

**Report On Audit**

**THE HOUSING AUTHORITY  
TOWN OF DOVER**

**For the Year Ended  
September 30, 2010**

**Housing Authority Town of Dover**  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority Town of Dover  
215 East Blackwell Street  
Dover, New Jersey 07801

We have audited the Statement of Net Assets of the Housing Authority Town of Dover, hereafter referred to as the Authority, for the year's ended September 30, 2010 and 2009, and the related statement of revenue, expenses and changes in net assets and cash flows for the year's then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes the examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of the Housing Authority Town of Dover, as of September 30, 2010, and 2009 and the changes in financial position and, cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2011, on our consideration of the Housing Authority Town of Dover internal control over financial reporting and our test 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 14 and page 43 through 44 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying Schedule of Federal Awards is presented for the purpose of additional analysis as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. Lastly, the supplemental information on the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The Schedule of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Hymanson, Parnes & Giampaolo**

Date: January 14, 2011

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

As Management of the Housing Authority Town of Dover (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 15 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

Assets of the Authority's enterprise fund were \$2,216,368 greater than the liabilities, an increase in the financial position of \$101,442 or a 5% percent increase.

As noted above, the assets of the Authority exceeded its liabilities by \$2,216,368 as of September 30, 2010. Of this amount, the unrestricted net asset portion is \$1,000,226 representing an increase of \$92,736 or 10% percent from the previous fiscal year. The investment in fixed assets increased \$4,984 or 1% percent for an ending balance of \$750,646. The restricted net assets increased \$3,722 from the previous fiscal year. Additional information on the Authority's restricted and unrestricted net assets can be found in Note 20 and 21 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at September 30, 2010 is \$1,365,774 representing an increase of \$78,738 or 6% percent from the prior fiscal year. The full detail of this amount can be found in the Statement of Cash Flow on page 17 of this report.

The Authority's total assets are \$2,583,440 of which capital assets net book value is \$965,646, other noncurrent assets is \$211,473, leaving total current assets at \$1,406,321. Total current assets increased from the previous year by \$102,090 or 8% percent. Cash and cash equivalents increased by \$78,738, accounts receivables increased by \$6,161, and prepaid expenses increased by \$17,191.

The Authority's total liabilities are reported at \$367,072, of which noncurrent liabilities are stated at \$275,454. Total liabilities decreased during the fiscal year as compared to the prior year in the amount of \$14,987 or 4% percent.

Total current liabilities decreased from the previous fiscal year by \$5,171 or 5% percent. Accounts payables decreased by \$6,183, accrued liabilities increased by \$1,255, tenant security deposit payable decreased by \$243, and the current portion of the Capital Project Bonds remained unchanged.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total noncurrent liabilities decreased by \$9,816 or 3% percent. The decrease was made up of three accounts, long-term capital bonds which decreased by \$10,000 for an ending balance of \$205,000, and noncurrent compensated absences with an ending balance of \$10,387, with no offsetting assets, increased \$2,893 from the prior fiscal year. Other noncurrent liabilities decreased \$2,709 from the prior year.

The Authority had total operating revenue of \$2,839,608 as compared to \$2,758,776 from the prior fiscal year for an increase of \$80,832 or 3% percent. Total operating expenses of \$2,882,549 as compared to \$2,758,709 from the previous fiscal year increased \$123,840 or 4% percent, resulting in excess expenses from operations in the amount of \$42,941 for the current fiscal year as compared to excess revenue of \$67 from the previous fiscal year for a decrease of \$43,008 or 64,191% percent.

Total capital improvements contributions from HUD were in the amount of \$167,701 as compared to \$29,209 from the previous fiscal year for an increase of \$138,492 or 474% percent.

The Authority's Expenditures of Federal Awards amounted to \$2,693,697 for the fiscal year as compared to \$2,411,756 for the previous fiscal year.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Low Rent Public Housing
2. Housing Choice Vouchers
3. Public Housing Capital Fund Program
4. Formula Capital Fund Stimulus Grant

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

There are two major parts to the financial statements:

- 1) Enterprise fund financial statements and
- 2) The notes to the financial statements.

This report also contains other supplementary information in addition to the financial statements. The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types.

The Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets are two financial statements that report information about the Authority and its activities. The Statement of Cash Flow help to demonstrate how the Authority's cash position changed due to the current year's operating activities. Theses financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Assets present information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The Notes to Financial Statements provide additional information that is essential to a full understanding of the financial statements and are an integral part of the statements. The Notes to Financial Statements can be found in this Report beginning on page 18 through 41.

The Authority activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 15 through 17.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on page 42 of this report.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

The comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program found on page 43 the Section Eight Housing Choice Voucher Program on page 44.

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

The following summarizes the computation of Net Assets between September 30, 2010 and September 30, 2009.

Computations of Net Assets are as follows:

	Year Ending		Increase (Decrease)
	September-10	September-09	
Cash	\$ 1,365,774	\$ 1,287,036	\$ 78,738
Other Current Assets	40,547	17,195	23,352
Capital Assets - Net	965,646	970,662	(5,016)
Other Assets	211,473	222,092	(10,619)
Total Assets	2,583,440	2,496,985	86,455
Less: Current Liabilities	(91,618)	(96,789)	5,171
Less: Non Current Liabilities	(275,454)	(285,270)	9,816
Net Assets	\$ 2,216,368	\$ 2,114,926	\$ 101,442
Invested in Capital Assets	\$ 750,646	\$ 745,662	\$ 4,984
Restricted Net Assets	465,496	461,774	3,722
Unrestricted Net Assets	1,000,226	907,490	92,736
	\$ 2,216,368	\$ 2,114,926	\$ 101,442

Cash increased by \$78,738 or 6% percent. Net cash provided by operating activities was \$91,143, net cash used by capital and related financing activities was \$20,120, and net cash provided by investing activities was \$7,715. The full detail of this amount can be found in the Statement of Cash Flow on page 17 of this audit report.

Capital assets report a decrease in the net book value of the capital assets in the amount of \$5,016 or 1% percent. The major factors contributed for the decrease was the construction expenditures and additions to fixed assets in the amount of \$156,729 made during the fiscal year did not offset the recording of depreciation expense in the amount of \$161,745. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 10 Fixed Assets.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority reported a decrease in other assets in the amount of \$10,619. The amount consists of two accounts, the future HUD funding on the capital grant program in the amount of \$200,808, and the amortization of the underwriters cost for the financing of the capital leveraging program. A full detail of these accounts can be found in the Notes to the Financial Statements section Note – 11 & 12.

Total current liabilities decreased from the previous fiscal year by \$5,171 or 5% percent. Accounts payables decreased by \$6,183, accrued liabilities increased by \$1,255, tenant security deposit payable decreased by \$243, and the current portion of the Capital Project Bonds remained unchanged.

Total noncurrent liabilities decreased by \$9,816 or 3% percent. The decrease was made up of three accounts, long-term capital bonds which decreased by \$10,000 for an ending balance of \$205,000, and noncurrent compensated absences with an ending balance of \$10,387, with no offsetting assets, increased \$2,893 from the prior fiscal year. Other noncurrent liabilities decreased \$2,709 from the prior year.

By far the largest portion of the Authority's net assets 45% percent reflects its Unrestricted Net Assets in the amount of \$1,000,226. The Housing Authority of the Town of Dover operating results for September 30, 2010 reported an increase in Unrestricted Net Assets of \$92,736 or 10% percent for an ending balance of \$1,000,226. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

The restricted net assets balance of \$465,496 represents 21% of the Authority Net Assets. The amount of \$251,749 represents the amount of cash that is restricted for the Housing Choice Voucher program. The remaining balance of \$213,747 represents restricted assets related to the New Jersey Pooled Leveraging Program the Authority participated in. Additional information on these funds can be found in Note 20 Restricted Net Assets.

The investment in capital assets represents 34% of the Authority Net Assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending.

At the end of the current year, the Authority is able to report positive balances in balances in all three categories of net assets. The same situation held true for the prior year.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The following summarizes the changes in Net Assets between September 30, 2010 and September 30, 2009.

Computation of Changes in Net Assets are as follows:

	<u>Year Ending</u>		Increase
	September-10	September-09	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 249,724	\$ 249,117	\$ 607
HUD Operating Grants	1,876,598	2,445,944	(569,346)
Fraud Recovery	1,085	10,140	(9,055)
Other Revenues	712,201	53,575	658,626
Total Operating Income	<u>2,839,608</u>	<u>2,758,776</u>	<u>80,832</u>
<u>Expenses</u>			
Operating Expenses	2,720,804	2,593,456	127,348
Depreciation Expense	161,745	165,253	(3,508)
Total Operating Expenses	<u>2,882,549</u>	<u>2,758,709</u>	<u>123,840</u>
Operating Income (Loss)			
Before Capital Grants	(42,941)	67	(43,008)
Interest Income	7,958	9,051	(1,093)
Extraordinary Maintenance	(31,276)	(3,820)	(27,456)
HUD Capital Grants	167,701	29,209	138,492
Change in Net Assets	101,442	34,507	66,935
Net Assets Prior Year	2,114,926	2,080,419	34,507
Total Net Assets	<u>\$ 2,216,368</u>	<u>\$ 2,114,926</u>	<u>\$ 101,442</u>

Approximately 66% of the Authority's total revenue was provided by HUD operating subsidy, while 9% resulted from tenant revenue. Charges for various services, fraud recovery, and portability income for the HCV program provided 25% of the total income.

The Housing Authority of the Town of Dover received from the capital fund program \$167,701 in grant money an increase of \$138,492 or 474% percent from the prior fiscal year. Capital expenditures of \$156,729 were used primarily for construction of a new laundry room for tenants, renovations to the community room, parking lot improvements, and energy efficiency lighting.

The Authority operating expenses cover a range of expenses. The largest expense was for housing assistance payments representing 70% of total operating expenses.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Administrative expenses accounted for 8%, tenant services accounted for 4%, utilities accounted for 5%, maintenance accounted for 3%, and other operating expenses and depreciation accounted for the remaining 10% of the total operating expenses.

The Authority operating expenses exceeded its operating revenue in the amount of \$42,941 as compared to excess revenue in the prior year in the amount of \$67. The key elements of this decrease are as follows:

- The Authority experienced an increase in Housing Assistance Payments in the amount of \$64,891, Maintenance Expenses in the amount of \$26,511, and Other General Expenses in the amount of \$23,878.
- The Authority experienced a decrease in HUD Operating Subsidy in the amount of \$569,346 or 23% compared to the prior fiscal year.

Total net cash provided by operating activities during the year was \$91,143. Full detail of this amount can be found on the Statement of Cash Flow on page 17 of this report.

Overall the Authority reported an increase in Unrestricted Net Assets of \$92,736 or an increase of 10% percent for an ending balance of \$1,000,226. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

**BUDGETARY HIGHLIGHTS**

For the year ended September 30, 2010, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The budget for the Low Rent Public Housing was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The full detail can be found in the Budget comparison to actual results for the Low Rent Public Housing Program on page 43 of this report.

The budget for the Housing Choice Voucher Program was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The Housing Choice Voucher program Housing Assistance Payments (HAP) funds were approved by the U.S. Department of Housing and Urban Development (HUD) on a basis consistent with the grant application covering HAP programs. The full detail can be found in the Budget comparison to actual results for the Housing Choice Voucher Program on page 44 of this report.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

The following is financial highlights of significant items for a four year period of time ending on September 30, 2010.

	September-10	September-09	September-08	September-07
<b>Significant Income</b>				
Total Tenant Revenue	\$ 249,724	\$ 249,117	\$ 244,035	\$ 243,284
HUD Operating Grants	1,876,598	2,445,944	2,318,257	2,274,476
HUD Capital Grants	167,701	29,209	260,031	-
Investment Income	7,958	9,051	36,073	32,108
Other Revenue	62,803	63,715	62,962	89,019
Portability Income (HCV Program)	649,398	-	-	-
Total	<u>\$ 3,014,182</u>	<u>\$ 2,797,036</u>	<u>\$ 2,921,358</u>	<u>\$ 2,638,887</u>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 61,482	\$ 65,002	\$ 83,172	\$ 83,869
Tenant Services Salaries	63,554	63,397	62,769	72,442
Maintenance Labor	7,794	7,505	7,427	8,136
Employee Benefits Expense	91,413	79,530	83,195	85,921
Total Payroll Expense	<u>\$ 224,243</u>	<u>\$ 215,434</u>	<u>\$ 236,563</u>	<u>\$ 250,368</u>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 80,625	\$ 113,506	\$ 94,324	\$ 94,011
Utilities Expense	135,575	131,583	135,626	120,200
Maintenance Contract Cost	80,306	454,108	59,084	70,792
Insurance Premiums	28,037	29,068	29,053	28,362
Housing Assistance Payments	1,362,554	1,947,061	1,843,127	1,651,089
HAP Portability Expense	649,398	-	-	-
Total	<u>\$ 2,336,495</u>	<u>\$ 2,675,326</u>	<u>\$ 2,161,214</u>	<u>\$ 1,964,454</u>
<b>Total Operating Expenses</b>	<u>\$ 2,882,549</u>	<u>\$ 2,758,709</u>	<u>\$ 2,600,110</u>	<u>\$ 2,461,024</u>
<b>Total of Federal Awards</b>	<u>\$ 2,693,697</u>	<u>\$ 2,411,756</u>	<u>\$ 2,578,288</u>	<u>\$ 2,274,476</u>

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**THE AUTHORITY AS A WHOLE**

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's operating revenues were not sufficient to cover all operating expenses, including depreciation expense of \$161,745.

The Authority's Unrestricted Net Assets appear sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

By far, the largest portion of the Authority's net assets reflects its investment in capital assets (e.g., land, buildings, equipment, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Investment in Capital Assets" and are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

**THE HOUSING AUTHORITY TOWN OF DOVER'S PROGRAMS**

Public Housing Program:

Under the Public Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the Town of Dover flat rent amount.

Housing Choice Voucher Program:

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Capital Fund Program:

The public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments and homes to keep them clean, safe and in good condition.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**THE HOUSING AUTHORITY TOWN OF DOVER'S PROGRAMS - CONTINUED**

Formula Capital Fund Stimulus Grant Program

Formula Capital Fund Stimulus Grant Program to provide funds for the capital and management activities of Public Housing Agencies as authorized under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) (the "Act"), with the exception that funds cannot be used for operations or rental assistance. The funds shall be awarded by competition for priority investments, including investments that leverage private sector funding or financing for renovations and energy conservation.

**NEW INITIATIVES**

The current administration of the Authority is determined to improve the financial results of the Authority's operations. Additionally, it is the Authority's goal to provide better communication with the community, commissioners, and tenants. Also, it is important to preserve the Authority assets by enhanced procurement activities and performing major capital projects where needed.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

As of September 30, 2010, the Authority's investment in capital assets was \$965,646 (net of accumulated depreciation) reflected in the following schedule which represents a decrease of \$5,016 from the previous year. This investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital expenditures of \$156,729 were made during the fiscal year. Major capital assets events during the calendar year included the following:

- Construction of laundry room for tenants
- Renovation of community room
- Parking lot improvements
- Efficiency lighting

	September-10	September-09	Increase (Decrease)
Land	\$ 68,000	\$ 68,000	\$ -
Building	2,747,323	2,712,614	34,709
Furniture, Equipment - Dwelling	78,309	62,580	15,729
Furniture, Equipment - Administration	104,333	104,333	-
Construction in Process	156,729	50,438	106,291
Total Fixed Assets	<u>3,154,694</u>	<u>2,997,965</u>	156,729
Accumulated Depreciation	(2,189,048)	(2,027,303)	(161,745)
Net Book Value	<u>\$ 965,646</u>	<u>\$ 970,662</u>	<u>\$ (5,016)</u>

Additional information on the Authority's capital assets can be found in Note 10 to the financial statements, which is included in this report.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED**

**2 – Long Term Debt**

The Authority in 2007 participated in the New Jersey Pooled Leveraging Program. Through this financing of majority capital projects will be completed on an expedited basis. Restricted Cash relating to the bonded debt stood at \$134 at the end of the fiscal year, with Capital Project Bond payable of \$215,000 in outstanding debt. A full disclosure of loans payable at September 30, 2010 can be found in Note-18.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority Town of Dover is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.

The capital budgets for the 2010 fiscal year have already been submitted to HUD for approval and no major changes are expected. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2011.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.
- HUD's forthcoming project based budgeting, accounting, and reporting requirements.
- Inflationary pressure on utility rates, supplies and other cost.
- The Authority's Unrestricted Net Assets appear sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

**HOUSING AUTHORITY TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2010**

**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 financial information should be addressed to Ms. Roberta Strater, Executive Director, Housing Authority Town of Dover, 215 East Blackwell Street, Dover, NJ 07801, or call (973) 361-9444.

**HOUSING AUTHORITY TOWN OF DOVER  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2010 AND 2009**

**Assets**

<b>Current Assets:</b>	<u>September-10</u>	<u>September-09</u>
Cash and Cash Equivalents	\$ 1,365,774	\$ 1,287,036
Accounts Receivables, Net of Allowances	17,160	10,999
Prepaid Expenses	<u>23,387</u>	<u>6,196</u>
<b>Total Current Assets</b>	<u><b>1,406,321</b></u>	<u><b>1,304,231</b></u>
<b>Noncurrent Assets:</b>		
Capital Assets:		
Land	68,000	68,000
Building	2,747,323	2,712,614
Furniture, Equipment - Dwellings	78,309	62,580
Furniture, Equipment - Administration	104,333	104,333
Construction in Process	<u>156,729</u>	<u>50,438</u>
<b>Total Capital Assets</b>	<u><b>3,154,694</b></u>	<u><b>2,997,965</b></u>
Less: Accumulated Depreciation	<u>(2,189,048)</u>	<u>(2,027,303)</u>
<b>Net Book Value</b>	<u><b>965,646</b></u>	<u><b>970,662</b></u>
<b>Other Assets</b>		
Grants Receivable	200,808	210,808
Other Assets	<u>10,665</u>	<u>11,284</u>
<b>Total Other Assets</b>	<u><b>211,473</b></u>	<u><b>222,092</b></u>
<b>Total Assets</b>	<u><u><b>\$ 2,583,440</b></u></u>	<u><u><b>\$ 2,496,985</b></u></u>

**Liabilities and Net Assets**

<b>Current Liabilities:</b>		
Accounts Payable	\$ 53,340	\$ 59,523
Accrued Expenses	6,593	5,338
Tenant Security Deposit Payable	21,685	21,928
Long Term Debt - Current	<u>10,000</u>	<u>10,000</u>
<b>Total Current Liabilities</b>	<u><b>91,618</b></u>	<u><b>96,789</b></u>
<b>Noncurrent Liabilities:</b>		
Long Term Debt - Non Current	205,000	215,000
Accrued Compensated Absences - Long-Term	10,387	7,494
Noncurrent Liabilities - Other	<u>60,067</u>	<u>62,776</u>
<b>Total Noncurrent Liabilities</b>	<u><b>275,454</b></u>	<u><b>285,270</b></u>
<b>Total Liabilities</b>	<u><b>367,072</b></u>	<u><b>382,059</b></u>
<b>Net Assets:</b>		
Investment in Capital Assets, Net of Related Debt	750,646	745,662
Restricted Net Assets	465,496	461,774
Unrestricted Net Assets	<u>1,000,226</u>	<u>907,490</u>
<b>Total Net Assets</b>	<u><b>2,216,368</b></u>	<u><b>2,114,926</b></u>
<b>Total of Liabilities and Net Assets</b>	<u><u><b>\$ 2,583,440</b></u></u>	<u><u><b>\$ 2,496,985</b></u></u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY TOWN OF DOVER  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET ASSETS**

**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009**

<b>Revenue:</b>	September-10	September-09
Tenant Rental Revenue	\$ 249,724	\$ 249,117
HUD PHA Operating Grants	1,876,598	2,445,944
Fraud Recovery	1,085	10,140
Other Revenue	712,201	53,575
Total Revenue	2,839,608	2,758,776
<b>Operating Expenses:</b>		
Administrative Expenses	223,362	226,122
Tenant Services	113,934	103,964
Utilities Expense	135,575	131,583
Maintenance Expense	97,383	70,872
Protective Services	4,483	3,617
Other Operating Expenses	134,115	110,237
Housing Assistance Payments	2,011,952	1,947,061
Depreciation Expense	161,745	165,253
Total Operating Expenses	2,882,549	2,758,709
Excess Revenue Over Expenses From Operations	(42,941)	67
<b>Nonoperating Revenue (Expenses)</b>		
Investment Income	7,958	9,051
Extraordinary Maintenance	(31,276)	(3,820)
Total Nonoperating Revenue (Expenses)	(23,318)	5,231
Revenue Before Contributions and Transfers	(66,259)	5,298
Capital Grant Contributions	167,701	29,209
<b>Change in Net Assets</b>	101,442	34,507
Beginning Net Assets	2,114,926	2,080,419
Ending Net Assets	\$ 2,216,368	\$ 2,114,926

See accompanying notes to the financial statements.

**HOUSING AUTHORITY TOWN OF DOVER**  
**STATEMENT OF CASH FLOW**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009**

	September-10	September-09
<b>Cash Flow From Operating Activities</b>		
Receipts from Tenants	\$ 249,724	\$ 249,117
Receipts from Federal Grants	1,879,611	2,445,944
Receipts from Fraud Recovery	1,085	10,140
Receipts from Misc. Sources	712,201	53,575
Payments to Vendors and Suppliers	(522,671)	(350,752)
Housing Assistance Payments	(2,011,952)	(1,947,061)
Payments to Employees	(132,830)	(135,904)
Payment of Employee Benefits	(84,025)	(79,530)
Net Cash Provided by Operating Activities	91,143	245,529
 <b>Cash Flow From Capital and Related Financing Activities</b>		
Receipts from Capital Grants	167,701	29,209
Acquisitions and Construction of Capital Assets	(156,729)	(255,507)
Payment of Extraordinary Maintenance	(31,276)	(3,820)
Increase (Payment) in Compensated Absences - Long term	2,893	1,389
Increase (Decrease) of Noncurrent Liabilities	(2,709)	10,203
Receipt in Capital Project Bonds Receivable	10,000	10,000
Payment of Debt	(10,000)	(5,000)
Net Cash (Used) by and Related Financing Activities	(20,120)	(213,526)
 <b>Cash Flow From Investing Activities</b>		
Interest Income	7,958	9,051
Receipt (Payment) of Tenant Security Deposit	(243)	720
Net Cash Provided by Investing Activities	7,715	9,771
 Net Increase in Cash and Cash Equivalents	78,738	41,774
 <b>Beginning Cash</b>	1,287,036	1,245,262
 <b>Ending Cash</b>	\$ 1,365,774	\$ 1,287,036
 <b>Reconciliation of Operating Income to Net Cash</b>		
Provided (Used) by Operating Activities		
Excess of Revenue Over Expenses	\$ (42,941)	\$ 67
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense	161,745	165,253
Amortization of Other Assets	619	620
(Increase) Decrease in:		
Accounts Receivables - Net of Adjustments	(6,161)	62,998
Prepaid Expenses	(17,191)	18,616
Increase (Decrease) in:		
Accounts Payable	(6,183)	(1,737)
Accrued Expenses	1,255	(288)
Net Cash Provided By Operating Activities	\$ 91,143	\$ 245,529

See accompanying notes to the financial statements.

# HOUSING AUTHORITY TOWN OF DOVER

## Notes to Financial Statements September 30, 2010

### **NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**1. Organization** - The Authority is a non-profit corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq. the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Town of Dover in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority.

Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Dover, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the Town of Dover reporting entity.

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in Section 2100 of GASB's Codification of governmental Accounting and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The primary government holds the corporate powers of the organization.
- C. The primary government appoints a voting majority of the organization's board.
- D. The primary government is able to impose its will on the organization.
- E. There is fiscal dependency by the organization on the primary government.
- F. The organization has potential to impose a financial benefit or burden on the primary government.

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

#### **2. Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting” addresses the applicability of the various FASB’s, and allows several options in the use of the FASB’s. The Authority has elected to use Alternative 2 of GASB-20 which states that “a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements”. Also, the Authority has elected to not follow FASB-106, FASB-112, and FASB-132, which all deal with pension reporting. Instead, the Authority follows GASB-45-“Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension”.

#### New Accounting Standards Adopted

Statement No. 45 of the Government Accounting Standards Board (“GASB 45”) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension* was issued in June 2004. This Statement requires the Authority to account for its “other postemployment benefits”(OPEB) in essentially the same way as it accounts for pension benefits. OPEB include medical, prescription drug, dental, vision, life insurance and disability benefits provided to retirees and certain terminated employees.

This Statement will improve the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service.

# **HOUSING AUTHORITY TOWN OF DOVER**

## Notes to Financial Statements September 30, 2010

### **A. Basis of Accounting –**

The financial statements of the Authority are prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenue and expenses consist of those revenue and expenses that result from ongoing principal operations of the Authority. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non exchange transactions or ancillary activities. All assets, liabilities, net assets, revenue, and expenses are accounting for through a single enterprise fund for the primary government.

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, capital grants, and other revenue.

HUD's rent subsidy program provides housing to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the Town of Dover's flat rent amount.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by September 30, are considered to be accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program of the Authority is entitled to receive advances as expenditures are incurred.

## **HOUSING AUTHORITY TOWN OF DOVER**

### Notes to Financial Statements

September 30, 2010

#### **2. A – Basis of Accounting - Continued**

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets. Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

Other revenue is income composed primarily of miscellaneous services fees and residents late charges. The revenue is recorded as earned since it is measurable and available. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non exchange transactions or ancillary activities.

There are neither fiduciary funds nor component units that are fiduciary in nature included in these financial statements.

#### **B. Report Presentation –**

The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis. The Authority has implemented the general provisions of GASB Statement No. 34.

Also the Authority adopted the provisions of Statement No. 37 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" and Statement No.38 "Certain Financial Statement Note Disclosures" which supplements GASB Statement No. 34.

GASB Statement No. 34 established standards for external financial reporting for all State and Local Governments entities that includes a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flow.

GASB Statement No. 34 requires the classification of net assets into three components, Investment in Capital Assets, Net of Related Debt Restricted Net Assets, and Unrestricted Net Assets.

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

#### **2. B. Report Presentation - Continued**

##### Net Assets Invested in Capital Assets Net of Related Debt.

The net assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

##### Restricted Net Assets.

The net assets less that are subject to constraints on their use by creditors, grantors, contributors, legislation, or other governmental laws or regulations. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed, or when an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first.

##### Unrestricted Net Assets.

The net assets consist of net assets that do not meet the definition of Restricted Net Assets or Invested in Capital Assets, Net of Related Debt.

The adoptions of Statement No. 34, Statement No. 37, and Statement No. 38 have no significant effect on the financial statements except, for the classification of net assets in accordance with Statement No. 34.

The Enterprise Fund is used for activities which are financed and operated in a manner similar to a private business enterprise where the intent is that the costs (expenses, including depreciation) of providing goods or services to its clients on a continuing basis be financed or recovered primarily through user charges or operating subsidies.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both are which are included as Supplemental information.

#### **Other accounting policies are as follows**

1 - Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 - Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

## **HOUSING AUTHORITY TOWN OF DOVER**

### Notes to Financial Statements September 30, 2010

#### **Other accounting policies - Continued**

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – Operating subsidies received from HUD are recorded as income when earned.

6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

8 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of accounting Procedure issued after November 30, 1989.

9 – The Authority does not have any infrastructure assets for its Enterprise Fund.

10 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

## **HOUSING AUTHORITY TOWN OF DOVER**

### Notes to Financial Statements September 30, 2010

#### **Other accounting policies - Continued**

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13- When expenses are incurred where both restricted and unrestricted net assets are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net assets will be used.

#### **C. Budgetary and Policy Control -**

The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Low Rent Housing Program and the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Low Income Public Housing Program found on page 43 the Section Eight Housing Choice Voucher Program on page 44.

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

**3. Activities** - The only programs or activities administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Low Rent Housing	14.850	NJ-68	59
Capital Fund	14.872		
Formula Capital Fund Stimulus	14.885		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-68	248

**4. Taxes** - Under federal, state, and local law, the Authority's program are exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes.

**5. Grants** - The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative cost. Grant revenues are recognized as income when earned. Grant expenditures are recognized on the accrual basis.

**6. Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.

## **HOUSING AUTHORITY TOWN OF DOVER**

### Notes to Financial Statements September 30, 2010

#### **6. Board of Commissioners - Continued**

4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
  
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

#### **NOTE 2 - ESTIMATES**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

#### **NOTE 3 - PENSION PLAN**

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employer 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.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

## **HOUSING AUTHORITY TOWN OF DOVER**

### Notes to Financial Statements

September 30, 2010

#### **NOTE 3 - PENSION PLAN - CONTINUED**

##### Funding Policy

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. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 5% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2010 and 2009 amounted to \$32,006 and \$33,557.

##### Post Employment Retirement Benefits

The Authority also provides post employment health care benefits and life insurance to all eligible retirees. Eligibility requires that employees be 55 years or older with at least 25 years of service.

#### **NOTE 4 - CASH, CASH EQUIVALENTS**

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with the State of New Jersey and HUD requirements.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also 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 for 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. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

#### **NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

##### Collateral for Deposits

The New Jersey Government Code requires New Jersey banks and savings and loan associations to be covered by the Governmental Unit Deposit Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. The market value of the pledged securities must equal at least 110% of the Authority's deposits.

The bank balances at September 30, 2010 were \$1,365,774. The bank balances at September 30, 2009 were \$1,287,036 which were either insured or collateralized with securities held by the pledging financial institutions in the Authority's name as discussed below:

	<u>September-10</u>	<u>September-09</u>
Bank of America	\$ 1,248,369	\$ 1,170,567
The Provident	117,221	116,299
Wells Fargo	134	120
Petty Cash	50	50
Total	<u>\$ 1,365,774</u>	<u>\$ 1,287,036</u>

The Authority's checking accounts are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does have a deposit policy for custodial credit risk. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>September-10</u>	<u>September-09</u>
Insured	\$ 367,405	\$ 366,469
Collateralized held by pledging bank's trust department in the Authority's name	998,369	920,567
Total	<u>\$ 1,365,774</u>	<u>\$ 1,287,036</u>

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

#### **NOTE 5 - RESTRICTED CASH**

The Authority also has restricted cash in the amount of \$329,988 and \$318,759 for September 30, 2010 and 2009, respectively, and was also accounted for in cash and cash equivalents in Note 4. These funds consist of the following:

	September-10	September-09
CFP Leveraging	\$ 134	\$ 120
Tenant Security Deposit	21,685	21,928
HAP Reserves	251,749	237,797
FSS Escrow	56,420	58,914
Total	<u>\$ 329,988</u>	<u>\$ 318,759</u>

The Capital Fund Leveraging reserves are held in a trust at the Wells Fargo Bank with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Wells Fargo Bank are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project which the Authority is under taking.

#### **NOTE 6 - TENANT SECURITY DEPOSIT**

The authority has restricted cash at September 30, 2010 in the amount of \$21,685. The Authority has restricted cash at September 30, 2009 in the amount of \$21,928. Both of these amounts were accounted for in cash and cash equivalents in Note 4. This amount is held as security deposits for the tenants of the Low Income Housing in an interest bearing account at Bank of America.

#### **NOTE 7 - ACCOUNTS RECEIVABLE**

The Housing Authority of the Town of Dover carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write off's, collections, and current credit conditions. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations.

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements

September 30, 2010

**NOTE 7 - ACCOUNTS RECEIVABLE - CONTINUED**

Accounts Receivable at September 30, 2010 and 2009 consisted of the following:

	<u>September-10</u>	<u>September-09</u>
Morris County Receivable	\$ 2,096	\$ -
HUD Receivable	13,642	10,629
Municipal Alliance Receivable	1,422	-
Miscellaneous Receivable	-	370
Total	<u>\$ 17,160</u>	<u>\$ 10,999</u>

These funds were received in October 2010 and 2009 respectively and the Authority's management elected not to make an allowance for doubtful account.

**NOTE 8 - PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at September 30, 2010 and 2009 consisted of prepaid insurance in the amount of \$23,387 and \$6,196, respectively.

**NOTE 9 - INTERFUND ACTIVITY**

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. Services provided, deemed to be at market, or near market rates, are treated as revenue and expenses. Interfund receivables and payables between funds are eliminated in the Statement of Net Assets.

# HOUSING AUTHORITY TOWN OF DOVER

## Notes to Financial Statements September 30, 2010

### **NOTE 10 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated at cost as determined by an appraisal.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized.

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred. Property and equipment are stated at cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

The carrying value of long-live assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority does not have any impairment at September 30, 2010.

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2010 and 2009:

	September-08	Additions	Transfers	September-09
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	2,247,985	215,106	249,523	2,712,614
Furniture, Equipment - Dwelling	62,580	-	-	62,580
Furniture, Equipment - Administration	104,333	-	-	104,333
Construction in Process	259,560	40,401	(249,523)	50,438
Total Fixed Assets	2,742,458	255,507	-	2,997,965
Accumulated Depreciation	(1,862,051)	(165,252)	-	(2,027,303)
Net Book Value	\$ 880,407	\$ 90,255	\$ -	\$ 970,662

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements September 30, 2010

#### NOTE 10 - FIXED ASSETS - CONTINUED

	September-09	Additions	Transfers	September-10
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	2,712,614	141,000	(106,291)	2,747,323
Furniture, Equipment - Dwelling	62,580	15,729	-	78,309
Furniture, Equipment - Administration	104,333	-	-	104,333
Construction in Process	50,438	-	106,291	156,729
<b>Total Fixed Assets</b>	<b>2,997,965</b>	<b>156,729</b>	<b>-</b>	<b>3,154,694</b>
Accumulated Depreciation	(2,027,303)	(161,745)	-	(2,189,048)
<b>Net Book Value</b>	<b>\$ 970,662</b>	<b>(5,016)</b>	<b>-</b>	<b>\$ 965,646</b>

#### NOTE 11- GRANTS RECEIVABLE - NON CURRENT

The Authority participated on August 2, 2007 with other New Jersey Housing Authorities in the issuance of \$18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is \$10,000,000. The Authority received a net amount of \$235,000. The funds received were deposited with the Wells Fargo Bank which is acting as the Trustee. All funds must be expended within a four year period. The Trustee must receive copies of all invoices prior to release of funds. The Trustee may only draw funds from HUD E-LOCCS for repayment of debt and related interest. The amount of HUD future CFP State Leveraging Program funds receivable at September 30, 2010 and 2009 are as follows:

	September-10	September-09
HUD CFP Future Funds Receivable	\$ 210,808	\$ 220,808
Less Current Receivable	(10,000)	(10,000)
<b>Net of Current Receivable</b>	<b>\$ 200,808</b>	<b>\$ 210,808</b>

#### NOTE 12- OTHER ASSETS - NON CURRENT

During 2007, the Authority entered into a Capital Fund leveraging pool and incurred underwriters cost at the closing with the Capital Program Revenue Bonds. The leveraging cost is recorded as other assets and amortized over the life of the bond using the straight line method.

	September-10	September-09
Capital Fund Leveraging - Underwriter's Cost	\$ 12,937	\$ 12,937
Less Amortization - Underwriter's Cost	(2,272)	(1,653)
<b>Net Book Value - Underwriter's Cost</b>	<b>\$ 10,665</b>	<b>\$ 11,284</b>

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2010

**NOTE 13 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its balance sheet as of September 30, 2010 and 2009. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. Accounts payable at September 30, 2010 and 2009 in the amount of \$53,340 and \$59,523 respectively consist of the following:

	<u>September-10</u>	<u>September-09</u>
Accounts Payable Vendors	\$ 41,889	\$ 49,734
Accounts Payable - Other Government	11,451	9,789
Total Accounts Payable	<u>\$ 53,340</u>	<u>\$ 59,523</u>

**NOTE 14 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's programs are exempt form income, property and excise taxes. However, 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 Town of Dover. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes.

	<u>September-10</u>	<u>September-09</u>
Pilot Expense September 2008	\$ -	\$ 22,717
Pilot Expense September 2009	9,789	9,789
Less: Pilot Payment	-	(22,717)
Pilot Expense September 2010	11,451	-
Less: Pilot Payment	(9,789)	-
Total P.I.L.O.T. Payable	<u>\$ 11,451</u>	<u>\$ 9,789</u>

**NOTE 15 – ACCRUED EXPENSES**

The Authority reported accrued expenses on its balance sheet in the amount of \$6,593 for September 30, 2010 and \$5,338 for September 30, 2009. Accrued expenses are liabilities covering expenses incurred on or before September 30, and are payable at some future date. Accrued liabilities at September 30, 2010 and 2009 consist of the following:

	<u>September-10</u>	<u>September-09</u>
Compensated Absences - Current Portion	\$ 1,154	\$ 832
Accrued Payroll Taxes	1,226	131
Accrued Interest Payable	4,213	4,375
Total Accrued Liabilities	<u>\$ 6,593</u>	<u>\$ 5,338</u>

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2010

**NOTE 16 – ACCRUED COMPENSATED ABSENCES**

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for unused vacation days with a maximum amount of forty percent (40%) of gross pay under the current personnel policy. Generally, unused vacation may be carried over for a twenty four month period and then must be used. In the event of separation from the Authority, the employee is eligible for compensation for any unused allowed vacation time earned in the year of separation.

For September 30, 2010 and 2009, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

	<u>September-10</u>	<u>September-09</u>
Accumulated Sick Time	\$ 4,287	\$ 2,873
Accumulated Vacation Time	6,388	4,862
Accrued Payroll Taxes	866	591
Total	<u>11,541</u>	<u>8,326</u>
Compensated Absences - Current Portion	(1,154)	(832)
Total Compensated Absences - Noncurrent	<u>\$ 10,387</u>	<u>\$ 7,494</u>

The Authority’s management estimated that ten percent (10%) is a reasonable amount for the current portion of accrued compensated absences.

**NOTE 17 – LONG TERM DEBT**

At September 30, 1999, the Authority’s Long Term Debt (guaranteed by HUD), in accordance with HUD’s GAAP Conversion Guide, the Long Term Debt and related debt service accounts were written off.

GASB Interpretation No. 2, “Disclosure of Conduit Debt Obligations,” provided guidance as to the proper GAAP treatment of this HUD-guaranteed debt. The debt transactions between the Authority and HUD are similar to conduit debt obligations, which are “certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by the state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer” financial reporting entity.

## **HOUSING AUTHORITY TOWN OF DOVER**

### Notes to Financial Statements

September 30, 2010

#### **NOTE 17 – LONG TERM DEBT - CONTINUED**

The transaction between the Authority and HUD is similar to HUD giving funds to the Authority to operate and the funds are a capital contribution. HUD has essentially made an investment in the Authority. Therefore, the liability was reclassified as a capital contribution. Since HUD is paying the obligations directly, the outstanding Long Term Debt balance at September 30, 2010 and 2009 could not be readily determined.

#### **NOTE 18 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND:**

The Authority participated on August 2, 2007 with other New Jersey Housing Authorities in the issuance of \$18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is \$235,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low Income Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2027.

The faith and credit of the Housing Authority of the Town of Dover was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2008. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD.

Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the Wells Fargo Bank, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund.

The interest paid on the Bonds thru September 30, 2010 was \$32,697 which will be capitalized under construction in process cost. The interest payable for November 1, 2010 is \$5,055 and May 1, 2011 is \$5,055.

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2010

**NOTE 18 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND - CONTINUED**

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

September 30, 2011	\$	10,000
September 30, 2012		10,000
September 30, 2013		10,000
September 30, 2014		10,000
September 30, 2015		10,000
Sub Total		<u>50,000</u>
Next Five Years Ending September, 2020		55,000
Next Five Years Ending September, 2025		75,000
Till Maturity September, 2027		35,000
Total Capital Project Bonds	\$	<u><u>215,000</u></u>

**NOTE 19 – NON CURRENT LIABILITY - FSS ESCROW PAYABLE**

The Authority under the Section 8 Housing Choice Voucher program is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the PHA for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the PHA during the term of the FSS contract. The PHA may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education. If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the PHA terminates the FSS contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited. The bank account balance at September 30, 2010 is \$56,420. The bank account balance at September 30, 2009 is \$58,914.

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2010

**NOTE 20 – RESTRICTED NET ASSETS**

The Authority Restricted Net Assets account balance at September 30, 2010 and 2009 is \$465,496 and \$461,774, respectively. The detail of the reserve account balances is as follows:

	<u>September-10</u>	<u>September-09</u>
State Leveraging Funds Receivable	\$ 210,808	\$ 220,808
Prepaid Ammortization of Bond Issue Cost	10,665	11,284
Restricted State Leveraging Funds - Cash	134	120
Less: Accrued Interest Payable	(4,213)	(4,375)
Less: CFP Bond Premium	(3,647)	(3,860)
Total Restricted Net Assets LIH Program	<u>213,747</u>	<u>223,977</u>
HCV Program Restricted Net Assets	251,749	237,797
Total Restricted Net Assets	<u>\$ 465,496</u>	<u>\$ 461,774</u>

The detail of the HCV reserve account balances is as follows:

	<u>HAP Reserve</u>
September 30, 2005 HAP Reserves	\$ -
September 30, 2006 HAP Reserves	948
September 30, 2007 HAP Reserves	194,048
September 30, 2008 HAP Reserves	272,664
September 30, 2009 HAP Reserves	(229,863)
September 30, 2010 HAP Reserves	13,952
Balance September 30, 2010	<u>\$ 251,749</u>

**Housing Choice Voucher Program - Reserves**

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2007-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets during the year.

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2010

**NOTE 21 - UNRESTRICTED NET ASSETS**

The Authority Unrestricted Net Assets account balance at September 30, 2010 is \$1,000,226 and \$907,440 for 2009. The detail of the account balance is as follows:

	LIH Program Reserves	HCV Program Reserves	Total
Balance September 30, 2008	\$ 318,218	\$ 644,134	\$ 962,352
Increase During the Year	-	85,770	85,770
Transfer Reserves	(140,632)	-	(140,632)
Balance September 30, 2009	177,586	729,904	907,490
Increase During the Year	25,137	81,551	106,688
Transfer Reserves	-	(13,952)	(13,952)
Balance September 30, 2010	<u>\$ 202,723</u>	<u>\$ 797,503</u>	<u>\$ 1,000,226</u>

Housing Choice Voucher Program - Reserves

Administrative fee paid by HUD to the Authority in excess of administrative expenses are also part of the undesignated fund balance and are considered to be administrative fee reserves. Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR 982.155 – i.e. other housing purposes permitted by state and local law. Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

**HOUSING AUTHORITY TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2010

**NOTE 21 – UNRESTRICTED NET ASSETS – CONTINUED**

	Pre 2004 Unrestricted Reserves	Post 2003 Unrestricted Reserves	Total Unrestricted Reserves
Balance 9/30/2004	\$ 456,637		\$ 456,637
Net Admin. Fee Operating Income for the year ended 9/30/2005	-	65,470	65,470
Balance 9/30/2005	456,637	65,470	522,107
Net Admin. Fee Operating Income for the year ended 9/30/2006		15,764	15,764
Balance 9/30/2006	456,637	81,234	537,871
Net Admin. Fee Operating Income for the year ended 9/30/2007		241,927	241,927
Balance 9/30/2007	456,637	323,161	779,798
Net Admin. Fee Operating Income for the year ended 9/30/2008		(135,664)	(135,664)
Balance 9/30/2008	456,637	187,497	644,134
Net Admin. Fee Operating Income for the year ended 9/30/2009		85,770	85,770
Balance 9/30/2009	456,637	273,267	729,904
Net Admin. Fee Operating Income for the year ended 9/30/2010		67,599	67,599
Balance 9/30/2010	\$ 456,637	\$ 340,866	\$ 797,503

**NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

The Housing Authority of the Township of Edison contributes to the Public Employees Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. PERS provides medical, prescription drug, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits is the executive body established by statute to be responsible for the operations of the PERS.

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

#### **NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

##### Funding Policy

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. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 5% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. Contributions to pay for the health premium in the PERS are billed to the Authority on a monthly basis. The Authority's contribution for 2010 and 2009 amounted to \$32,006 and \$33,557.

#### **NOTE 23 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended September 30, 2010, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its senior building for the purpose of determining potential liability issues.

During the year ended September 30, 2010, the Authority did not reduce insurance coverage's from coverage levels in place as of September 30, 2009. No settlements have exceeded coverage levels in place during 2008, 2009, and 2010.

#### **NOTE 24 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended September 30, 2010 and 2009 were \$ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended September 30, 2010 and 2009 were \$180,843 and \$170,400, respectively.

## HOUSING AUTHORITY TOWN OF DOVER

### Notes to Financial Statements

September 30, 2010

#### **NOTE 24 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES - CONTINUED**

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. The Authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. HUD contributions for the Housing Choice Voucher for September 30, 2010 and 2009 were \$2,339,142 and \$2,254,652, respectively.

#### **NOTE 25 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Authority operations are concentrated in the low income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD for the year ending September 30, 2010 and 2009 were \$2,693,697 and \$2,411,756, respectively.

#### **NOTE 26 - CONTINGENCIES**

Litigation – At September 30, 2010, the Authority was not involved in any threatened litigation.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

#### **NOTE 27 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 14, 2011, the date which the financial statements were available for issue.

**HOUSING AUTHORITY TOWN OF DOVER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2010**

Programs funded by the U.S. Department of Housing  
and Urban Development: Subject to Annual Contribution Contract

	<u>CFDA#</u>	<u>Expenditures</u>
<u>PHA Owned Housing</u>		
Low Rent Public Housing	14.850	\$ 180,843
Public Housing Capital Fund Program	14.872	90,900
Formula Capital Fund Stimulus Grant	14.885	82,812
Subtotal		<u>354,555</u>
<u>Rental Assistance Housing Programs</u>		
Housing Choice Vouchers	14.871	2,339,142
Subtotal		<u>2,339,142</u>
Total Awards		<u><u>\$ 2,693,697</u></u>

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority Town of Dover. The information in this schedule is presented in accordance with those requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Housing Authority Town of Dover had Capital Project Bonds payable in the amount of \$215,000, outstanding at September 30, 2009. See Note 18 on page 35 of this report for full detail.

**Note 3. Sub recipients:**

Of the federal expenditures presented in the schedule above, The Housing Authority Town of Dover did not provide federal awards to any sub recipients.

**HOUSING AUTHORITY TOWN OF DOVER  
BUDGETARY COMPARISON SCHEDULE  
LOW INCOME HOUSING PROGRAM  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2010**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue:</b>			
Tenant Rental Revenue	\$ 249,724	\$ 251,916	\$ (2,192)
HUD PHA Operating Grants	186,854	179,000	7,854
Other Revenue	29,868	29,410	458
Total Revenue	<u>466,446</u>	<u>460,326</u>	<u>6,120</u>
<b>Operating Expenses:</b>			
<b>Administration:</b>			
Administrative Salaries	58,523	54,791	(3,732)
Audit Fee's	5,135	4,363	(772)
Compensated Absences	1,936	1,000	(936)
Employee Benefit Contributions	33,635	35,061	1,426
Other Operating Administrative Expenses	33,120	54,040	20,920
Total Administrative Expenses	<u>132,349</u>	<u>149,255</u>	<u>16,906</u>
<b>Tenant Services:</b>			
Tenant Services Other	6,001	5,000	(1,001)
Total Tenant Services	<u>6,001</u>	<u>5,000</u>	<u>(1,001)</u>
<b>Utilities:</b>			
Water	10,419	10,500	81
Electricity	125,156	128,000	2,844
Total Utilities	<u>135,575</u>	<u>138,500</u>	<u>2,925</u>
<b>Maintenance:</b>			
Maintenance Labor	7,794	7,937	143
Materials	5,126	7,400	2,274
Maintenance Contract Cost	80,306	50,755	(29,551)
Employee Benefit Contributions	4,157	5,079	922
Total Maintenance	<u>97,383</u>	<u>71,171</u>	<u>(26,212)</u>
<b>Protective Services:</b>			
Protective Services - Other Cost	4,483	2,000	(2,483)
Total Protective Services	<u>4,483</u>	<u>2,000</u>	<u>(2,483)</u>
<b>Other Operating Expenses:</b>			
Insurance	28,037	29,860	1,823
Extraordinary Maintenance	31,276	100,000	68,724
Payment in Lieu of Taxes	11,451	11,342	(109)
Total Other Operating Expenses	<u>70,764</u>	<u>141,202</u>	<u>70,438</u>
Total Operating Expenses	<u>446,555</u>	<u>507,128</u>	<u>60,573</u>
Excess Revenue Over Expenses From Operations	<u>19,891</u>	<u>(46,802)</u>	<u>66,693</u>
<b>Other Income and (Expenses):</b>			
Investment Income - Unrestricted	5,246	3,600	1,646
Total Other Income and (Expenses)	<u>5,246</u>	<u>3,600</u>	<u>1,646</u>
Excess Revenue over Expenses (Loss)	<u>\$ 25,137</u>	<u>\$ (43,202)</u>	<u>\$ 68,339</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY TOWN OF DOVER  
BUDGETARY COMPARISON SCHEDULE  
HOUSING CHOICE VOUCHER PROGRAM  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2010**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue - Annual Contribution Required</b>			
Housing Assistance Payments	\$ 1,430,205	\$ 1,930,474	\$ (500,269)
Ongoing Administrative Fees Earned	259,539	263,246	(3,707)
Portability Income	649,398	-	649,398
Fraud Recovery	725	-	33,295
Other Income	33,295	-	2,373,162
Total Revenue	<u>2,373,162</u>	<u>2,193,720</u>	<u>2,551,879</u>
<b>Operating Expenses:</b>			
Administration:			
Administrative Salaries	2,959	39,036	36,077
Audit Fee's	4,585	4,363	(222)
Compensated Absences	1,279	-	(1,279)
Employee Benefit Contributions	1,849	32,944	31,095
Other Operating Administrative Expenses	83,556	132,579	49,023
Total Administrative Expenses	<u>94,228</u>	<u>208,922</u>	<u>114,694</u>
Tenant Services:			
Tenant Services Salaries	63,554	12,493	(51,061)
Employee Benefit Contributions	44,379	10,543	(33,836)
Total Tenant Services	<u>107,933</u>	<u>23,036</u>	<u>(84,897)</u>
Other Operating Expenses:			
Other General Expenses	80,210	-	(80,210)
Housing Assistance Payments	2,011,952	1,914,720	(97,232)
Total Other Operating Expenses	<u>2,092,162</u>	<u>1,914,720</u>	<u>(177,442)</u>
Total Operating Expenses	<u>2,294,323</u>	<u>2,146,678</u>	<u>(147,645)</u>
Excess Revenue Over Expenses From Operations	<u>78,839</u>	<u>47,042</u>	<u>31,797</u>
Other Income and (Expenses):			
Investment Income	2,712	-	2,712
Transfer to Restrctied HAP Reserves	(13,952)	-	(13,952)
Total Other Income and (Expenses)	<u>(11,240)</u>	<u>-</u>	<u>(11,240)</u>
Excess Revenue over Expenses (Loss)	<u>\$ 67,599</u>	<u>\$ 47,042</u>	<u>\$ 20,557</u>

See accompanying notes to the financial statements.

Dover Housing Authority (NJ068)  
DOVER, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
111 Cash - Unrestricted	\$220,887	\$814,899		\$1,035,786	\$1,035,786
112 Cash - Restricted - Modernization and Development	\$134			\$134	\$134
113 Cash - Other Restricted		\$308,169		\$308,169	\$308,169
114 Cash - Tenant Security Deposits	\$21,685			\$21,685	\$21,685
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$242,706	\$1,123,068	\$0	\$1,365,774	\$1,365,774
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$13,642			\$13,642	\$13,642
124 Accounts Receivable - Other Government		\$3,518		\$3,518	\$3,518
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other	\$0	\$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	\$13,642	\$3,518	\$0	\$17,160	\$17,160
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$23,387			\$23,387	\$23,387
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$0			\$0	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$279,735	\$1,126,586	\$0	\$1,406,321	\$1,406,321
161 Land	\$68,000			\$68,000	\$68,000
162 Buildings	\$2,747,323			\$2,747,323	\$2,747,323
163 Furniture, Equipment & Machinery - Dwellings	\$78,309			\$78,309	\$78,309
164 Furniture, Equipment & Machinery - Administration	\$102,467	\$1,866		\$104,333	\$104,333
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$2,187,182	-\$1,866		-\$2,189,048	-\$2,189,048
167 Construction in Progress	\$156,729			\$156,729	\$156,729
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$965,646	\$0	\$0	\$965,646	\$965,646
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current -					
173 Grants Receivable - Non Current	\$200,808			\$200,808	\$200,808
174 Other Assets	\$10,665			\$10,665	\$10,665
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,177,119	\$0	\$0	\$1,177,119	\$1,177,119
190 Total Assets	\$1,456,854	\$1,126,586	\$0	\$2,583,440	\$2,583,440
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$25,598	\$16,291		\$41,889	\$41,889
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$1,226			\$1,226	\$1,226
322 Accrued Compensated Absences - Current Portion	\$692	\$462		\$1,154	\$1,154
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$4,213			\$4,213	\$4,213
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$11,451			\$11,451	\$11,451
341 Tenant Security Deposits	\$21,685			\$21,685	\$21,685

See accompanying notes to the financial statements.

Dover Housing Authority (NJ068)  
DOVER, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital	\$10,000			\$10,000	\$10,000
344 Current Portion of Long-term Debt - Operating					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$0		\$0	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$74,865	\$16,753	\$0	\$91,618	\$91,618
351 Long-term Debt, Net of Current - Capital	\$205,000			\$205,000	\$205,000
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	\$3,647	\$56,420		\$60,067	\$60,067
354 Accrued Compensated Absences - Non Current	\$6,226	\$4,161		\$10,387	\$10,387
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$214,873	\$60,581	\$0	\$275,454	\$275,454
300 Total Liabilities	\$289,738	\$77,334	\$0	\$367,072	\$367,072
508.1 Invested In Capital Assets, Net of Related Debt	\$750,646	\$0	\$0	\$750,646	\$750,646
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$213,747	\$251,749	\$0	\$465,496	\$465,496
512.1 Unrestricted Net Assets	\$202,723	\$797,503	\$0	\$1,000,226	\$1,000,226
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$1,167,116	\$1,049,252	\$0	\$2,216,368	\$2,216,368
600 Total Liabilities and Equity/Net Assets	\$1,456,854	\$1,126,586	\$0	\$2,583,440	\$2,583,440

See accompanying notes to the financial statements.

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
70300 Net Tenant Rental Revenue	\$244,953			\$244,953	\$244,953
70400 Tenant Revenue - Other	\$4,771			\$4,771	\$4,771
70500 Total Tenant Revenue	\$249,724	\$0	\$0	\$249,724	\$249,724
70600 HUD PHA Operating Grants	\$186,854	\$1,689,744		\$1,876,598	\$1,876,598
70610 Capital Grants	\$84,889		\$82,812	\$167,701	\$167,701
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	\$5,246	\$2,037		\$7,283	\$7,283
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$360	\$725		\$1,085	\$1,085
71500 Other Revenue	\$29,508	\$682,693		\$712,201	\$712,201
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		\$675		\$675	\$675
70000 Total Revenue	\$556,581	\$2,375,874	\$82,812	\$3,015,267	\$3,015,267
91100 Administrative Salaries	\$58,523	\$2,959		\$61,482	\$61,482
91200 Auditing Fees	\$5,135	\$4,585		\$9,720	\$9,720
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$33,634	\$1,849		\$35,483	\$35,483
91600 Office Expenses	\$27,875			\$27,875	\$27,875
91700 Legal Expense	\$2,406	\$4,469		\$6,875	\$6,875
91800 Travel	\$336	\$336		\$672	\$672
91810 Allocated Overhead					
91900 Other	\$2,504	\$78,751		\$81,255	\$81,255
91000 Total Operating - Administrative	\$130,413	\$92,949	\$0	\$223,362	\$223,362
92000 Asset Management Fee					
92100 Tenant Services - Salaries		\$63,554		\$63,554	\$63,554
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services		\$44,379		\$44,379	\$44,379
92400 Tenant Services - Other	\$6,001			\$6,001	\$6,001
92500 Total Tenant Services	\$6,001	\$107,933	\$0	\$113,934	\$113,934
93100 Water	\$10,419			\$10,419	\$10,419
93200 Electricity	\$125,156			\$125,156	\$125,156
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$135,575	\$0	\$0	\$135,575	\$135,575
94100 Ordinary Maintenance and Operations - Labor	\$7,794			\$7,794	\$7,794
94200 Ordinary Maintenance and Operations - Materials	\$5,126			\$5,126	\$5,126
94300 Ordinary Maintenance and Operations Contracts	\$80,306			\$80,306	\$80,306
94500 Employee Benefit Contributions - Ordinary	\$4,157			\$4,157	\$4,157
94000 Total Maintenance	\$97,383	\$0	\$0	\$97,383	\$97,383

See accompanying notes to the financial statements.

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$4,483			\$4,483	\$4,483
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$4,483	\$0	\$0	\$4,483	\$4,483
96110 Property Insurance	\$9,460			\$9,460	\$9,460
96120 Liability Insurance	\$6,979			\$6,979	\$6,979
96130 Workmen's Compensation	\$7,963			\$7,963	\$7,963
96140 All Other Insurance	\$3,635			\$3,635	\$3,635
96100 Total insurance Premiums	\$28,037	\$0	\$0	\$28,037	\$28,037
96200 Other General Expenses	\$459	\$80,210		\$80,669	\$80,669
96210 Compensated Absences	\$1,936	\$1,279		\$3,215	\$3,215
96300 Payments in Lieu of Taxes	\$11,451			\$11,451	\$11,451
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$13,846	\$81,489	\$0	\$95,335	\$95,335
96710 Interest of Mortgage (or Bonds) Payable	\$10,123			\$10,123	\$10,123
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs	\$620			\$620	\$620
96700 Total Interest Expense and Amortization Cost	\$10,743	\$0	\$0	\$10,743	\$10,743
96900 Total Operating Expenses	\$426,481	\$282,371	\$0	\$708,852	\$708,852
97000 Excess of Operating Revenue over Operating	\$130,100	\$2,093,503	\$82,812	\$2,306,415	\$2,306,415
97100 Extraordinary Maintenance	\$31,276			\$31,276	\$31,276
97200 Casually Losses - Non-capitalized					
97300 Housing Assistance Payments		\$1,362,554		\$1,362,554	\$1,362,554
97350 HAP Portability-In		\$649,398		\$649,398	\$649,398
97400 Depreciation Expense	\$161,745			\$161,745	\$161,745
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$619,502	\$2,294,323	\$0	\$2,913,825	\$2,913,825
10010 Operating Transfer In	\$3,507			\$3,507	\$3,507
10020 Operating transfer Out	-\$3,507			-\$3,507	-\$3,507
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	-\$62,921	\$81,551	\$82,812	\$101,442	\$101,442
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,147,225	\$967,701	\$0	\$2,114,926	\$2,114,926
11040 Prior Period Adjustments, Equity Transfers and	\$82,812		-\$82,812	\$0	\$0

See accompanying notes to the financial statements.

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
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					
11090 Changes in Allowance for Doubtful Accounts -					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$797,503		\$797,503	\$797,503
11180 Housing Assistance Payments Equity		\$251,749		\$251,749	\$251,749
11190 Unit Months Available	708	2976	0	3684	3684
11210 Number of Unit Months Leased	696	2994	0	3690	3690
11270 Excess Cash	\$146,018			\$146,018	\$146,018
11610 Land Purchases	\$0			\$0	\$0
11620 Building Purchases	\$0			\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$35,217			\$35,217	\$35,217
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0
11650 Leasehold Improvements Purchases	\$38,700			\$38,700	\$38,700
11660 Infrastructure Purchases	\$0			\$0	\$0
13510 CFFP Debt Service Payments	\$10,972			\$10,972	\$10,972
13901 Replacement Housing Factor Funds	\$0			\$0	\$0

See accompanying notes to the financial statements.



**Hymanson, Parnes & Giampaolo**

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**Lincroft, NJ 07738**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS  
(No Reportable Instances of Noncompliance and No Material Weaknesses)**

Board of Commissioners  
Housing Authority Town of Dover  
215 East Blackwell Street  
Dover, New Jersey 07801

We have audited the financial statements of the Housing Authority Town of Dover as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated January 14, 2011. We conducted our 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority Town of Dover internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*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 misstatements on a timely basis.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority Town of Dover's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority Town of Dover financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, United States Department of Housing and Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hymanson, Parnes & Giampaolo*

Date: January 14, 2011



**Hymanson, Parnes & Giampaolo**

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**INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR  
A-133**

**(Unqualified Opinion on Compliance, No Material Weaknesses or Significant  
Deficiencies in Internal Control Over Compliance Identified)**

Board of Commissioners  
Housing Authority Town of Dover  
215 East Blackwell Street  
Dover, New Jersey 07801

**Compliance**

We have audited the compliance of the Housing Authority Town of Dover with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Housing Authority Town of Dover major federal programs for the fiscal year ended September 30, 2010. The Housing Authority Town of Dover's major federal programs are identified in the summary of the auditors result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the U.S. Office of Management and Budgets Circular A-133. Those standards and OMB Circular A-133 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority Town of Dover's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Housing Authority Town of Dover complied, in all material respects, with the compliance requirements referred to the above that could have a direct and material effect on each of its major federal program identified in the accompanying schedule of findings and questioned cost for the fiscal year ended September 30, 2010.

## **Internal Control Over Compliance**

The management of the Housing Authority Town of Dover is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Housing Authority Town of Dover's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the audit committee, management, United States Department of Housing and Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Hymanson, Parnes & Giampaolo***

Date: January 14, 2011

## **HOUSING AUTHORITY TOWN OF DOVER**

### **Schedule of Findings and Questioned Cost Year Ended September 30, 2010**

#### **Prior Audit Findings**

None reported

#### **Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statement of Housing Authority Town of Dover.
2. No reportable conditions relating to the audit of the financial statements are reported in the REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS.
3. No instances of noncompliance material to the financial statements of Housing Authority Town of Dover were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.
5. The auditor's report on compliance for the Housing Choice Voucher Program expressed a Unqualified opinion.
6. No Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.
7. The program tested as major program were Housing Choice Voucher Program, CFDA#14.871 with expenditures of \$2,339,142.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Housing Authority Town of Dover qualify as a low risk auditee.

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

#### **FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None reported



**Hymanson, Parnes & Giampaolo**

**Certified Public Accountants**

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**Independent Accountant's Report on Agreed-Upon Procedures**

Board of Commissioners  
Housing Authority Town of Dover  
215 East Blackwell Street  
Dover, New Jersey 07801

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority Town of Dover and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents. This agree-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Housing Authority as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated January 14, 2011. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated September 30, 2010, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Housing Authority Town of Dover and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

**Hymanson, Parnes & Giampaolo**  
Date: January 14, 2011

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule,all CFDA's	<input checked="" type="radio"/>	<input type="radio"/>
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	<input checked="" type="radio"/>	<input type="radio"/>
3	Type of opinion on FDS (data element G5100-010)	Auditor's supplemental report on FDS	<input checked="" type="radio"/>	<input type="radio"/>
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	<input checked="" type="radio"/>	<input type="radio"/>
5	General information (data element series G2000,G2100,G2200,G2300,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010 to G3000-050, G3100-010 to G3100-030, G3200-010 to G3200-030, G3300-010 to G3300-060, G3400-010 to G3400-020)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
7	Federal program report information (data element G4000-010 to G4000-040)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Federal agencies required to receive reporting package (data element G4000-050)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	<input checked="" type="radio"/>	<input type="radio"/>

<u>Firm Name</u>	<b>Hymanson Parnes &amp; Giampaolo</b>
<u>Employer Identification Number</u>	<b>22-3554220</b>
<u>Date</u>	<b>January 14, 2011</b>
<u>UII#</u>	<b>#66170</b>
<u>Contact First Name</u>	<b>Anthony</b>
<u>Contact Middle Initial</u>	<b>J.</b>
<u>Contact Last Name</u>	<b>Giampaolo, C.P.A</b>
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