

PENNS GROVE HOUSING AUTHORITY

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

YEAR ENDED JUNE 30, 2025

**PENNS GROVE HOUSING AUTHORITY
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JUNE 30, 2025**

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December 18, 2025

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

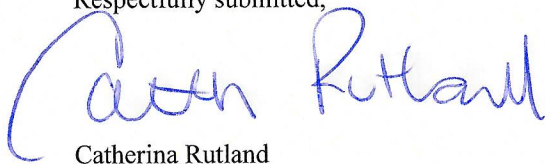
On behalf of the Penns Grove Housing Authority, I respectfully submit this annual financial report for the year ended June 30, 2025. I believe the information presented is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the 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 2025 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 and elderly 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
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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 2025 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 2025 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 and *Government Auditing Standards*, I:

- 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 December 18, 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

December 18, 2025

PENNS GROVE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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, 2025. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

2025

- The liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows at the close of this fiscal year by \$ (53,535) (deficit net position)
- The Authority's unrestricted cash balance at June 30, 2025 was \$ 640,149 representing an increase of \$ 258,905 from June 30, 2024.
- The Authority had intergovernmental revenues of \$2,129,399 HUD operating grants for the year ended June 30, 2025.

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.

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 (\$53) thousand at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	729,696	558,955	1,565,499
Capital Assets, net of depreciation	1,468,109	1,469,047	1,089,246
Total Assets	<u>2,197,805</u>	<u>2,028,002</u>	<u>2,654,745</u>
Deferred Outflows of Resources	132,417	135,353	244,193
Current Liabilities	205,939	266,667	614,897
Noncurrnt Liabilities	1,780,548	1,841,058	817,304
Total Liabilities	<u>1,986,487</u>	<u>2,107,725</u>	<u>1,432,201</u>
Deferred Inflows of Resources	397,270	275,984	235,819
Net Investment in Capital Assets	1,468,109	1,469,047	1,089,246
Restricted	-	6,896	6,896
Unrestricted (Deficit)	<u>(1,521,644)</u>	<u>(1,696,297)</u>	<u>134,776</u>
Net Position (Deficit)	<u>(53,535)</u>	<u>(220,354)</u>	<u>1,230,918</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 2025, 2024 and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
LAND	107,629	\$ 107,629	\$ 107,629
BUILDINGS AND IMPROVEMENTS	10,051,163	9,834,940	9,311,505
EQUIPMENT	616,766	571,600	571,600
TOTAL CAPITAL ASSETS	<u>10,775,558</u>	<u>10,514,169</u>	<u>9,990,734</u>
ACCUMULATED DEPRECIATION	<u>9,307,449</u>	<u>9,045,122</u>	<u>8,901,488</u>
NET CAPITAL ASSETS	<u>\$ 1,468,109</u>	<u>\$ 1,469,047</u>	<u>\$ 1,089,246</u>

Debt

At the end of June 30, 2025, 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 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tenant Rental Revenue	\$ 990,347	\$ 861,129	\$ 742,830
Government Operating Grants	2,129,399	1,577,600	1,142,946
Other Revenue	63,256	66,393	29,435
Total Operating Revenue	<u>3,183,002</u>	<u>2,505,122</u>	<u>1,915,211</u>
Operating Expenses			
Administrative	975,398	765,684	451,938
Tenant Services	3,809	4,558	15,109
Utiltites	378,243	411,799	456,150
Maintenance	772,348	985,553	624,473
Protective Services	7,523	10,437	2,070
Housing Assistance Payments	463,955	383,965	303,162
General expenses	152,812	123,533	253,038
Depreciation	262,328	143,633	98,295
Total Operating expenses	<u>3,016,416</u>	<u>2,829,162</u>	<u>2,204,235</u>
Net Operating Income (loss)	166,586	(324,040)	(289,024)
Non Operating Revenue			
Net Investment Income	233	4	11,178
Capital subsidies	-	-	392,313
Total NonOperating revenue	<u>233</u>	<u>4</u>	<u>403,491</u>
CHANGE IN NET POSITION	<u>\$ 166,819</u>	<u>\$ (324,036)</u>	<u>\$ 114,467</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, 2025

ASSETS	<u>2025</u>
Current Assets:	
Cash and Cash equivalents	\$ 640,149
Restricted cash and investments	63,110
Accounts Receivable, net	19,801
Other current assets	6,636
Total Current Assets	<u>729,696</u>
Noncurrent Assets	
Capital Assets, net of depreciation	1,468,109
Total Noncurrent assets	<u>1,468,109</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow of Resources	
Total Deferred outflows of Resources	<u>132,417</u>
 Total Assets and Deferred Outflow of Resources	
	<u><u>2,330,222</u></u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	27,483
Accrued Liabilities	47,056
Accounts Payable - other Governments	64,040
Compensated absences	3,181
Trusts and deposits	63,110
Deferred credits and other liabilities	1,069
Total Current Liabilities	<u>205,939</u>
Noncurrent Liabilities:	
Compensated absences	32,167
Accrued Pension	597,158
Accrued OPEB	1,151,223
Total Noncurrent liabilities	<u>1,780,548</u>
Total Liabilities	<u>1,986,487</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow of Resources	
Total Deferred Inflow of Resources	<u>397,270</u>
 NET POSITION	
Net Position:	
Net Investment in capital assets	1,468,109
Restricted in Section 8 Reserves	-
Unrestricted (deficit)	(1,521,644)
Total Net Position	<u>(53,535)</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u><u>\$ 2,330,222</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, 2025

	2025
Operating Revenue	
Tenant Revenue	\$ 990,347
Government operating grants	2,129,399
Other Income	63,256
Total operating revenues	3,183,002
Operating expenses	
Administrative	975,398
Tenant services	3,809
Utilities	378,243
Protective Services	7,523
Maintenance	772,348
General	152,812
Housing Assistance Payments	463,955
Depreciation Expense	262,328
Total Operating Expenses	3,016,416
Net Operating Income (loss)	166,586
Nonoperating revenue	
Investment Income	233
Net nonoperating revenues	233
Change in net position	166,819
Total net position - beginning	(220,354)
Total net position - ending (Deficit)	\$ (53,535)

The accompanying notes are an integral part of this statement

Penns Grove Housing Authority
Statement of Cash Flows
For the Year ended June 30, 2025

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Governmental operating grants	\$ 2,129,399
Receipts from residents and others	1,053,603
Payments to suppliers	(1,357,573)
Payments to and on behalf of employees	(842,847)
Housing Assisstance payments made	<u>(463,955)</u>
Net cash provided by operating activities	<u>518,627</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on investments	<u>233</u>
Net cash provided by Investing activities	<u>233</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of fixed assets, net	<u>(261,390)</u>
Net cash (used) in capital and related financing activities	<u>(261,390)</u>
<u>INCREASE (DECREASE) IN CASH</u>	257,470
<u>CASH - BEGINNING OF YEAR</u>	<u>445,789</u>
<u>CASH - END OF YEAR</u>	<u>\$ 703,259</u>
Cash - unrestricted	\$ 640,149
Cash - Restricted	63,110
	<u>\$ 703,259</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, 2025

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

Net Operating Income (loss)	\$	166,586	k
Add back non-cash Items:			
Depreciation expense		262,328	k
Bad Debt Expense		8,704	
unbudgeted pension credit		64,697	
Decrease (Increase) in Assets			
Accounts Receivable -		8,928	
Other current assets		77,801	
		589,044	
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Liabilities		(82,593)	
Accrued Compensated absences		(5,091)	
Deferred credits and other liabilities		(608)	
Other Governmental agencies		17,875	
		-	
		(70,417)	
Net Cash provided by operating activities	\$	518,627	

-

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2025**

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, 2025, were \$ 807,386, 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, 2025

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, 2025**

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, 2025**

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, 2025**

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, 2025 cash and investment balances consist of the following:

	2025
Operating Accounts	639,949
Escrow Accounts	63,110
Petty Cash	200
	<u>703,259</u>
Bank Balances	<u>\$ 802,852</u>
<u>Reconciliation of detail to statement of net assets</u>	
Cash - unrestricted	640,149
Cash - restricted	63,110
	<u>\$ 703,259</u>

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2025**

NOTE 3 – RECEIVABLES

Accounts Receivable as of June 30, 2025

	2025
Tenant accounts receivable	134,280
Due from Hud	4,167
Total accounts receivable	138,447
Less: allowance for doubtful accounts	(118,646)
	19,801

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for 2025 consisted of:

	2024	additions	disposals	transfers	2025
Non-depreciable capital assets:					
Land	107,629	-	-		107,629
Construction in progress	-	-		-	-
	107,629	-		-	309,977
Depreciable capital assets:					
Buildings and Improvements	9,834,939	216,224	-	-	10,051,163
Equipment - Admin & Dwelling	571,600	45,166	-		616,766
Totals	10,406,539	261,390	-	-	10,667,929
Total capital assets	10,514,168	261,390	-	-	10,775,558
Accumulated Depreciation:	(9,045,121)	(262,328)	-		(9,307,449)
Net Capital Assets	1,469,047	(938)			1,468,109

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, 2025**

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, 2025, PILOT expense was accrued in the amount of \$ 64,040. 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:

	2025
Beginning compensated absences	\$ 40,439
Compensated absences earned	17,529
Compensated absences redeemed	(22,620)
Ending compensated absences	35,348
Less: current portion	3,181
Compensated absences, net of current position	\$ 32,167

NOTE 8 – ACCRUED LIABILITIES

Accrued Liabilities as of June 30, 2025.

	2025
Accrued payroll and payroll taxes	18,862
Accrued utilities	28,194
	<u>47,056</u>

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2025**

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 \$ 59,800.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – on June 30, 2025, the Authority reported a liability of \$ 597,108 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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 \$16,606. On June 30, 2025, 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	\$ 11,962	\$ 1,890
Changes in assumptions	742	6,794
Net difference between projected and actual earnings on pension plan investments	-	27,689
Changes in proportion and differences between Authority contributions and proportionate share of contributions	119,713	163,130
Total	<u>\$ 132,417</u>	<u>\$ 199,503</u>

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2025**

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
2026			13,417
2027			13,417
2028			13,417
2029			13,417
2030			13,417
			\$ 67,086

Actuarial assumptions – the total pension liability in the June 30, 2025, 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, 2025**

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, 2025. 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, 2025**

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.pers.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,

	3.00%	4.00%	5.00%
Authority's proportionate share of			
the net pension liability	860,426	1,151,233	172,179

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 Strategist 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, 2025**

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, 2025, the Authority reported a liability of 1,151,223 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024.

B.- Benefits - continued

For the year ended Jun 30, 2025, the Authority recognized OPEB expense of \$16,606.

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, 2025

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, 2024. 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, 2025**

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.

	5.76%	4.76%	3.76%
Authority's proportionate share of			
the net pension liability	910,723	1,151,233	1,467,879

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.

	Plus 1%	Healthcare Trend Discount Rate	less 1%
Authority's proportionate share of			
the net pension liability	1,544,030	1,151,233	866,857

**PENNS GROVE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2025**

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through December 18, 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.

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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportions of the net pension liability (asset)	0.0000%	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	597,158	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	740	367,832	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	162.35%	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%	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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	59,800	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	59,800	52,329	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	367,832	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	16.26%	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

PENN GROVE HOUSING AUTHORITY
 SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, 2025
 (unaudited)

	2025	2024
Total OPEB Liability: beginning	1,237,557	1,127,299
Service costs	53,635	64,216
Interest	58,889	46,105
Changes in Benefit Terms		
Changes in assumptions	(198,067)	-
Differences between actual and expected experience	-	-
Net Investment Income		
Employer contributions to Trust	(791)	
Benefits payments withdrawn from trust		
Benefits oayments excluding implicit Cost	-	(63)
Implicit costs amount	-	-
Total Benefit payments including implicit costs	-	-
Administrative expense		
other charges		
Net Change in OPEB liability	(86,334)	110,258
Total OPEB liability-ending	\$ 1,151,223	\$ 1,237,557
Covered -employee payroll	420,212	\$ 420,212
Total OPEB liability as apercentage of covered-employee payroll	36.50%	33.95%

This schedule is presented to illustrate the requirements of GASB 75to 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, 2025

	Low Rent Housing	Capital fund Program	Housing choice Vouchers	Elimination	Totals
ASSETS					
Current Assets					
Cash	580,331		59,818		\$ 640,149
Restricted cash and investments	63,110		-		63,110
Receivables, net	15,634		4,167		19,801
Other assets	6,636			-	6,636
Total Current assets	<u>665,711</u>	<u>-</u>	<u>63,985</u>	<u>-</u>	<u>729,696</u>
NONCURRENT ASSETS					
Capital assets, net of depreciation	1,468,109				1,468,109
Total noncurrent assets	<u>1,468,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,468,109</u>
Deferred Outflow of Resources	132,417				132,417
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>2,266,237</u>	<u>-</u>	<u>63,985</u>	<u>-</u>	<u>2,330,222</u>
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts payable	27,483				27,483
Accrued Liabilities	47,056				47,056
Due to other governments	64,040				64,040
Compensated absences	3,181				3,181
Trusts and deposits	63,110				63,110
Deferred credits, and other liabilities	1,069				1,069
Total current liabilities	<u>205,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,939</u>
NONCURRENT LIABILITIES					
Compensated Absences	32,167				32,167
Accrued Pension	597,158				597,158
Accrued OPEB	1,151,223				1,151,223
Total noncurrent liabilities	<u>1,780,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,780,548</u>
TOTAL LIABILITIES	<u>1,986,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,986,487</u>
Deferred Inflow of Resources	397,270				397,270
NET POSITION					
Net Investment in Capital Assets	1,468,109				1,468,109
Restricted for Section 8	(1,585,629)		63,985		-
Unrestricted net position 9(deficit)	<u>(117,520)</u>	<u>-</u>	<u>63,985</u>	<u>-</u>	<u>(1,521,644)</u>
TOTAL LIABILITIES AND NET POSITION	<u>2,266,237</u>	<u>-</u>	<u>63,985</u>	<u>-</u>	<u>2,330,222</u>

Penns Grove Housing Authority
Combining Statement of Revenues, Expenses and changes in Net Position
For the year ended June 30, 2025

	Low Rent Housing	Capital Fund Program	Housing Choice Vouchers	Elimination	Totals
Operating revenue	-				
Total Tenant Revenue	990,347				\$ 990,347
Operating subsidies	807,386	895,845	426,168		2,129,399
other revenue	14,830		48,426	-	63,256
Total operating revenue	<u>1,812,563</u>	<u>895,845</u>	<u>474,594</u>	<u>-</u>	<u>3,183,002</u>
Operating Expenses					
Administrative expenses	947,857	-	27,541	-	975,398
Asset Management Fee					-
Tenant services	3,809				3,809
Utilities	378,243				378,243
Protective Services	7,523				7,523
Maintenance	772,348			-	772,348
General	152,812				152,812
Housing Assistance payments			463,955		463,955
Depreciation expense	262,328				262,328
Total operating expenses	<u>2,524,920</u>	<u>-</u>	<u>491,496</u>	<u>-</u>	<u>3,016,416</u>
Operating income (loss)	<u>(712,357)</u>	<u>895,845</u>	<u>(16,902)</u>	<u>-</u>	<u>166,586</u>
Nonoperating revenue (expenses)					
Investment Income	233		-		233
Net nonoperating revenue	<u>233</u>	<u>-</u>	<u>-</u>		<u>233</u>
Income (Loss) before capital subsidies	<u>(712,124)</u>	<u>895,845</u>	<u>(16,902)</u>	<u>-</u>	<u>166,819</u>
Capital subsidies					-
Change in net position	<u>(712,124)</u>	<u>895,845</u>	<u>(16,902)</u>	<u>-</u>	<u>166,819</u>
Total net assets at beginning of year	(301,241)		80,887		(220,354)
Capital contributions/transfers	895,845	(895,845)			-
Total net position at end of year	<u>(117,520)</u>	<u>-</u>	<u>63,985</u>	<u>-</u>	<u>\$ (53,535)</u>

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

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$580,331	\$59,818	\$640,149	\$640,149
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$63,110		\$63,110	\$63,110
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$643,441	\$59,818	\$703,259	\$703,259
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects		\$4,167	\$4,167	\$4,167
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$134,280		\$134,280	\$134,280
126.1 Allowance for Doubtful Accounts - Tenants	-\$118,646		-\$118,646	-\$118,646
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0
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	\$15,634	\$4,167	\$19,801	\$19,801
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: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
142 Prepaid Expenses and Other Assets	\$6,636		\$6,636	\$6,636
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$665,711	\$63,985	\$729,696	\$729,696
161 Land	\$107,629		\$107,629	\$107,629
162 Buildings	\$10,051,163		\$10,051,163	\$10,051,163
163 Furniture, Equipment & Machinery - Dwellings	\$286,115		\$286,115	\$286,115
164 Furniture, Equipment & Machinery - Administration	\$330,651		\$330,651	\$330,651
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$9,307,449		-\$9,307,449	-\$9,307,449
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,468,109	\$0	\$1,468,109	\$1,468,109
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	\$1,468,109	\$0	\$1,468,109	\$1,468,109

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
200 Deferred Outflow of Resources	\$132,417		\$132,417	\$132,417
290 Total Assets and Deferred Outflow of Resources	\$2,266,237	\$63,985	\$2,330,222	\$2,330,222
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$27,483		\$27,483	\$27,483
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$18,862		\$18,862	\$18,862
322 Accrued Compensated Absences - Current Portion	\$3,181		\$3,181	\$3,181
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$64,040		\$64,040	\$64,040
341 Tenant Security Deposits	\$63,110		\$63,110	\$63,110
342 Unearned Revenue	\$1,069		\$1,069	\$1,069
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	\$28,194		\$28,194	\$28,194
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: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
310 Total Current Liabilities	\$205,939	\$0	\$205,939	\$205,939
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	\$32,167		\$32,167	\$32,167
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$1,748,381		\$1,748,381	\$1,748,381
350 Total Non-Current Liabilities	\$1,780,548	\$0	\$1,780,548	\$1,780,548
300 Total Liabilities	\$1,986,487	\$0	\$1,986,487	\$1,986,487
400 Deferred Inflow of Resources	\$397,270		\$397,270	\$397,270
508.4 Net Investment in Capital Assets	\$1,468,109		\$1,468,109	\$1,468,109
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	-\$1,585,629	\$63,985	-\$1,521,644	-\$1,521,644
513 Total Equity - Net Assets / Position	-\$117,520	\$63,985	-\$53,535	-\$53,535
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,266,237	\$63,985	\$2,330,222	\$2,330,222

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$990,347		\$990,347	\$990,347
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$990,347	\$0	\$990,347	\$990,347
70600 HUD PHA Operating Grants	\$1,703,231	\$426,168	\$2,129,399	\$2,129,399
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	\$233		\$233	\$233
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	\$14,830	\$48,426	\$63,256	\$63,256
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$2,708,641	\$474,594	\$3,183,235	\$3,183,235
91100 Administrative Salaries	\$231,575	\$20,000	\$251,575	\$251,575
91200 Auditing Fees	\$6,819		\$6,819	\$6,819
91300 Management Fee				

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$490		\$490	\$490
91500 Employee Benefit contributions - Administrative	\$296,334	\$980	\$297,334	\$297,334
91600 Office Expenses	\$14,720	\$6,561	\$21,281	\$21,281
91700 Legal Expense	\$30,378		\$30,378	\$30,378
91800 Travel	\$29,296		\$29,296	\$29,296
91810 Allocated Overhead				
91900 Other	\$338,225		\$338,225	\$338,225
91000 Total Operating - Administrative	\$947,857	\$27,541	\$975,398	\$975,398
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$3,809		\$3,809	\$3,809
92500 Total Tenant Services	\$3,809	\$0	\$3,809	\$3,809
93100 Water	\$105,552		\$105,552	\$105,552
93200 Electricity	\$103,204		\$103,204	\$103,204
93300 Gas	\$169,487		\$169,487	\$169,487
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$378,243	\$0	\$378,243	\$378,243

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$133,021		\$133,021	\$133,021
94200 Ordinary Maintenance and Operations - Materials and Other	\$368,360		\$368,360	\$368,360
94300 Ordinary Maintenance and Operations Contracts	\$110,050		\$110,050	\$110,050
94500 Employee Benefit Contributions - Ordinary Maintenance	\$160,917		\$160,917	\$160,917
94000 Total Maintenance	\$772,348	\$0	\$772,348	\$772,348
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other	\$7,523		\$7,523	\$7,523
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$7,523	\$0	\$7,523	\$7,523
96110 Property Insurance	\$3,344		\$3,344	\$3,344
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance	\$77,813		\$77,813	\$77,813
96100 Total Insurance Premiums	\$81,157	\$0	\$81,157	\$81,157
96200 Other General Expenses	\$4,002		\$4,002	\$4,002
96210 Compensated Absences	-\$5,090		-\$5,090	-\$5,090
96300 Payments in Lieu of Taxes	\$64,039		\$64,039	\$64,039
96400 Bad debt - Tenant Rents	\$8,704		\$8,704	\$8,704
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$71,655	\$0	\$71,655	\$71,655

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
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	\$2,262,592	\$27,541	\$2,290,133	\$2,290,133
97000 Excess of Operating Revenue over Operating Expenses	\$446,049	\$447,053	\$893,102	\$893,102
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$386,272	\$386,272	\$386,272
97350 HAP Portability-In		\$77,683	\$77,683	\$77,683
97400 Depreciation Expense	\$262,328		\$262,328	\$262,328
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$2,524,920	\$491,496	\$3,016,416	\$3,016,416
10010 Operating Transfer In	\$895,845		\$895,845	\$895,845
10020 Operating transfer Out	-\$895,845		-\$895,845	-\$895,845
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				

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2025

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$183,721	-\$16,902	\$166,819	\$166,819
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	-\$301,241	\$80,887	-\$220,354	-\$220,354
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0
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		\$63,985	\$63,985	\$63,985
11180 Housing Assistance Payments Equity		\$0	\$0	\$0
11190 Unit Months Available	1824	480	2304	2304
11210 Number of Unit Months Leased	1810	444	2254	2254
11270 Excess Cash	\$264,587		\$264,587	\$264,587
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$0		\$0	\$0
11630 Furniture & Equipment - Dwelling 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: 06/30/2025

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
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, 2025

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>		
Low Rent Public Housing	14.850	\$ 807,386
Total for CFDA 14.850		807,386
<u>Housing Choice Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	426,168
Total HCV Cluster		426,168
Public Housing Capital Fund Program	14.872	895,845
Total		\$ 2,129,399

See accompanying notes to Schedule of Federal Awards

Penns Grove Housing Authority
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2025

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, 2025. 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, 2025

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• 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:	
• 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	Capital Fund Program

Penns Grove Housing Authority
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2025

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, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise Penns Grove Housing Authority's basic financial statements, and have issued our report thereon dated December 18, 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

December 18,, 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 2025. 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, 2025.

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

December 18, 2025