-	-	<u>9,767,852</u>
Total capital assets	9,990,734	-			9,990,734
Accumulated Depreciation:	<u>(8,706,858)</u>	<u>(96,335)</u>	-		<u>(8,803,193)</u>
Net Capital Assets	<u>1,283,876</u>	<u>(96,335)</u>	-	-	<u>1,187,541</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, 2022**

**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, 2022 PILOT expense was accrued in the amount of \$ 45,901. 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:

Beginning compensated absences	\$ 46,229
Compensated absences earned	20,039
Compensated absences redeemed	<u>(21,736)</u>
Ending compensated absences	44,532
Less: current portion	4,453
Compensated absences, net of current position	<u><u>\$ 40,079</u></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.

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**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.

**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 \$ 51.468

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – at June 30, 2022, the Authority reported a liability of \$ 520,628 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the authority's collective proportion percentage was .00043947816



**PENNS GROVE HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENT**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 9 – PENSION PLAN - continued**

For the year ended the authority recognized pension expense of \$ (54,605). At June 30, 2022, 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						\$ 8,211			\$ 3,727
Changes in assumptions						2,711			185,347
Net difference between projected and actual earnings on pension plan investments						-			137,147
Changes in proportion and differences between Authority contributions and proportionate share of contributions						144,510			153,194
		Total				\$ 155,432			\$ 479,415

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
2023			\$ (64,797)
2024			(64,797)
2025			(64,797)
2026			(64,797)
2027			(64,797)
			\$ (323,983)

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**NOTE 9 – PENSION PLAN – continued**

Actuarial assumptions – the total pension liability in the June 30, 2022 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, 2021 are summarized in the following table

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**NOTE 9 – PENSION PLAN – continued**

			<b>Target</b>	<b>Expected Real</b>
<b>Asset Class</b>			<b>Allocation</b>	<b>Rate of Return</b>
US Equity			27.00%	8.09%
Non-US developed markets equity			13.50%	8.71%
Emerging Markets equity			5.50%	10.96%
Private Equity			13.00%	11.30%
Real Estate			8.00%	9.15%
Real assets			3.00%	7.40%
High Yield			2.00%	3.75%
Private credit			8.00%	7.60%
Investment grade credit			8.00%	1.68%
Cash Equivalents			4.00%	0.50%
U.S. Treasuries			5.00%	0.95%
Risk Mitigation Strategies			3.00%	3.35%

Discount Rate - the discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2021, 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.

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**NOTE 9 – PENSION PLAN – continued**

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](http://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		716,547	520,628	364,622

**NOTE 10 – ACCRUED LIABILITIES**

Accrued Liabilities as of June 30, 2022;

	2022
Accrued payroll and payroll taxes	\$ 8,589
Accrued utilities	151,233
	<u>\$ 159,822</u>

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

Deferred Credits and other liabilities as of June 30, 2022

	2022
Unearned revenue	\$ 2,769
	<u><u>\$ 2,769</u></u>

**PENNS GROVE HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
YEAR ENDED JUNE 30, 2022**

**NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through January 10, 2023 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.

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

The authority made a prior period adjustment in the amount of \$ 79,876 to correct the opening net position in conjunction with the underreporting of utilities expense.

**NOTE 15 – CARES ACT FUNDING**

On April 28, 2020, HUD released *PIH Notice 2020-07: Implementation of Supplemental Guidance to the Federal Fiscal Year 2020 Operating Fund Appropriations*. The purpose of this notice was to provide guidance on the allocation and eligible uses of the Supplemental Public Housing Operating Funding provided pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), as well as the additional flexibilities provided pursuant to the CARES Act to use previously appropriated Capital and Operating Funds to enable PHAs to prevent, prepare for, and respond to coronavirus. The Authority had remained a Supplemental Public Housing Operating Funding appropriation of \$16,636 for public housing projects. As of June 30, 2022, the Authority has recognized \$16,636 of the grant as revenue.

On April 28, 2020, HUD released *PIH Notice 2020-08: CARES Act – HCV Program Administrative Fees*. The purpose of this notice was to implement the funding provisions for the Housing Choice Voucher and Mainstream Programs in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. The CARES Act provides additional appropriations for HAP and administrative fee funding to prevent, prepare for and respond to coronavirus. The Authority had remained an additional appropriation of \$12,798 for administrative fees under this notice. As of June 30, 2022, the Authority had recognized \$12,798 of the grant as revenue.

## **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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportions of the net pension liability (asset)	0.0052568237%	0.0052568237%	0.0040909766%	0.0040909766%	0.0041105656%	0.0041396433%	0.0039292500%	0.0046938000%
Authority's proportionate share of the net pension liability	520,628	857,250	807,113	805,493	956,874	1,226,044	882,038	878,808
Authority's covered-employee payroll	290,638	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	179.13%	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%	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, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	51,468	57,507	43,571	40,692	38,080	36,776	33,781	38,695
Contributions in relation to the statutorily required contributions	51,468	57,507	43,571	40,692	38,080	-	33,781	38,695
Contributions deficiency (excess)								
Authority's covered-employee payroll	290,638	355,023	306,215	374,678	376,864	450,454	439,870	454,389
Contributions as a percentage of covered-employee payroll	17.71%	16.20%	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, 2022**

	Low Rent Housing	Capital fund Program	PHC public housing Cares	Housing choice Vouchers	HCC HCV CARES	Elimination	Totals
<b>ASSETS</b>							
Current Assets							
Cash	874,461			66,440			\$ 940,901
Restricted cash and investments	50,915			20,499			71,414
Receivables, net	45,712						45,712
Investments							-
Due from other funds						-	-
Other assets	49,302					-	49,302
Total Current assets	<u>1,020,390</u>	<u>-</u>	<u>-</u>	<u>86,939</u>	<u>-</u>	<u>-</u>	<u>1,107,329</u>
<b>NONCURRENT ASSETS</b>							
Capital assets, net of depreciation	1,187,541	-		-	-		1,187,541
Other assets	-	-		-			-
Total noncurrent assets	<u>1,187,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,187,541</u>
Deferred Outflow of Resources	155,342						155,342
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>2,363,273</u>	<u>-</u>	<u>-</u>	<u>86,939</u>	<u>-</u>	<u>-</u>	<u>2,450,212</u>
<b>LIABILITIES AND NET POSITION</b>							
Current Liabilities							
Accounts payable	24,079			5,700			29,779
Accrued Liabilities	159,822						159,822
Due to other governments	45,901						45,901
Due to other funds						-	-
Compensated absences	4,453						4,453
Trusts and deposits	50,915						50,915
Deferred credits and other liabilities	2,769						2,769
Total current liabilities	<u>287,939</u>	<u>-</u>	<u>-</u>	<u>5,700</u>	<u>-</u>	<u>-</u>	<u>293,639</u>
<b>NONCURRENT LIABILITIES</b>							
Compensated Absences	40,079	-		-	-		40,079
Accrued Pension	520,628	-		-	-		520,628
Total noncurrent liabilities	<u>560,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,707</u>
<b>TOTAL LIABILITIES</b>	<u>848,646</u>	<u>-</u>	<u>-</u>	<u>5,700</u>	<u>-</u>	<u>-</u>	<u>854,346</u>
Deferred Inflow of Resources	479,415						479,415
<b>NET POSITION</b>							
Net Investment in Capital Assets	1,187,541				-		1,187,541
Restricted for Section 8	(152,329)			20,499			20,499
Unrestricted net position 9deficit)	<u>1,035,212</u>	<u>-</u>	<u>-</u>	<u>60,740</u>	<u>-</u>	<u>-</u>	<u>(91,589)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>2,363,273</u>	<u>-</u>	<u>-</u>	<u>86,939</u>	<u>-</u>	<u>-</u>	<u>2,450,212</u>

**Penns Grove Housing Authority**  
**Combining Statement of Revenues, Expenses and changes in Net Position**  
**For the year ended June 30, 2022**

	<b>Low Rent Housing</b>	<b>Capital Fund Program</b>	<b>PHC public housing Cares</b>	<b>Housing Choice Vouchers</b>	<b>HCV --HCC CARES</b>	<b>Elimination</b>	<b>Totals</b>
Operating revenue	-						
Total Tenant Revenue	700,517						\$ 700,517
Operating subsidies	824,562		16,636	342,683	12,798		1,196,679
other revenue	5,863			9,251		-	15,114
Total operating revenue	<u>1,530,942</u>	<u>-</u>	<u>16,636</u>	<u>351,934</u>	<u>12,798</u>	<u>-</u>	<u>1,912,310</u>
Operating Expenses							
Administrative expenses	324,691			12,082	12,798	-	349,571
Asset Management Fee						-	-
Tenant services	64,479		16,636		-		81,115
Utilities	420,267				-		420,267
Protective Services	4,830						4,830
Maintenance	538,020				-	-	538,020
General	43,361				-		43,361
Housing Assistance payments				314,347			314,347
Depreciation expense	96,335						96,335
Total operating expenses	<u>1,491,983</u>	<u>-</u>	<u>16,636</u>	<u>326,429</u>	<u>12,798</u>	<u>-</u>	<u>1,847,846</u>
Operating income (loss)	<u>38,959</u>	<u>-</u>	<u>-</u>	<u>25,505</u>	<u>-</u>	<u>-</u>	<u>64,464</u>
Nonoperating revenue (expenses)							
Investment Income	3,913			9	-		3,922
Net nonoperating revenue	<u>3,913</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>		<u>3,922</u>
Income (Loss) before capital subsidies	42,872	-		25,514	-	-	68,386
Capital subsidies		321,770					321,770
Change in net position	<u>42,872</u>	<u>321,770</u>		<u>25,514</u>	<u>-</u>	<u>-</u>	<u>390,156</u>
Total net assets at beginning of year	750,446			55,725	-		806,171
Capital contributions/transfers	321,770	(321,770)			-		-
prior period Adjustments	(79,876)						(79,876)
Total net position at end of year	<u>1,035,212</u>	<u>-</u>		<u>81,239</u>	<u>-</u>	<u>-</u>	<u>\$ 1,116,451</u>

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Total
111 Cash - Unrestricted		\$874,461		\$66,440		\$940,901
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$50,915		\$20,499	\$0	\$71,414
114 Cash - Tenant Security Deposits						
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash		\$925,376	\$0	\$86,939	\$0	\$1,012,315
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants		\$68,431				\$68,431
126.1 Allowance for Doubtful Accounts - Tenants		-\$27,712				-\$27,712
126.2 Allowance for Doubtful Accounts - Other						
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery		\$4,993				\$4,993
128.1 Allowance for Doubtful Accounts - Fraud		\$0				\$0
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts		\$45,712	\$0	\$0	\$0	\$45,712
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets		\$49,302				\$49,302
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets		\$1,020,390	\$0	\$86,939	\$0	\$1,107,329

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Total
	161 Land	\$107,629				\$107,629
	162 Buildings	\$9,196,252				\$9,196,252
	163 Furniture, Equipment & Machinery - Dwellings	\$286,115				\$286,115
	164 Furniture, Equipment & Machinery - Administration	\$285,485				\$285,485
	165 Leasehold Improvements					
	166 Accumulated Depreciation	-\$8,803,193				-\$8,803,193
	167 Construction in Progress	\$115,253				\$115,253
	168 Infrastructure					
	160 Total Capital Assets, Net of Accumulated Depreciation	\$1,187,541	\$0	\$0	\$0	\$1,187,541
	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	\$1,187,541	\$0	\$0	\$0	\$1,187,541
	200 Deferred Outflow of Resources	\$155,342				\$155,342
	290 Total Assets and Deferred Outflow of Resources	\$2,363,273	\$0	\$86,939	\$0	\$2,450,212
	311 Bank Overdraft					
	312 Accounts Payable <= 90 Days	\$24,079		\$5,700		\$29,779
	313 Accounts Payable >90 Days Past Due					
	321 Accrued Wage/Payroll Taxes Payable	\$8,589				\$8,589
	322 Accrued Compensated Absences - Current Portion	\$4,453				\$4,453
	324 Accrued Contingency Liability					
	325 Accrued Interest Payable					

Penns Grove Housing Authority (NJ074)  
PENN GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Total
331	Accounts Payable - HUD PHA Programs					
332	Account Payable - PHA Projects					
333	Accounts Payable - Other Government	\$45,901				\$45,901
341	Tenant Security Deposits	\$50,915				\$50,915
342	Unearned Revenue	\$2,769			\$0	\$2,769
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	\$151,233				\$151,233
347	Inter Program - Due To					
348	Loan Liability - Current					
310	Total Current Liabilities	\$287,939	\$0	\$5,700	\$0	\$293,639
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	\$40,079				\$40,079
355	Loan Liability - Non Current					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities	\$520,628				\$520,628
350	Total Non-Current Liabilities	\$560,707	\$0	\$0	\$0	\$560,707
300	Total Liabilities	\$848,646	\$0	\$5,700	\$0	\$854,346
400	Deferred Inflow of Resources	\$479,415				\$479,415
508.4	Net Investment in Capital Assets	\$1,187,541				\$1,187,541
511.4	Restricted Net Position			\$20,499		\$20,499
512.4	Unrestricted Net Position	-\$152,329	\$0	\$60,740	\$0	-\$91,589

Penns Grove Housing Authority (NJ074)  
 PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
513 Total Equity - Net Assets / Position	\$1,035,212	\$0	\$81,239	\$0	\$1,116,451	\$1,116,451
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,363,273	\$0	\$86,939	\$0	\$2,450,212	\$2,450,212

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Total
70300 Net Tenant Rental Revenue		\$696,002				\$696,002
70400 Tenant Revenue - Other		\$4,515				\$4,515
70500 Total Tenant Revenue		\$700,517	\$0	\$0	\$0	\$700,517
70600 HUD PHA Operating Grants		\$824,562	\$16,636	\$342,683	\$12,798	\$1,196,679
70610 Capital Grants		\$321,770				\$321,770
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		\$3,913		\$9		\$3,922
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		\$5,863		\$9,251		\$15,114
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted		\$1,856,625	\$16,636	\$351,943	\$12,798	\$2,238,002
70000 Total Revenue						
91100 Administrative Salaries		\$186,688		\$1,382	\$12,798	\$200,868
91200 Auditing Fees		\$4,576		\$2,000		\$6,576
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing		\$695				\$695



Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
91500 Employee Benefit contributions - Administrative	\$50,859		\$6,771		\$57,630	\$57,630
91600 Office Expenses	\$40,733		\$1,929		\$42,662	\$42,662
91700 Legal Expense	\$23,700				\$23,700	\$23,700
91800 Travel	\$9,698				\$9,698	\$9,698
91810 Allocated Overhead						
91900 Other	\$59,673				\$59,673	\$59,673
91000 Total Operating - Administrative	\$376,622	\$0	\$12,082	\$12,798	\$401,502	\$401,502
92000 Asset Management Fee						
92100 Tenant Services - Salaries	\$26,187				\$26,187	\$26,187
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	-\$2,241				-\$2,241	-\$2,241
92400 Tenant Services - Other	\$23,576	\$16,636			\$40,212	\$40,212
92500 Total Tenant Services	\$47,522	\$16,636	\$0	\$0	\$64,158	\$64,158
93100 Water	\$65,521				\$65,521	\$65,521
93200 Electricity	\$110,287				\$110,287	\$110,287
93300 Gas	\$147,014				\$147,014	\$147,014
93400 Fuel						
93500 Labor						
93600 Sewer	\$97,445				\$97,445	\$97,445
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$420,267	\$0	\$0	\$0	\$420,267	\$420,267
94100 Ordinary Maintenance and Operations - Labor	\$159,532				\$159,532	\$159,532
94200 Ordinary Maintenance and Operations - Materials and Other	\$252,147				\$252,147	\$252,147
94300 Ordinary Maintenance and Operations Contracts	\$36,692				\$36,692	\$36,692
94500 Employee Benefit Contributions - Ordinary Maintenance	\$54,675				\$54,675	\$54,675

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
94000 Total Maintenance	\$503,046	\$0	\$0	\$0	\$503,046	\$503,046
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other	\$4,830				\$4,830	\$4,830
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$4,830	\$0	\$0	\$0	\$4,830	\$4,830
96110 Property Insurance						
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance	\$33,389				\$33,389	\$33,389
96100 Total Insurance Premiums	\$33,389	\$0	\$0	\$0	\$33,389	\$33,389
96200 Other General Expenses	\$24,237				\$24,237	\$24,237
96210 Compensated Absences	-\$1,697				-\$1,697	-\$1,697
96300 Payments in Lieu of Taxes	\$18,025				\$18,025	\$18,025
96400 Bad debt - Tenant Rents	-\$30,593				-\$30,593	-\$30,593
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$9,972	\$0	\$0	\$0	\$9,972	\$9,972
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	\$1,395,648	\$16,636	\$12,082	\$12,798	\$1,437,164	\$1,437,164

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Total
97000 Excess of Operating Revenue over Operating Expenses		\$460,977	\$0	\$339,861	\$0	\$800,838
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments				\$307,097		\$307,097
97350 HAP Portability-In				\$7,250		\$7,250
97400 Depreciation Expense		\$96,335				\$96,335
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses		\$1,491,983	\$16,636	\$326,429	\$12,798	\$1,847,846
10010 Operating Transfer In		\$321,770				\$321,770
10020 Operating transfer Out		-\$321,770				-\$321,770
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)		\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses		\$364,642	\$0	\$25,514	\$0	\$390,156

Penns Grove Housing Authority (NJ074)  
PENNS GROVE, NJ

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2022				
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$750,446	\$0	\$55,725	\$0	\$806,171	\$806,171
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$79,876				-\$79,876	-\$79,876
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			\$60,740		\$60,740	\$60,740
11180 Housing Assistance Payments Equity			\$20,499		\$20,499	\$20,499
11190 Unit Months Available	1824		480		2304	2304
11210 Number of Unit Months Leased	1817		374		2191	2191
11270 Excess Cash	\$515,930				\$515,930	\$515,930
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

**PENNS GROVE HOUSING AUTHORITY**  
**SCHEDULE OF ACTUAL MODERNIZATION COST CERTIFICATES**  
**YEAR ENDED JUNE 30, 2022**

<u>PROGRAM/GRANT</u>	<u>Nj39PO74501-20</u>
BUDGET - ORIGINAL FUNDS APPROVED	<u>\$ 307,902</u>
FUNDS DISBURSED	307,902
	-
FUNDS EXPENDED	<u>\$ 307,902</u>
	-
EXCESS (DEFICIENCY) OF ADVANCES DUE TO (FROM) HUD	<u><u>\$ -</u></u>

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

## **SINGLE AUDIT AND OTHER REPORTS**

**Penns Grove Housing Authority**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>		
Low Rent Public Housing	14.850	\$ 824,562
COVID 19 - Public and Indian housing	14.850	<u>16,636</u>
Total for CFDA 14.850		841,198
<u>Housing Choice Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	342,683
COVID 19 - Housing Choic Vouchers	14.871	<u>12,798</u>
Total HCV Cluster		355,481
Public Housing Capital Fund Program	14.872	<u>321,770</u>
 Total		 <u><u>\$ 1,518,449</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, 2022**

**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, 2022. 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, 2022**

**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>	No  None
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>	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,PIH	Publicc Housing – Cares Act
14.871	Housing Choice Voucher Cluster
14.872	Public Housing Capital Fund

**Penns Grove Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2022**

**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, 2022**

**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, 2022, 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 January 10, 2023.

**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.

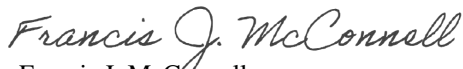
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify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

January 10, 2023

**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, NJ

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

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

I have audited Penns Grove Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30 2022. 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

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Penns Grove Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Penns Grove Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Penns Grove Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

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

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

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

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

  
Francis J McConnell  
Certified Public Accountant

January 10, 2023