

PENNS GROVE HOUSING AUTHORITY

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

YEAR ENDED JUNE 30, 2024

**PENNS GROVE HOUSING AUTHORITY
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JUNE 30, 2024**

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Penns Grove Housing Authority



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February 1, 2025

To the Board of Commissioners of the Penns Grove Housing Authority, 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, 2024. 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 2024 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 153 units for low income families and elderly /disabled tenants and around 38 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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Philadelphia, PA 19111
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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 2024 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 2024 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 it 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 1, 2025, 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.

Frank McConnell

Francis J. McConnell
Certified Public Accountant

February 1, 2025

PENNS GROVE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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, 2024. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

2024

- The assets and deferred outflows of the Authority were in a negative of its liabilities and deferred inflows at the close of this fiscal year by \$(220,354) (deficit)
- The Authority's unrestricted cash balance at June 30, 2024 was \$ 381,244 representing a decrease of \$ 1,089,874 from June 30, 2023.
- The Authority had intergovernmental revenues of \$ 1,577,600 HUD operating grants for the year ended June 30, 2024.

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.

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 did not exceed liabilities by (\$220) thousand at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	558,955	1,565,499	1,107,329
Capital Assets, net of depreciation	1,469,047	1,089,246	1,187,541
Total Assets	<u>2,028,002</u>	<u>2,654,745</u>	<u>2,294,870</u>
Deferred Outflows of Resources	135,353	244,193	155,342
Current Liabilities	266,667	614,897	293,639
Noncurrnt Liabilities	1,841,058	817,304	560,707
Total Liabilities	<u>2,107,725</u>	<u>1,432,201</u>	<u>854,346</u>
Deferred Inflows of Resources	275,984	235,819	479,415
Net Investment in Capital Assets	1,469,047	1,089,246	1,187,541
Restricted	6,896	6,896	20,499
Unrestricted	<u>(1,696,297)</u>	<u>134,776</u>	<u>(91,589)</u>
Net Position	<u>(220,354)</u>	<u>1,230,918</u>	<u>1,116,451</u>

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 2024, 2023 and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
LAND	\$ 107,629	\$ 107,629	\$ 107,629
BUILDINGS AND IMPROVEMENTS	9,834,940	9,311,505	9,196,252
EQUIPMENT	571,600	571,600	571,600
CONSTRUCTION IN PROGRESS		-	115,253
TOTAL CAPITAL ASSETS	<u>10,514,169</u>	<u>9,990,734</u>	<u>9,990,734</u>
ACCUMULATED DEPRECIATION	<u>9,045,122</u>	<u>8,901,488</u>	<u>8,803,193</u>
NET CAPITAL ASSETS	<u>\$ 1,469,047</u>	<u>\$ 1,089,246</u>	<u>\$ 1,187,541</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 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tenant Rental Revenue	\$ 861,129	\$ 742,830	\$ 700,517
Government Operating Grants	1,577,600	1,142,946	1,196,679
Other Revenue	<u>66,393</u>	<u>29,435</u>	<u>15,114</u>
Total Operating Revenue	<u>2,505,122</u>	<u>1,915,211</u>	<u>1,912,310</u>
Operating Expenses			
Administrative	765,684	451,938	349,571
Tenant Services	4,558	15,109	81,115
Utiltites	411,799	456,150	420,267
Maintenance	985,553	624,473	538,020
Protective Services	10,437	2,070	4,830
Housing Assistance Payments	383,965	303,162	314,347
General expenses	123,533	253,038	43,361
Depreciation	<u>143,633</u>	<u>98,295</u>	<u>96,335</u>
Total Operating expenses	<u>2,829,162</u>	<u>2,204,235</u>	<u>1,847,846</u>
Net Operating Income (loss)	(324,040)	(289,024)	64,464
Non Operating Revenue			-
Net Investment Income	4	11,178	3,922
Capital subsidies		<u>392,313</u>	<u>321,770</u>
Total NonOperating revenue	<u>4</u>	<u>403,491</u>	<u>325,692</u>
CHANGE IN NET POSITION	<u>\$ (324,036)</u>	<u>\$ 114,467</u>	<u>\$ 390,156</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued

Statement of Activities – continued

Governmental operating revenue includes the annual operating subsidies for the low rent and capital grants made available by the U.S. Housing and Urban Development (“HUD”). The authority also generated over \$800 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, 2024

ASSETS

	2024
Current Assets:	
Cash and Cash equivalents	\$ 381,244
Restricted cash and investments	64,545
Accounts Receivable, net	28,729
Other current assets	84,437
Total Current Assets	558,955
Noncurrent Assets	
Capital Assets, net of depreciation	1,469,047
Total Noncurrent assets	1,469,047
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow of Resources	
Total Deferred outflows of Resources	135,353
Total Assets and Deferred Outflow of Resources	2,163,355

LIABILITIES

Current Liabilities:	
Accounts Payable	110,189
Accrued Liabilities	46,943
Accounts Payable - other Governments	46,165
Compensated absences	4,044
Trusts and deposits	57,649
Deferred credits and other liabilities	1,677
Total Current Liabilities	266,667
Noncurrent Liabilities:	
Compensated absences	36,395
Accrued Pension	567,106
Accrued OPEB	1,237,557
Total Noncurrent liabilities	1,841,058
Total Liabilities	2,107,725

DEFERRED INFLOWS OF RESOURCES

Deferred Inflow of Resources	
Total Deferred Inflow of Resources	275,984

NET POSITION

Net Position:	
Net Investment in capital assets	1,469,047
Restricted in Section 8 Reserves	6,896
Unrestricted (deficit)	(1,696,297)
Total Net Position	(220,354)
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 2,163,355

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, 2024

	2024
Operating Revenue	
Tenant Revenue	\$ 861,129
Government operating grants	1,577,600
Other Income	66,393
Total operating revenues	2,505,122
Operating expenses	
Administrative	765,684
Tenant services	4,558
Utilities	411,799
Protective Services	10,437
Maintenance	985,553
General	123,533
Housing Assistance Payments	383,965
Depreciation Expense	143,633
Total Operating Expenses	2,829,162
Net Operating Income (loss)	(324,040)
Nonoperating revenue	
Investment Income	4
Net nonoperating revenues	4
Change in net position	(324,036)
Total net position - beginning	1,230,918
Prior Period Adjustment	(1,127,236)
Total net position - ending (Deficit)	\$ (220,354)

The accompanying notes are an integral part of this statement

Penns Grove Housing Authority
Statement of Cash Flows
For the Year ended June 30, 2024

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Governmental operating grants	\$ 1,577,600
Receipts from residents and others	927,522
Payments to suppliers	(1,871,291)
Payments to and on behalf of employees	(813,422)
Housing Assisstance payments made	<u>(383,965)</u>
Net cash provided by operating activities	<u>(563,556)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on investments	<u>4</u>
Net cash provided by Investing activities	<u>4</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of fixed assets, net	<u>(523,435)</u>
Net cash (used) in capital and related financing activities	<u>(523,435)</u>
<u>INCREASE (DECREASE) IN CASH</u>	(1,086,987)
<u>CASH - BEGINNING OF YEAR</u>	<u>1,532,776</u>
<u>CASH - END OF YEAR</u>	<u>\$ 445,789</u>
Cash - unrestricted	\$ 381,244
Cash - Restricted	64,545
	<u>\$ 445,789</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, 2024

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

Net Operating Income (loss)	\$	(324,040) k
Add back non-cash Items:		
Depreciation expense		143,633 k
Bad Debt Expense		3,880
unbudgeted pension credit		(140,896)
Decrease (Increase) in Assets		
Accounts Receivable -		2,990
Other current assets		77,453
		(236,980)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities		114,864
Accrued Compensated absences		(9,180)
Deferred credits and other liabilities		(403,856)
Other Governmental agencies		(28,404)
		-
		(326,576)
Net Cash provided by operating activities	\$	(563,556)

-

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

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, 2024, were \$ 816,867, 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, 2024

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, 2024**

D - Recently Issued Accounting Pronouncements

New Accounting Standards Adopted:

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*. This has no material effect on these financial statements.

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, 2024**

H – Post Employment Benefits

The Authority began to provide its employees with post-employment health benefits, in 2023.

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, 2024**

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, 2024 cash and investment balances consist of the following:

	2024
Operating Accounts	381,044
Escrow Accounts	64,545
Petty Cash	200
	<u>445,789</u>
Bank Balances	\$ 444,117
<u>Reconciliation of detail to statement of net assets</u>	
Cash - unrestricted	381,244
Cash - restricted	64,545
	<u>\$ 445,789</u>

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

NOTE 3 – RECEIVABLES

Accounts Receivable as of June 30, 2024

					2024
	Tenant accounts receivable				126,743
	Due from Hud				5,030
	Fema reimbursement				4,434
	Other				2,464
	Total accounts receivable				138,671
	Less: allowance for doubtful accounts				(109,942)
					28,729

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for 2024 consisted of:

		2023	additions	disposals	transfers	2024
<u>Non-depreciable capital assets:</u>						
Land		107,629	-	-		107,629
Construction in Progress		-	-		-	-
		107,629	-		-	107,629
<u>Depreciable capital assets:</u>						
Buildings and Improvements		9,311,505	523,434	-	-	9,834,939
Equipment - Admin & Dwelling		571,600	-	-		571,600
Totals		9,883,105	523,434	-	-	10,406,539
Total capital assets		9,990,734	523,434			10,514,168
Accumulated Depreciation:		(8,901,488)	(143,633)	-		(9,045,121)
Net Capital Assets		1,089,246	379,801	-	-	1,469,047

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, 2024**

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, 2024, PILOT expense was accrued in the amount of \$ 46,165. 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:

	2024
Beginning compensated absences	\$ 49,619
Compensated absences earned	21,508
Compensated absences redeemed	(30,688)
Ending compensated absences	40,439
Less: current portion	4,044
Compensated absences, net of current position	\$ 36,395

NOTE 8 – ACCRUED LIABILITIES

Accrued Liabilities as of June 30, 2024.

	2024
Accrued payroll and payroll taxes	19,185
Accrued utilities	27,758
	<u>46,943</u>

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

NOTE 9 – DEFERRED CREDITS AND OTHER LIABILITIES

Deferred Credits and other liabilities as of June 30, 2024

				2024
Prepaid rents				\$ 1,677
				\$ 1,677

NOTE 10 – 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.

NOTE 11 – PENSION PLAN

Description of Plan

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

Vesting and Benefit Provisions

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

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

NOTE 11 – PENSION PLAN - continued

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 \$ 00,000.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – on June 30, 2024, the Authority reported a liability of \$ 567,106 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the authority’s collective proportion percentage was 0.00511978920%. For the year ended the authority recognized pension benefit of (\$4,206). On June 30, 2024, 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	\$ 5,422	\$ 2,318
Changes in assumptions	1,246	34,369
Net difference between projected and actual earnings on pension plan investments	2,612	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	126,073	239,297
Total	<u>\$ 135,353</u>	<u>\$ 275,984</u>

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

NOTE 11 – PENSION PLAN - continued

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

Year			
Ended			
30-Jun			Total
2025			\$ 28,126
2026			28,126
2027			28,126
2028			28,126
2029			28,126
			\$ 140,630

Actuarial assumptions – the total pension liability in the June 30, 2024, 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

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

NOTE 11 – PENSION PLAN – continued

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.

Asset Class	Target Allocation	Expected Real 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, 2024. 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, 2024**

NOTE 11 – 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.

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 (6.00 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	834,756	567,106	424,774

Note 12 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The State Health Benefit Local Government Retired Employees Plan ("SHBP") is a cost-sharing multiple employers defined benefit OPEB plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). It covers employees of local government employers that have adopted a resolution to participate in the SHBP. This is the Authority’s initial year and an actuarial report was prepared by Risk Strategies in November 2024.

B. Benefits

Covered Benefits and Claim Cost Assumptions

The Authority provides post-employment medical benefits, including prescription drugs, as part of the medical plan on a fully insured basis to pre-65 and post-65 retirees through the New Jersey State Health Benefits Program for Local Government Employer Groups (NJ SHBP). In addition, the Authority also subsidizes dental benefits in retirement. Neither vision nor life insurance benefits are subsidized in retirement, therefore these benefits are excluded from this valuation.

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

Note 12 – OTHER POST EMPLOYMENT BENEFITS -continued

Base plan costs are based on premium rates for the NJ SHBP effective 1/1/23, 1/1/24, and 1/1/25. These rates are 100% before retiree contributions and assumed to include all administrative expenses and PPACA fees. Rates are unadjusted for aging and reflected for illustrative purposes. The valuation reflects aging of costs for pre-65 and post-65 retirees. Costs for the Authority's FY July 1, 2023, to June 30, 2024, reflects a blend of 6 months of the CY2023 rates with 6 months of the CY2024 rates.

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

On June 30, 2024, the Authority reported a liability of 1,237,557 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023.

B.- Benefits - continued

For the year ended Jun 30, 2024, the Authority recognized OPEB expense of \$110,321.

Overview of Deferred Inflows and Deferred Outflows

Fiscal year July 1, 2023, to June 30, 2024, is the first year under GASB 75 reporting for the Authority. As such, there is no calculation of deferred inflows and/or outflows of resources for the Authority.

The assumptions used for the valuation were the same for the beginning and end of year reflecting the discount rate assumption as of June 30, 2024. As a result, the first year does not have a deferred inflow or outflow of resources.

C -Healthcare Reform

The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 (Healthcare Reform) includes several fees and/or taxes levied on employer groups either directly (e.g., self-funded employer groups which calculates and pays the fees directly) or indirectly (e.g., fully insured groups in which the health insurer pays and passes on to the group in their premium rates). Fees associated with PPACA are reflected as appropriate in the valuation..

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

Note 12 – OTHER POST EMPLOYMENT BENEFITS -continued

D - Actuarial Assumptions

As part of this report, we included supporting documentation such as a summary of assumptions and key definitions (glossary), which are provided in Sections IV through VI. This includes assumptions for health care costs, contribution rates, healthcare inflation, decrement tables (e.g., probability of death, turnover, disability, and retirement) and other provisions.

The GASB 74/75 results on pages 1-6 of the actuarial report are based on the assumptions and cost methods as prescribed under GASB 74/75 (e.g., discount rate, aging requirements, actuarial cost method under Entry Age Normal, etc.).

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre- and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The valuation is based on the decrement tables from the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables are based on the July 1, 2020, Annual Report of the Actuary for both PERS and PFRS.

E: Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2023. This represents the municipal bond return rate chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

Note 12 – OTHER POST EMPLOYMENT BENEFITS - continued

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

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 1.21%, 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 (3.21%) or 1 percentage point higher (2.21%) than the current rate.

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Authority's proportionate share of the net pension liability	1,593,749	1,237,557	967,623

G: Health Care Trend Assumptions

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

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

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

	1% Decrease 3.00%	Healthcare Trend Discount Rate 4.00%	1% Increase 5.00%
Authority's proportionate share of the net pension liability	924,944	1,237,557	172,179

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2024**

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through February 1, 2025 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 14 – PRIOR PERIOD ADJUSTMENT

The Authority recorded a prior period adjustment in the amount of \$1,127,536 for the opening adjustment of the OPEB liability.

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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportions of the net pension liability (asset)	0.0051%	0.0053%	0.0053%	0.0053%	0.0041%	0.0041%	0.0041%	0.0041%	0.0039%	0.0047%
Authority's proportionate share of the net pension liability	567,106	772,647	520,628	857,250	807,113	805,493	956,874	1,226,044	882,038	878,808
Authority's covered-employee payroll	483,352	338,951	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	117.33%	227.95%	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%	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, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	52,329	64,563	51,468	57,507	43,571	40,692	38,080	36,776	33,781	38,695
Contributions in relation to the statutorily required contributions	552,329	64,563	51,468	57,507	43,571	40,692	38,080	36,776	33,781	38,695
Contributions deficiency (excess)										
Authority's covered-employee payroll	483,352	338,951	290,638	355,023	306,215	374,678	376,864	450,454	439,870	454,389
Contributions as a percentage of covered-employee payroll	10.83%	19.05%	17.71%	16.20%	14.23%	10.86%	10.10%	8.16%	7.68%	8.52%

See accompanying independent auditor's report

PENNS GROVE HOUSING AUTHORITY
 SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, 2024
 (unaudited)

Total OPEB Liability	
Service costs	64,216
Interest	46,105
Changes in Benefit Terms	
Changes in assumptions	-
Differences between actual and expected experience	-
Net Investment Income	
Employer contributions to Trust	
Benefits payments withdrawn from trust	
Benefits payments excluding implicit Cost	(63)
Implicit costs amount	-
Total Benefit payments including implicit costs	-
Administrative expense	
other charges	
Net Change in OPEB liability	<u>110,321</u>
Total Opeb Liability - beginning	\$ 1,127,299
Total OPEB liability-ending	\$ 1,237,620
Covered -employee payroll	\$ 420,212
Total OPEB liability as a percentage of covered-employee payroll	33.95%

This schedule is presented to illustrate the requirements of GASB 75 to show information for 10 years. However, the GASB wasn't adopted until 2018 and prior data is not available.

OTHER SUPPLEMENTARY INFORMATION

Penns Grove Housing Authority
Combining Statement of Net Position
As of June 30, 2024

	Low Rent Housing	Capital fund Program	Housing choice Vouchers	Elimination	Totals
ASSETS					
Current Assets					\$ 445,789
Cash	313,734		67,510		381,244
Restricted cash and investments	57,649		6,896		64,545
Receivables, net	19,265		9,464		28,729
Other assets	84,437			-	84,437
Total Current assets	475,085	-	83,870	-	558,955
NONCURRENT ASSETS					
Capital assets, net of depreciation	1,469,047	-	-		1,469,047
Total noncurrent assets	1,469,047	-	-	-	1,469,047
Deferred Outflow of Resources	135,353				135,353
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOUR	2,079,485	-	83,870	-	2,163,355
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts payable	107,206		2,983		110,189
Accrued Liabilities	46,943				46,943
Due to other governments	46,165				46,165
Compensated absences	4,044				4,044
Trusts and deposits	57,649				57,649
Deferred credits and other liabilities	1,677				1,677
Total current liabilities	263,684	-	2,983	-	266,667
NONCURRENT LIABILITIES					
Compensated Absences	36,395	-	-		36,395
Accrued Pension	567,106	-	-		567,106
Accrued OPEB	1,237,557				1,237,557
Total noncurrent liabilities	1,841,058	-	-	-	1,841,058
TOTAL LIABILITIES	2,104,742	-	2,983	-	2,107,725
Deferred Inflow of Resources	275,984				275,984
NET POSITION					
Net Investment in Capital Assets	1,469,047				1,469,047
Restricted for Section 8	(1,770,288)		6,896		6,896
Unrestricted net position 9(deficit)	(301,241)	-	73,991		(1,696,297)
TOTAL LIABILITIES AND NET POSITION	2,079,485	-	83,870	-	2,163,355

Penns Grove Housing Authority
Combining Statement of Revenues, Expenses and changes in Net Position
For the year ended June 30, 2024

	Low Rent Housing	Capital Fund Program	Housing Choice Vouchers	Elimination	Totals
Operating revenue	-				
Total Tenant Revenue	861,129				\$ 861,129
Operating subsidies	816,867	399,818	360,915		1,577,600
other revenue	15,864		50,529	-	66,393
Total operating revenue	<u>1,693,860</u>	<u>399,818</u>	<u>411,444</u>	<u>-</u>	<u>2,505,122</u>
Operating Expenses					
Administrative expenses	743,461	-	22,223	-	765,684
Asset Management Fee				-	-
Tenant services	4,558				4,558
Utilities	411,799				411,799
Protective Services	10,437				10,437
Maintenance	985,553			-	985,553
General	123,533				123,533
Housing Assistance payments			383,965		383,965
Depreciation expense	143,633				143,633
Total operating expenses	<u>2,422,974</u>	<u>-</u>	<u>406,188</u>	<u>-</u>	<u>2,829,162</u>
Operating income (loss)	<u>(729,114)</u>	<u>399,818</u>	<u>5,256</u>	<u>-</u>	<u>(324,040)</u>
Nonoperating revenue (expenses)					
Investment Income	-		4		4
Net nonoperating revenue	<u>-</u>	<u>-</u>	<u>4</u>		<u>4</u>
Income (Loss) before capital subsidies	<u>(729,114)</u>	<u>399,818</u>	<u>5,260</u>	<u>-</u>	<u>(324,036)</u>
Capital subsidies					
Change in net position	<u>(729,114)</u>	<u>399,818</u>	<u>5,260</u>	<u>-</u>	<u>(324,036)</u>
Total net assets at beginning of year	1,155,291		75,627		1,230,918
Capital contributions/transfers	399,818	(399,818)			-
Prior Period Adjustment	(1,127,236)				(1,127,236)
Total net position at end of year	<u>(301,241)</u>	<u>-</u>	<u>80,887</u>	<u>-</u>	<u>\$ (220,354)</u>
	0		30		0

PENNS GROVE HOUSING AUTHORITY
SCHEDULE OF ACTUAL MODERNIZATION COST CERTIFICATES
YEAR ENDED JUNE 30, 2024

<u>PROGRAM/GRANT</u>	<u>Nj39PO74501-18</u>	<u>Nj39PO74501-19</u>	<u>Nj39PO74501-21</u>	<u>Nj39PO74501-22</u>	<u>Nj39PO74501-23</u>
BUDGET - ORIGINAL FUNDS APPROVED	\$ 203,480	\$ 283,938	\$ 323,247	\$ 393,716	\$ 401,078
FUNDS DISBURSED	201,480	283,918	323,247	393,716	401,078
FUNDS EXPENDED	\$ 201,480	\$ 283,918	\$ 323,247	\$ 393,716	\$ 401,078
EXCESS (DEFICIENCY) OF ADVANCES DUE TO (FROM) HUD	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

Submission Type: Audited/Single Audit	Fiscal Year End: 06/30/2024		
	Project Total	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$313,734	\$67,510	\$381,244
112 Cash - Restricted - Modernization and Development		\$6,896	\$6,896
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$57,649		\$57,649
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$371,383	\$74,406	\$445,789
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects		\$5,030	\$5,030
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous		\$4,434	\$4,434
126 Accounts Receivable - Tenants	\$126,743		\$126,743
126.1 Allowance for Doubtful Accounts - Tenants	-\$109,942		-\$109,942
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$2,464		\$2,464
128.1 Allowance for Doubtful Accounts - Fraud	\$0		\$0
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$19,265	\$9,464	\$28,729
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

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
142 Prepaid Expenses and Other Assets	\$84,437		\$84,437	\$84,437
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$475,085	\$83,870	\$558,955	\$558,955
161 Land	\$107,629		\$107,629	\$107,629
162 Buildings	\$9,834,940		\$9,834,940	\$9,834,940
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	-\$9,045,122		-\$9,045,122	-\$9,045,122
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,469,047	\$0	\$1,469,047	\$1,469,047
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	\$1,469,047	\$0	\$1,469,047	\$1,469,047

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2024

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

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
200 Deferred Outflow of Resources	\$135,353		\$135,353	\$135,353
290 Total Assets and Deferred Outflow of Resources	\$2,079,485	\$83,870	\$2,163,355	\$2,163,355
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$107,206	\$2,983	\$110,189	\$110,189
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$19,185		\$19,185	\$19,185
322 Accrued Compensated Absences - Current Portion	\$4,044		\$4,044	\$4,044
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$46,165		\$46,165	\$46,165
341 Tenant Security Deposits	\$57,649		\$57,649	\$57,649
342 Unearned Revenue	\$1,677		\$1,677	\$1,677
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$27,758		\$27,758	\$27,758
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: 06/30/2024	
	Project Total	14,871 Housing Choice Vouchers	Total
310 Total Current Liabilities	\$263,684	\$2,983	\$266,667
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	\$36,395		\$36,395
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$1,804,663		\$1,804,663
350 Total Non-Current Liabilities	\$1,841,058	\$0	\$1,841,058
300 Total Liabilities	\$2,104,742	\$2,983	\$2,107,725
400 Deferred Inflow of Resources	\$275,984		\$275,984
508.4 Net Investment in Capital Assets	\$1,469,047	\$0	\$1,469,047
511.4 Restricted Net Position	\$0	\$6,896	\$6,896
512.4 Unrestricted Net Position	-\$1,770,288	\$73,991	-\$1,696,297
513 Total Equity - Net Assets / Position	-\$301,241	\$80,887	-\$220,354
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,079,485	\$83,870	\$2,163,355

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

	Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024	
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$861,129		\$861,129	\$861,129
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$861,129	\$0	\$861,129	\$861,129
70600 HUD PHA Operating Grants	\$1,216,685	\$360,915	\$1,577,600	\$1,577,600
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted		\$4	\$4	\$4
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	\$15,864	\$50,529	\$66,393	\$66,393
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$2,093,678	\$411,448	\$2,505,126	\$2,505,126

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

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
91100 Administrative Salaries	\$278,468	\$19,385	\$297,853	\$297,853
91200 Auditing Fees	\$6,804		\$6,804	\$6,804
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$198,771		\$198,771	\$198,771
91600 Office Expenses	\$2,838	\$2,838	\$2,838	\$2,838
91700 Legal Expense	\$21,406		\$21,406	\$21,406
91800 Travel	\$41,266		\$41,266	\$41,266
91810 Allocated Overhead				
91900 Other	\$196,746		\$196,746	\$196,746
91000 Total Operating - Administrative	\$743,461	\$22,223	\$765,684	\$765,684
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$4,558		\$4,558	\$4,558
92500 Total Tenant Services	\$4,558	\$0	\$4,558	\$4,558
93100 Water	\$104,706		\$104,706	\$104,706
93200 Electricity	\$117,070		\$117,070	\$117,070

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

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
93300 Gas	\$163,821		\$163,821	\$163,821
93400 Fuel				
93500 Labor				
93600 Sewer	\$25,105		\$25,105	\$25,105
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$1,097		\$1,097	\$1,097
93000 Total Utilities	\$411,799	\$0	\$411,799	\$411,799
94100 Ordinary Maintenance and Operations - Labor	\$189,821		\$189,821	\$189,821
94200 Ordinary Maintenance and Operations - Materials and Other	\$569,892		\$569,892	\$569,892
94300 Ordinary Maintenance and Operations Contracts	\$91,598		\$91,598	\$91,598
94500 Employee Benefit Contributions - Ordinary Maintenance	\$126,677		\$126,677	\$126,677
94000 Total Maintenance	\$977,988	\$0	\$977,988	\$977,988
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other	\$10,437		\$10,437	\$10,437
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$10,437	\$0	\$10,437	\$10,437
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				

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

	Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024	
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
96140 All Other Insurance	\$75,039		\$75,039	\$75,039
96100 Total insurance Premiums	\$75,039	\$0	\$75,039	\$75,039
96200 Other General Expenses	\$7,353		\$7,353	\$7,353
96210 Compensated Absences	-\$8,904		-\$8,904	-\$8,904
96300 Payments in Lieu of Taxes	\$46,165		\$46,165	\$46,165
96400 Bad debt - Tenant Rents	\$3,880		\$3,880	\$3,880
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$48,494	\$0	\$48,494	\$48,494
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	\$0		\$0	\$0
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,271,776	\$22,223	\$2,293,999	\$2,293,999
97000 Excess of Operating Revenue over Operating Expenses	-\$178,098	\$389,225	\$211,127	\$211,127
97100 Extraordinary Maintenance	\$7,565		\$7,565	\$7,565
97200 Casualty Losses - Non-capitalized				

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

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024		
	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
97300 Housing Assistance Payments		\$326,678	\$326,678	\$326,678
97350 HAP Portability-In		\$57,287	\$57,287	\$57,287
97400 Depreciation Expense	\$143,633		\$143,633	\$143,633
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$2,422,974	\$406,188	\$2,829,162	\$2,829,162
10010 Operating Transfer In	\$399,818		\$399,818	\$399,818
10020 Operating transfer Out	-\$399,818		-\$399,818	-\$399,818
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

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

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2024		
	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$329,296	\$5,260	-\$324,036	-\$324,036
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,155,291	\$75,627	\$1,230,918	\$1,230,918
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,127,236		-\$1,127,236	-\$1,127,236
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		\$73,991	\$73,991	\$73,991
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	1802	384	2186	2186
11270 Excess Cash	-\$62,298		-\$62,298	-\$62,298
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

Penns Grove Housing Authority (NJ074)

PENNS GROVE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2024

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
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, 2024

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>		
Low Rent Public Housing	14.850	<u>\$ 816,867</u>
Total for CFDA 14.850		816,867
<u>Housing Choice Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	<u>360,915</u>
Total HCV Cluster		360,915
Public Housing Capital Fund Program	14.872	<u>399,818</u>
Total		<u><u>\$ 1,577,600</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, 2024

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, 2024. 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 Penns Grove 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, 2024

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? No • Reportable condition(s) identified that are not considered to be material weaknesses? reported 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? No • Reportable condition(s) identified that are not considered to be material weakness(es)? 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:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Rent Public Housing
14.871	Housing Choice Voucher Cluster
14.872	CAPITA FUND PROGRAM

Penns Grove Housing Authority
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2024

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, 2024

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, 2024, 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 1, 2025.

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.

Frank McConnell

Francis J. McConnell
Certified Public accountant

February 1, 2025

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 2024. 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, 2024.

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

Frank McConnell

Francis J McConnell
Certified Public Accountant

February 1, 2025