

PENNS GROVE HOUSING AUTHORITY

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

YEAR ENDED JUNE 30, 2023

**PENNS GROVE HOUSING AUTHORITY
TABLE OF CONTENTS
JUNE 30, 2023**

TRANSMITTAL LETTER	1
INDEPENDENT AUDITORS REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL SECTION	
STATEMENTS OF NET POSITION	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	10
STATEMENTS OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY	27
SCHEDULE OF THE AUTHORITY CONTRIBUTIONS	28
OTHER SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF NET POSITION	29
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	30
FINANCIAL DATA SCHEDULE	31
SINGLE AUDIT SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	40
NOTES TO SCHEDULE OF FEDERAL AWARD EXPENDITURES	41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	45
REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	47

Penns Grove Housing Authority



40 SOUTH BROAD ST. PENNS GROVE, N.J. 08069

(856) 299-0101 FAX (856) 299-6736

February 7, 2024

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

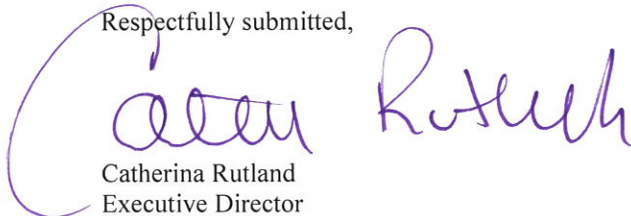
On behalf of the Penns Grove Housing Authority, I respectfully submit this annual financial report for the year ended June 30, 2023. I believe the information presented is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the 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 2023 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 153 units for low income and elderly tenants and around 35 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

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

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 2023 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 2023 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, which raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

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

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 February 7, 2024, 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 7, 2024

PENNS GROVE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

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 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

2023

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of this fiscal year by \$ 1,230,918 (net position)
- The Authority's unrestricted cash balance at June 30, 2023 was \$ 1,471,118 representing an increase of \$ 530,217 from June 30, 2022.
- The Authority had intergovernmental revenues of \$1,142,946 HUD operating grants for the year ended June 30, 2023.

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.

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

	2023	2022	2021
Current and Other Assets	1,565,499	1,107,329	732,806
Capital Assets, net of depreciation	1,089,246	1,187,541	1,283,876
Total Assets	2,654,745	2,294,870	2,016,682
Deferred Outflows of Resources	244,193	155,342	272,314
Current Liabilities	614,897	293,639	217,503
Noncurrent Liabilities	817,304	560,707	898,856
Total Liabilities	1,432,201	854,346	1,116,359
Deferred Inflows of Resources	235,819	479,415	365,746
Net Investment in Capital Assets	1,089,246	1,187,541	1,283,376
Restricted	6,896	20,499	17,917
Unrestricted	134,776	(91,589)	(495,622)
Net Position	1,230,918	1,116,451	805,671

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 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
LAND	107,629	\$ 107,629	\$ 107,629
BUILDINGS AND IMPROVEMENTS	9,311,505	9,196,252	9,196,252
EQUIPMENT	571,600	571,600	571,600
CONSTRUCTION IN PROGRESS	-	115,253	115,253
TOTAL CAPITAL ASSETS	<u>9,990,734</u>	<u>9,990,734</u>	<u>9,990,734</u>
ACCUMULATED DEPRECIATION	<u>8,901,488</u>	<u>8,803,193</u>	<u>8,706,858</u>
NET CAPITAL ASSETS	<u>1,089,246</u>	<u>1,187,541</u>	<u>1,283,876</u>

Debt

At the end of June 30, 2023, 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 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021**</u>
Tenant Rental Revenue	742,830	\$ 700,517	\$ 672,102
Government Operating Grants	1,142,946	1,196,679	1,157,779
Other Revenue	29,435	15,114	20,245
Total Operating Revenue	<u>1,915,211</u>	<u>1,912,310</u>	<u>1,850,126</u>
Operating Expenses			
Administrative	451,938	349,571	447,808
Tenant Services	15,109	81,115	101,543
Utilities	456,150	420,267	478,573
Maintenance	624,473	538,020	553,686
Protective Services	2,070	4,830	-
Housing Assistance Payments	303,162	314,347	318,881
General expenses	253,038	43,361	151,772
Depreciation	98,295	96,335	96,348
Total Operating expenses	<u>2,204,235</u>	<u>1,847,846</u>	<u>2,148,611</u>
Net Operating Income (loss)	<u>(289,024)</u>	64,464	(298,485)
Non Operating Revenue		-	-
Net Investment Income	11,178	3,922	335
Capital subsidies	392,313	321,770	307,902
Total NonOperating revenue	<u>403,491</u>	<u>325,692</u>	<u>308,237</u>
			-
CHANGE IN NET POSITION	<u>\$ 114,467</u>	<u>\$ 390,156</u>	<u>\$ 9,752</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, 2023

ASSETS

	2023
Current Assets:	
Cash and Cash equivalents	\$ 1,471,118
Restricted cash and investments	61,658
Accounts Receivable, net	25,739
Other current assets	6,984
Total Current Assets	<u>1,565,499</u>
Noncurrent Assets	
Capital Assets, net of depreciation	1,089,246
Total Noncurrent assets	<u>1,089,246</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow of Resources	
Total Deferred outflows of Resources	<u>244,193</u>
 Total Assets and Deferred Outflow of Resources	 <u><u>2,898,938</u></u>

LIABILITIES

Current Liabilities:	
Accounts Payable	21,578
Accrued Liabilities	53,493
Accounts Payable - other Governments	74,569
Compensated absences	4,962
Trusts and deposits	54,762
Deferred credits and other liabilities	405,533
Total Current Liabilities	<u>614,897</u>
Noncurrent Liabilities:	
Compensated absences	44,657
Accrued Pension	772,647
Total Noncurrent liabilities	<u>817,304</u>
Total Liabilities	<u>1,432,201</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflow of Resources	
Total Deferred Inflow of Resources	<u>235,819</u>

NET POSITION

Net Position:	
Net Investment in capital assets	1,089,246
Restricted in Section 8 Reserves	6,896
Unrestricted (deficit)	134,776
Total Net Position	<u>1,230,918</u>
 Total Liabilities, Deferred Inflow of Resources and Net Position	 <u><u>\$ 2,898,938</u></u>

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, 2023

	2023
Operating Revenue	
Tenant Revenue	\$ 742,830
Government operating grants	1,142,946
Other Income	<u>29,435</u>
Total operating revenues	<u>1,915,211</u>
Operating expenses	
Administrative	451,938
Tenant services	15,109
Utilities	456,150
Protective Services	2,070
Maintenance	624,473
General	253,038
Housing Assistance Payments	303,162
Depreciation Expense	<u>98,295</u>
Total Operating Expenses	<u>2,204,235</u>
Net Operating Income (loss)	(289,024)
Nonoperating revenue	
Investment Income	11,178
Capital Subsidies	<u>392,313</u>
Net nonoperating revenues	<u>403,491</u>
Change in net position	114,467
Total net position - beginning	<u>1,116,451</u>
Prior Period Adjustment	-
Total net position - ending	<u><u>\$ 1,230,918</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Governmental operating grants	\$ 1,142,946
Receipts from residents and others	772,265
Payments to suppliers	(959,581)
Payments to and on behalf of employees	(535,498)
Housing Assistance payments made	<u>(303,162)</u>

Net cash provided by operating activities	<u>116,970</u>
---	----------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>11,178</u>
-------------------------	---------------

Net cash provided by Investing activities	<u>11,178</u>
---	---------------

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Capital Subsidies received	<u>392,313</u>
Net cash (used) in capital and related financing activities	<u>392,313</u>

<u>INCREASE (DECREASE) IN CASH</u>	520,461
---	---------

<u>CASH - BEGINNING OF YEAR</u>	<u>1,012,315</u>
--	------------------

<u>CASH - END OF YEAR</u>	<u><u>\$ 1,532,776</u></u>
----------------------------------	----------------------------

Cash - unrestricted	\$ 1,471,118
---------------------	--------------

Cash - Restricted	61,658
-------------------	--------

	<u><u>\$ 1,532,776</u></u>
--	----------------------------

Penns Grove Housing Authority
Statement of Cash Flows
For the Year ended June 30, 2023

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

Net Operating Income (loss)	\$ (289,024)
Add back non-cash Items:	
Depreciation expense	98,295
Bad Debt Expense	81,508
unbudgeted pension credit	(167,926)
Decrease (Increase) in Assets	
Accounts Receivable -	23,750
Other current assets	39,789
	<u>(213,608)</u>
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	(105,941)
Accrued Compensated absences	5,087
Deferred credits and other liabilities	402,764
Other Governmental agencies	28,668
	<u>-</u>
	<u>330,578</u>
Net Cash provided by operating activities	<u><u>\$ 116,970</u></u>

-

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023**

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, 2023, were \$ 832,760, 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 assists 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, 2023

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, 2023

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 material 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 costs 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 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, 2023**

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 associated with commitments extended by users, arrangements associated 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 are comprised of property betterments and additions, and modernization program costs. Charges for maintenance and repairs are expensed when incurred. The authority depreciates these assets over their estimated useful lives using the straight-line method of depreciation.

<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*."

G – Accrued Compensated absences

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

PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023

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, 2023**

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, 2023, cash and investment balances consist of the following:

			2023
Operating Accounts			1,470,918
Escrow Accounts			61,658
Petty Cash			200
			1,532,776
Bank Balances			\$ 1,596,751
<u>Reconciliation of detail to statement of net assets</u>			
Cash - unrestricted			1,471,118
Cash - restricted			61,658
			\$ 1,532,776

PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023

NOTE 3 – RECEIVABLES

Accounts Receivable as of June 30, 2023

					2023
		Tenant accounts receivable			131,801
		Total accounts receivable			131,801
		Less: allowance for doubtful accounts			(106,062)
					25,739

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for 2023 consisted of:

		2022	additions	disposals	transfers	2023
<u>Non-depreciable capital assets:</u>						
Land		107,629	-	-		107,629
Construction in progress		115,253	-		(115,253)	-
		222,882	-		(115,253)	309,977
<u>Depreciable capital assets:</u>						
Buildings and Improvements		9,196,252	-	-	115,253	9,311,505
Equipment - Admin & Dwelling		571,600	-	-		571,600
Totals		9,767,852	-	-	115,253	9,883,105
Total capital assets		9,990,734	-	-	-	9,990,734
Accumulated Depreciation:		(8,803,193)	(98,295)	-		(8,901,488)
Net Capital Assets		1,187,541	(98,295)			1,089,246

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, 2023**

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 year ended June 30, 2023, PILOT expense was accrued in the amount of \$ 74,569. 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:

	2023
Beginning compensated absences	\$ 44,532
Compensated absences earned	19,303
Compensated absences redeemed	(14,216)
Ending compensated absences	49,619
Less: current portion	4,962
Compensated absences, net of current position	\$ 44,657

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 an 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, 2023**

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 service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined.

Funding Requirements - PERS

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

The Authority's total contributions to PERS for the year ended were \$ 64,563.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – on June 30, 2023, the Authority reported a liability of \$ 772,647 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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. On June 30, 2022, the authority's collective proportion percentage was 0.0134479415%

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023**

NOTE 9 – PENSION PLAN - continued

For the year ended the authority recognized pension benefit of (\$15,775). On June 30, 2023, the authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

[illegible]

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
2024			\$ (2,075)
2025			(2,075)
2026			(2,075)
2027			(2,075)
2028			(2,075)
			\$ (10,375)

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023**

NOTE 9 – PENSION PLAN – continued

Actuarial assumptions – the total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% on June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major class included in PERS's target asset allocation as of June 30, 2021, are summarized in the following table.

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023**

NOTE 9 – PENSION PLAN – continued

			Target	Expected Real
Asset Class			Allocation	Rate of Return
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, 2023. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 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, 2023**

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.

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		2,192,620	772,647	1,115,736

NOTE 10 – ACCRUED LIABILITIES

Accrued Liabilities as of June 30, 2023.

	2023
Accrued payroll and payroll taxes	13,688
Accrued utilities	39,805
	53,493

NOTE 11 – DEFERRED CREDITS AND OTHER LIABILITIES

Deferred Credits and other liabilities as of June 30, 2023

	2023
Unearned subsidy	\$ 399,818
Prepaid rents	5,715
	\$ 405,533

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2023**

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through February 7, 2024 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 AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	64,563	51,468	57,507	43,571	40,692	38,080	36,776	33,781
Contributions in relation to the statutorily required contributions	64,563	51,468	57,507	43,571	40,692	38,080	-	33,781
Contributions deficiency (excess)								
Authority's covered-employee payroll	338,951	290,638	355,023	306,215	374,678	376,864	450,454	439,870
Contributions as a percentage of covered-employee payroll	19.05%	17.71%	16.20%	14.23%	10.86%	10.10%	8.16%	7.68%

See accompanying independent auditor's report

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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportions of the net pension liability (asset)	0.0052568237%	0.0052568237%	0.0052568237%	0.0040909766%	0.0040909766%	0.0041105656%	0.0041396433%	0.0039292500%
Authority's proportionate share of the net pension liability	772,647	520,628	857,250	807,113	805,493	956,874	1,226,044	882,038
Authority's covered-employee payroll	338,951	290,638	355,023	306,215	374,678	376,864	450,454	439,870
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.95%	179.13%	241.46%	263.58%	214.98%	253.90%	272.18%	200.52%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	53.60%	53.60%	53.60%	53.60%	47.93%	59.86%	52.07%

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

OTHER SUPPLEMENTARY INFORMATION

Penns Grove Housing Authority
Combining Statement of Net Position
As of June 30, 2023

	Low Rent Housing	Capital fund Program	Housing choice Vouchers	Elimination	Totals
ASSETS					
Current Assets					
Cash	1,399,208		71,910		\$ 1,471,118
Restricted cash and investments	54,762		6,896		61,658
Receivables, net	25,739				25,739
Other assets	6,984			-	6,984
Total Current assets	1,486,693	-	78,806	-	1,565,499
NONCURRENT ASSETS					
Capital assets, net of depreciation	1,089,246	-	-		1,089,246
Total noncurrent assets	1,089,246	-	-	-	1,089,246
Deferred Outflow of Resources	244,193				244,193
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	2,820,132	-	78,806	-	2,898,938
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts payable	18,399		3,179		21,578
Accrued Liabilities	53,493				53,493
Due to other governments	74,569				74,569
Compensated absences	4,962				4,962
Trusts and deposits	54,762				54,762
Deferred credits and other liabilities	405,533				405,533
Total current liabilities	611,718	-	3,179	-	614,897
NONCURRENT LIABILITIES					
Compensated Absences	44,657	-	-		44,657
Accrued Pension	772,647	-	-		772,647
Total noncurrent liabilities	817,304	-	-	-	817,304
TOTAL LIABILITIES	1,429,022	-	3,179	-	1,432,201
Deferred Inflow of Resources	235,819				235,819
NET POSITION					
Net Investment in Capital Assets	1,089,246				1,089,246
Restricted for Section 8			6,896		6,896
Unrestricted net position 9deficit)	66,045		68,731		134,776
	1,155,291	-	75,627	-	1,230,918
TOTAL LIABILITIES AND NET POSITION	2,820,132	-	78,806	-	2,898,938
	-	-	-	-	-

\$ 1,532,776

Penns Grove Housing Authority
Combining Statement of Revenues, Expenses and changes in Net Position
For the year ended June 30, 2023

	Low Rent Housing	Capital Fund Program	Housing Choice Vouchers	Elimination	Totals
Operating revenue	-				
Total Tenant Revenue	742,830				\$ 742,830
Operating subsidies	832,760		310,186		1,142,946
other revenue	19,862		9,573	-	29,435
Total operating revenue	1,595,452	-	319,759	-	1,915,211
Operating Expenses					
Administrative expenses	429,687		22,251	-	451,938
Asset Management Fee				-	-
Tenant services	15,109				15,109
Utilities	456,150				456,150
Protective Services	2,070				2,070
Maintenance	624,473			-	624,473
General	253,038				253,038
Housing Assistance payments			303,162		303,162
Depreciation expense	98,295				98,295
Total operating expenses	1,878,822	-	325,413	-	2,204,235
Operating income (loss)	(283,370)	-	(5,654)	-	(289,024)
Nonoperating revenue (expenses)					
Investment Income	11,136		42		11,178
Net nonoperating revenue	11,136	-	42		11,178
Income (Loss) before capital subsidies	(272,234)	-	(5,612)	-	(277,846)
Capital subsidies		392,313			392,313
Change in net position	(272,234)	392,313	(5,612)	-	114,467
Total net assets at beginning of year	1,035,212		81,239		1,116,451
Capital contributions/transfers	392,313	(392,313)			-
Total net position at end of year	1,155,291	-	75,627	-	\$ 1,230,918
	0		0		
			30		

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$1,399,208	\$71,910	\$1,471,118	\$1,471,118
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$6,896	\$6,896	\$6,896
114 Cash - Tenant Security Deposits	\$54,762		\$54,762	\$54,762
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,453,970	\$78,806	\$1,532,776	\$1,532,776
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$131,801		\$131,801	\$131,801
126.1 Allowance for Doubtful Accounts - Tenants	-\$106,062		-\$106,062	-\$106,062
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,739	\$0	\$25,739	\$25,739
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
142 Prepaid Expenses and Other Assets	\$6,984		\$6,984	\$6,984
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$1,486,693	\$78,806	\$1,565,499	\$1,565,499
161 Land	\$107,629		\$107,629	\$107,629
162 Buildings	\$9,311,505		\$9,311,505	\$9,311,505
163 Furniture, Equipment & Machinery - Dwellings	\$286,115		\$286,115	\$286,115
164 Furniture, Equipment & Machinery - Administration	\$285,485		\$285,485	\$285,485
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$8,901,488		-\$8,901,488	-\$8,901,488
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,089,246	\$0	\$1,089,246	\$1,089,246
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	\$1,089,246	\$0	\$1,089,246	\$1,089,246

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
200 Deferred Outflow of Resources	\$244,193		\$244,193	\$244,193
290 Total Assets and Deferred Outflow of Resources	\$2,820,132	\$78,806	\$2,898,938	\$2,898,938
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$58,204	\$3,179	\$61,383	\$61,383
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$13,688		\$13,688	\$13,688
322 Accrued Compensated Absences - Current Portion	\$4,962		\$4,962	\$4,962
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$74,569		\$74,569	\$74,569
341 Tenant Security Deposits	\$54,762		\$54,762	\$54,762
342 Unearned Revenue	\$405,533		\$405,533	\$405,533
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
310 Total Current Liabilities	\$611,718	\$3,179	\$614,897	\$614,897
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	\$44,657		\$44,657	\$44,657
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$772,647		\$772,647	\$772,647
350 Total Non-Current Liabilities	\$817,304	\$0	\$817,304	\$817,304
300 Total Liabilities	\$1,429,022	\$3,179	\$1,432,201	\$1,432,201
400 Deferred Inflow of Resources	\$235,819		\$235,819	\$235,819
508.4 Net Investment in Capital Assets	\$1,089,246	\$0	\$1,089,246	\$1,089,246
511.4 Restricted Net Position		\$6,896	\$6,896	\$6,896
512.4 Unrestricted Net Position	\$66,045	\$68,731	\$134,776	\$134,776
513 Total Equity - Net Assets / Position	\$1,155,291	\$75,627	\$1,230,918	\$1,230,918
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,820,132	\$78,806	\$2,898,938	\$2,898,938

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$742,830		\$742,830	\$742,830
70400 Tenant Revenue - Other	\$0		\$0	\$0
70500 Total Tenant Revenue	\$742,830	\$0	\$742,830	\$742,830
70600 HUD PHA Operating Grants	\$832,760	\$310,186	\$1,142,946	\$1,142,946
70610 Capital Grants	\$392,313		\$392,313	\$392,313
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	\$11,135	\$42	\$11,177	\$11,177
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	\$19,862	\$9,573	\$29,435	\$29,435
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$1,998,900	\$319,801	\$2,318,701	\$2,318,701
91100 Administrative Salaries	\$239,304	\$13,848	\$253,152	\$253,152

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
91200 Auditing Fees	\$6,789		\$6,789	\$6,789
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$1,134		\$1,134	\$1,134
91500 Employee Benefit contributions - Administrative	\$55,087	\$8,403	\$63,490	\$63,490
91600 Office Expenses	\$42,620		\$42,620	\$42,620
91700 Legal Expense	\$24,827		\$24,827	\$24,827
91800 Travel	\$41,692		\$41,692	\$41,692
91810 Allocated Overhead				
91900 Other	\$18,234		\$18,234	\$18,234
91000 Total Operating - Administrative	\$429,687	\$22,251	\$451,938	\$451,938
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$15,109		\$15,109	\$15,109
92500 Total Tenant Services	\$15,109	\$0	\$15,109	\$15,109
93100 Water	\$88,689		\$88,689	\$88,689
93200 Electricity	\$174,690		\$174,690	\$174,690
93300 Gas	\$168,591		\$168,591	\$168,591
93400 Fuel				
93500 Labor				
93600 Sewer	\$24,180		\$24,180	\$24,180

Penns Grove Housing Authority (NJ074)
PENNS GROVE, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$456,150	\$0	\$456,150	\$456,150
94100 Ordinary Maintenance and Operations - Labor	\$162,791		\$162,791	\$162,791
94200 Ordinary Maintenance and Operations - Materials and Other	\$347,358		\$347,358	\$347,358
94300 Ordinary Maintenance and Operations Contracts	\$45,924		\$45,924	\$45,924
94500 Employee Benefit Contributions - Ordinary Maintenance	\$56,065		\$56,065	\$56,065
94000 Total Maintenance	\$612,138	\$0	\$612,138	\$612,138
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other	\$2,070		\$2,070	\$2,070
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$2,070	\$0	\$2,070	\$2,070
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance	\$118,115		\$118,115	\$118,115
96100 Total Insurance Premiums	\$118,115	\$0	\$118,115	\$118,115
96200 Other General Expenses	\$1		\$1	\$1
96210 Compensated Absences	\$24,745		\$24,745	\$24,745
96300 Payments in Lieu of Taxes	\$28,668		\$28,668	\$28,668

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
96400 Bad debt - Tenant Rents	\$81,508		\$81,508	\$81,508
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$134,922	\$0	\$134,922	\$134,922
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
96900 Total Operating Expenses	\$1,768,191	\$22,251	\$1,790,442	\$1,790,442
97000 Excess of Operating Revenue over Operating Expenses	\$230,709	\$297,550	\$528,259	\$528,259
97100 Extraordinary Maintenance	\$12,335		\$12,335	\$12,335
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$288,246	\$288,246	\$288,246
97350 HAP Portability-In		\$14,916	\$14,916	\$14,916
97400 Depreciation Expense	\$98,295		\$98,295	\$98,295
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,878,821	\$325,413	\$2,204,234	\$2,204,234

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
10010 Operating Transfer In	\$392,313		\$392,313	\$392,313
10020 Operating transfer Out	-\$392,313		-\$392,313	-\$392,313
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)	\$0		\$0	\$0
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$120,079	-\$5,612	\$114,467	\$114,467
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,035,212	\$81,239	\$1,116,451	\$1,116,451
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				

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2023		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$68,731	\$68,731	\$68,731
11180 Housing Assistance Payments Equity		\$6,896	\$6,896	\$6,896
11190 Unit Months Available	1824	480	2304	2304
11210 Number of Unit Months Leased	1819	354	2173	2173
11270 Excess Cash	\$720,642		\$720,642	\$720,642
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, 2023

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>		
Low Rent Public Housing	14.850	<u>\$ 832,760</u>
Total for CFDA 14.850		832,760
<u>Housing Choice Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	<u>310,186</u>
Total HCV Cluster		310,186
Public Housing Capital Fund Program	14.872	<u>392,313</u>
 Total		 <u><u>\$ 1,535,259</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, 2023

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, 2023. 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, 2023

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
14.871

Low Rent Public Housing
Housing Choice Voucher Cluster

Penns Grove Housing Authority
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2023

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, 2023

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, 2023, 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 7, 2024.

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.

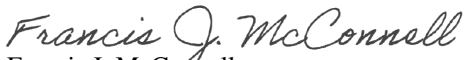
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify 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 7, 2024

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, 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 2023. 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, 2023.

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

February 7, 2024