

**Report On Audit**

**HOUSING AUTHORITY OF  
THE TOWN OF DOVER**

**For the Year Ended  
September 30, 2013**

**Housing Authority of the Town of Dover**  
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-16
<b>Financial Statements</b>	
Statement of Net Position	17-18
Statement of Revenue, Expenses and Changes in Net Position	19
Statement of Cash Flow	20
Notes to Financial Statements	21-47
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	48
Budgetary Comparison Schedule – Low Income Program	49
Budgetary Comparison Schedule – Housing Choice Voucher Program	50
Financial Data Schedule	51-56
Statement on Certification of Actual Cost Capital Fund Program	57
<b>Other Reports and Comments</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	58-59
Independent Auditors Report on Compliance for each Major Program and on Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	60-61
Schedule of Findings and Questioned Costs	62
Independent Accountant's Report on Applying Agreed-upon Procedures – REAC	63-64



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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the Town of Dover (a governmental public corporation) in Dover, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of September 30, 2013 and 2012, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of the Town of Dover's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Dover's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Dover as of September 30, 2013 and 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 16 and pages 49-50 be presented to supplement the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the 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 basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued reports dated February 6, 2014 on our consideration of the Housing Authority of the Town of Dover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: February 6, 2014

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

As Management of the Housing Authority of the 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 17 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**

Net position of the Authority's enterprise fund was \$1,749,742 greater than the liabilities, a decrease in the financial position of \$266,164 or 13% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$1,749,742 as of September 30, 2013. Of this amount, the unrestricted net position is \$1,004,215 representing a decrease of \$1,577 or less than 1% percent from the previous year. The net investment in capital assets decreased \$138,564 or 22% percent for an ending balance of \$479,530. The restricted net position decreased \$126,023 from the previous year for an ending balance of \$265,997. Additional information on the Authority's restricted and unrestricted net positions can be found in Note 20 & Note 21 to the financial statements, which is included in this report.

The Authority's cash, and cash equivalent at September 30, 2013 is \$1,200,924 representing a decrease of \$186,647 or 13% percent from the prior fiscal year. The full detail of this amount can be found in the Statement of Cash Flow on pages 20 of this report.

The Authority's total assets are \$2,098,096 of which capital assets net book value is \$664,529, other assets in the amount of \$170,808, leaving total current assets at \$1,262,759. Total current assets decreased from the previous year by \$190,028 or 13% percent. Cash and cash equivalents decreased by \$186,647, accounts receivables decreased by \$1,483, and prepaid expenses decreased by \$1,898.

The Authority's total liabilities are reported at \$348,354, of which noncurrent liabilities are stated at \$262,236. Total liabilities decreased during the year as compared to the prior year in the amount of \$91,854, or 21% percent. Total current liabilities decreased during the year by \$59,663, leaving non-current liabilities for a decrease of \$32,191 as compared to the previous year.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total current liabilities decreased from the previous year by \$59,663 or 41% percent. Accounts payables decreased by \$60,396, accrued liabilities increased by \$284, tenant security deposit payable increased by \$449, and current portion of long term debt remained the same. Accounts payable saw such a huge decrease due to payment made for the PILOT which was due to the Town of Dover from three previous years.

Total noncurrent liabilities decreased by \$32,191 or 11% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$17,951, with no offsetting assets, increased \$3,953 from the previous year. Long-term debt (capital bonds) decreased \$10,000 for an ending balance of \$175,000, other noncurrent liabilities decreased \$29,884 from the prior year, and accrued other post-employment benefits (OPEB) liabilities increased \$3,740 or 50% percent. Additional information on the Authority's accrued OPEB liabilities as of September 30, 2013 can be found in Note 19 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$2,602,881 as compared to \$2,764,224 from the prior year for a decrease of \$161,343 or 6% percent. The Authority had total operating expenses of \$2,869,747 as compared to \$2,921,630 from the previous year for a decrease of \$51,883 or 2% percent, resulting in a deficiency of revenue from operations in the amount of \$266,866 for the current year as compared to excess expenses over revenue from operations in the amount of \$157,406 for an increase in expenses over revenue of \$109,460 or 70% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$9,724 as compared to \$74,846 from the previous year for a decrease of \$65,122 or 87% percent. The full amount was used to fund payment of the current portion of the capital bond debt that the Authority holds.

The Authority had capital outlays in the amount of \$13,306 for the fiscal year. These expenditures were funded from management's operating reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 9 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$2,293,339 for the fiscal year 2013 as compared to \$2,525,697 for the previous fiscal year 2012 for a decrease of \$232,358 or 10% percent.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

**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

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.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flow
- 4) Notes 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 Authority's 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 17 through 20.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position 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 inflows and cash outflows in the future periods.



**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

Statement of Cash Flow– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 21 through 47.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

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 48 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Town of Dover are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended September 30, 2013. Type B programs for the Housing Authority of the Town of Dover are those which are less than \$300,000 in expenditures for the fiscal year ended September 30, 2013.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

The budget comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program can be found on page 49 the Section Eight Housing Choice Voucher Program on page 50.

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

The following summarizes the computation of Net Position between September 30, 2013 and September 30, 2012:

	<u>Year Ended</u>		Increase
	<u>September-13</u>	<u>September-12</u>	<u>(Decrease)</u>
Cash	\$ 1,200,924	\$ 1,387,571	\$ (186,647)
Other Current Assets	61,835	65,216	(3,381)
Capital Assets - Net	664,529	813,094	(148,565)
Other Assets	170,808	190,233	(19,425)
Total Assets	2,098,096	2,456,114	(358,018)
Less: Current Liabilities	(86,118)	(145,781)	59,663
Less: Non Current Liabilities	(262,236)	(294,427)	32,191
Net Assets	<u>\$ 1,749,742</u>	<u>\$ 2,015,906</u>	<u>\$ (266,164)</u>
Net Investment in Capital Assets	\$ 479,530	\$ 618,094	\$ (138,564)
Restricted Net Position	265,997	392,020	(126,023)
Unrestricted Net Position	1,004,215	1,005,792	(1,577)
Total Net Position	<u>\$ 1,749,742</u>	<u>\$ 2,015,906</u>	<u>\$ (266,164)</u>

Cash decreased by \$186,647 or 13% percent. Net cash used by operating activities was \$152,301, net cash used for capital and related financing activities was \$39,987, and net cash provided by investing activities was \$5,641. The full detail of this amount can be found in the Statement of Cash Flow on page 20 of this audit report.

Other current assets decreased \$3,381. Account receivable decreased \$1,483 and prepaid expenses decreased \$1,898.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$148,565 or 18% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$13,306, less the recording of depreciation expense in the amount of \$161,871. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 9 Fixed Assets.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

The Authority reported a decrease in other assets in the amount of \$19,425. The amount consisted of two accounts, grants receivable and the amortization of the underwriters cost for the financing of the capital leveraging program. Grants receivable decreased \$10,000, leaving the total of the grant receivable at \$170,808. The full amount of \$9,425 for the underwriter's cost for the financing of the capital leveraging program was written off due to a change in the method of accounting due to new guidance from GASB. A full detail of these accounts can be found in the Notes to the Financial Statements section Notes – 10 & 11.

Total current liabilities decreased from the previous year by \$59,663 or 41% percent. Accounts payables decreased by \$60,396, accrued liabilities increased by \$284, and tenant security deposit payable increased \$449.

Total noncurrent liabilities decreased by \$32,191 or 11% percent. The decrease was made up of four accounts, long term debt – capital bonds decreased \$10,000, accrued compensated absences – long term with no offsetting assets increased \$3,953, noncurrent liabilities – other decreased \$29,884, and accrued other post-employment benefits (OPEB) liabilities increased \$3,740 from the prior fiscal year.

The Authority's reported net position of \$1,749,742 is made up of three categories. The net investment in capital assets in the amount of \$479,530 represents 27% percent of the total account balance. The net investment in capital 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. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2012	\$	618,094
Acquisition in Fixed Assets		13,306
Depreciation Expense		(161,870)
Payment of Debt		10,000
Balance September 30, 2013	\$	479,530

The Housing Authority of the Town of Dover operating results for September 30, 2013 reported a decrease in unrestricted net position of \$1,577 or less than 1% percent for an ending balance of \$1,004,215. The Authority reported restricted net position in the amount of \$265,997 which decreased \$126,023 or 32% percent compared to the prior fiscal year. A full detail of these accounts can be found in the Notes to the Financial Statements section Notes – 20 & 21.

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

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

The following summarizes the changes in Net Position between September 30, 2013 and September 30, 2012:

	<u>Year Ended</u>		Increase
	September-13	September-12	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 222,926	\$ 230,690	\$ (7,764)
HUD Operating Grants	2,283,615	2,450,851	(167,236)
Fraud Recovery	2,875	625	2,250
Other Revenues	93,465	82,058	11,407
Total Operating Income	<u>2,602,881</u>	<u>2,764,224</u>	<u>(161,343)</u>
<u>Expenses</u>			
Operating Expenses	2,707,877	2,765,481	(57,604)
Depreciation Expense	161,870	156,149	5,721
Total Operating Expenses	<u>2,869,747</u>	<u>2,921,630</u>	<u>(51,883)</u>
Operating (Deficit)			
Before Capital Grants	(266,866)	(157,406)	(109,460)
Interest Income	5,192	5,507	(315)
Extraordinary Maintenance	(8,007)	(12,781)	4,774
HUD Capital Grants	9,724	74,846	(65,122)
Change in Net Position	(259,957)	(89,834)	(170,123)
Prior Period Adjustment	(6,207)	-	(6,207)
Net Position Prior Year	2,015,906	2,105,740	(89,834)
Total Net Position	<u>\$ 1,749,742</u>	<u>\$ 2,015,906</u>	<u>\$ (266,164)</u>

Approximately 88% percent of the Authority's total revenue was provided by HUD operating subsidy, while 9% percent resulted from tenant revenue. Charges for various services and fraud recovery provided for the remaining 3% percent of the total operating income.

The Housing Authority of the Town of Dover received capital fund improvement grant money during the year in the amount of \$9,724 as compared to \$74,846 for the previous year. The full amount was used to fund payment of the current portion of the capital bond debt that the Authority holds. An additional \$13,306 was spent from operation's reserves to pay for new water heaters.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 70% percent of total operating expenses. Administrative expenses accounted for 11% percent, tenant services accounted 1% percent, utilities expense accounted for 4% percent, maintenance expense accounted for 3% percent, other operating expenses accounted for 5% percent, and depreciation accounted for the remaining 6% of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficiency of revenue from operations in the amount of \$266,866 from operations as compared to excess expenses over revenue from operations of \$157,406 for the previous year. The key element for the increase in deficit in comparison to the prior year is as follow:

- The Authority experienced a decrease in HUD operating grants in the amount of \$167,236, or 7% percent, due to cutbacks by Congress.
- Tenant rental revenue decreased \$7,764 or 3% percent. Other revenue increased \$11,407 or 14% percent and fraud recovery increased \$2,250 or 360% percent.
- Administrative expenses decreased \$23,874 or 7%. Other operating expenses decreased \$47,084 or 2% percent. Housing assistance payments decreased \$12,086 or 9% percent.
- Tenant services expenses increased \$7,651 or 26% percent. Utility expenses increased \$11,986 or 10% percent. Maintenance expenses increased \$5,803 or 8% percent.

Total net cash used by operating activities during the year was \$152,301. A full detail of this amount can be found on the Statement of Cash Flow on page 20 of this report.

Overall the Authority reported a decrease in unrestricted net position of \$1,577 or a decrease less than 1% percent for an ending balance of \$1,004,215. Additional information on the Authority's unrestricted net position can be found in Note 21 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

The following are financial highlights of significant items for a four year period of time ending on September 30, 2013:

	September-13	September-12	September-11	September-10
<b>Significant Income</b>				
Total Tenant Revenue	\$ 222,296	\$ 230,690	\$ 244,972	\$ 249,724
HUD Operating Grants	2,283,615	2,450,851	2,517,113	1,876,598
HUD Capital Grants	9,724	74,846	10,575	167,701
Investment Income	5,192	5,507	7,924	7,958
Other Revenue	96,340	82,058	50,568	712,201
Total	<u>\$ 2,617,167</u>	<u>\$ 2,843,952</u>	<u>\$ 2,831,152</u>	<u>\$ 3,014,182</u>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 98,040	\$ 93,792	\$ 92,791	\$ 61,482
Tenant Services Salaries	20,000	15,000	35,000	63,554
Maintenance Labor	8,209	8,447	7,982	7,794
Employee Benefits Expense	102,425	98,380	87,604	91,413
Total Payroll Expense	<u>\$ 228,674</u>	<u>\$ 215,619</u>	<u>\$ 223,377</u>	<u>\$ 224,243</u>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 148,390	\$ 178,159	\$ 144,496	\$ 80,625
Utilities Expense	127,364	115,378	134,163	135,575
Maintenance Contract Cost	54,721	51,335	61,571	80,306
Insurance Premiums	26,675	27,048	27,366	28,037
Housing Assistance Payments	2,020,624	2,067,708	2,036,762	2,011,952
Total	<u>\$ 2,377,774</u>	<u>\$ 2,439,628</u>	<u>\$ 2,404,358</u>	<u>\$ 2,336,495</u>
<b>Total Operating Expenses</b>	<u>\$ 2,869,747</u>	<u>\$ 2,934,411</u>	<u>\$ 2,906,737</u>	<u>\$ 2,882,549</u>
<b>Total of Federal Awards</b>	<u>\$ 2,293,339</u>	<u>\$ 2,525,697</u>	<u>\$ 2,527,688</u>	<u>\$ 2,693,697</u>

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

**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 revenues were not sufficient to cover all expenses excluding depreciation expense. The Authority's unrestricted net position appears 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 position reflects its net 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 "Net Investment in Capital Assets" and are not available for future spending. The unrestricted position of the Authority is available for future use to provide program services.

**THE HOUSING AUTHORITY OF THE TOWN OF DOVER 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 OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

**BUDGETARY HIGHLIGHTS**

For the year ended September 30, 2013, 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 49 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 50 of this report.

**NEW INITIATIVES**

For the fiscal year 2013 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 88% percent of its revenue from the Department of Housing and Urban Development, (2012 was 89% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the Town of Dover all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

For 2013 due to budget cuts once again by Congress, HUD prorated everyone's eligibility for operating funds at 81.86%. For calendar year 2013 the Authority was eligible for \$189,080, after the proration the Authority was only able to receive \$155,219, which is a decrease in funding of \$33,861.



**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's investment in capital assets as of September 30, 2013 was \$664,529 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$148,565 or 18% percent. Major capital expenditures of \$13,306 were made during the year. Major capital assets events during the fiscal year included the following:

- Hot Water Heaters

	September-13	September-12	Increase (Decrease)
Land	\$ 68,000	\$ 68,000	\$ -
Building	3,081,918	3,003,938	77,980
Furniture, Equipment - Dwelling	78,309	78,309	-
Furniture, Equipment - Administration	104,333	104,333	-
Construction in Process	-	64,674	(64,674)
Total Fixed Assets	3,332,560	3,319,254	13,306
Accumulated Depreciation	(2,668,031)	(2,506,160)	(161,871)
Net Book Value	\$ 664,529	\$ 813,094	\$(148,565)

Additional information on the Authority's capital assets can be found in Note 9 to the financial statements, which is included in this report.

2 - Debt Administration

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 \$179 at the end of the fiscal year, with Capital Project Bond payable of \$185,000 in outstanding debt. A full disclosure of loans payable at September 30, 2013 can be found in Note-17.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2013**

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

The Housing Authority of 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 2013 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, 2014.

- 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.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.

The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants

**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 OF THE TOWN OF DOVER**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2013 AND 2012**

	September 30,	
	2013	2012
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,200,924	\$ 1,387,571
Accounts Receivables, Net of Allowances	25,493	26,976
Prepaid Expenses	36,342	38,240
Total Current Assets	1,262,759	1,452,787
<b>Noncurrent Assets</b>		
Capital Assets		
Land	68,000	68,000
Building	3,081,918	3,003,938
Furniture, Equipment - Dwelling	78,309	78,309
Furniture, Equipment - Administration	104,333	104,333
Construction in Process	-	64,674
Total Capital Assets	3,332,560	3,319,254
Less: Accumulated Depreciation	(2,668,031)	(2,506,160)
Net Book Value	664,529	813,094
Grants Receivable - Noncurrent	170,808	180,808
Other Assets	-	9,425
Total Other Assets	170,808	190,233
Total Assets	2,098,096	2,456,114
<b>Deferred Outflow of Resources</b>		
Total Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflow of Resources	\$ 2,098,096	\$ 2,456,114

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2013 AND 2012**

	September 30,	
	2013	2012
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 49,783	\$ 110,179
Accrued Liabilities	5,842	5,558
Tenant Security Deposit Payable	20,493	20,044
Long Term Debt - Current	10,000	10,000
Total Current Liabilities	86,118	145,781
<b>Noncurrent Liabilities</b>		
Long Term Debt - Noncurrent	175,000	185,000
Accrued Compensated Absences - Long-Term	17,951	13,998
Noncurrent Liabilities - Other	58,065	87,949
Accrued Other-Post Employment Benefits (OPEB) Liabilities	11,220	7,480
Total Noncurrent Liabilities	262,236	294,427
Total Liabilities	348,354	440,208
<b>Deferred Inflow of Resources</b>		
Total Deferred Inflow of Resources	-	-
<b>Net Position:</b>		
Net Investment in Capital Assets	479,530	618,094
Restricted	265,997	392,020
Unrestricted	1,004,215	1,005,792
Total Net Position	1,749,742	2,015,906
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 2,098,096	\$ 2,456,114

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**  
**STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012**

	September 30,	
	2013	2012
<b>Revenue:</b>		
Tenant Rental Revenue	\$ 222,926	\$ 230,690
HUD PHA Operating Grants	2,283,615	2,450,851
Fraud Recovery	2,875	625
Other Revenue	93,465	82,058
Total Revenue	<u>2,602,881</u>	<u>2,764,224</u>
<b>Operating Expenses:</b>		
Administrative Expense	326,667	350,541
Tenant Services	37,634	29,983
Utilities Expense	127,364	115,378
Maintenance Expense	75,627	69,824
Other Operating Expenses	119,961	132,047
Housing Assistance Payments	2,020,624	2,067,708
Depreciations Expense	161,870	156,149
Total Operating Expenses	<u>2,869,747</u>	<u>2,921,630</u>
Excess Expenses Over Revenue From Operations	<u>(266,866)</u>	<u>(157,406)</u>
<b>Non Operating Income and (Expenses):</b>		
Investment Income	5,192	5,507
Extraordinary Maintenance	(8,007)	(12,781)
Total Non Operating (Expenses)	<u>(2,815)</u>	<u>(7,274)</u>
(Deficit) Before Capital Grant Contributions	(269,681)	(164,680)
Capital Grant Contributions	<u>9,724</u>	<u>74,846</u>
<b>Change in Net Position</b>	(259,957)	(89,834)
Beginning Net Position	2,015,906	2,105,740
Prior period Adjustment	(6,207)	-
Beginning Net Position - Restated	<u>2,009,699</u>	<u>2,105,740</u>
Ending Net Position	<u>\$ 1,749,742</u>	<u>\$ 2,015,906</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**  
**STATEMENT OF CASH FLOW**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012**

	September 30,	
	2013	2012
<b>Cash Flow From Operating Activities</b>		
Receipts from Tenants	\$ 222,926	\$ 230,690
Receipts from Federal Grants	2,283,615	2,450,851
Receipts from Fraud Recovery	2,875	625
Receipts from Misc. Sources	93,465	82,058
Payments to Vendors and Suppliers	(505,884)	(448,420)
Housing Assistance Payments	(2,020,624)	(2,067,708)
Payments to Employees	(126,249)	(117,239)
Payment of Employee Benefits	(102,425)	(98,380)
Net Cash (Used) Provided by Operating Activities	(152,301)	32,477
<b>Cash Flow From Capital and Related Financing Activities</b>		
Receipts from Capital Grants	9,724	74,846
Acquisitions and Construction of Capital Assets	(13,306)	(164,559)
Payment of Extraordinary Maintenance	(8,007)	(12,781)
Increase in Compensated Absences - Long Term	3,953	419
(Decrease) Increase of Noncurrent Liabilities (FSS accounts)	(29,884)	19,043
Receipt in Capital Project Bonds Receivable	10,000	10,000
Payment of Debt	(10,000)	(10,000)
Increase in Accrued OPEB Liabilities	3,740	3,740
Prior Period Adjustment	(6,207)	-
Net Cash (Used) by Capital and Related Financing Activities	(39,987)	(79,292)
<b>Cash Flow From Investing Activities</b>		
Interest Income	5,192	5,507
Increase of Tenant Security Deposit	449	225
Net Cash Provided by Investing Activities	5,641	5,732
Net (Decrease) in Cash and Cash Equivalents	(186,647)	(41,083)
<b>Beginning Cash</b>	1,387,571	1,428,654
<b>Ending Cash</b>	\$ 1,200,924	\$ 1,387,571
<b>Reconciliation of Operating Income to Net Cash</b>		
(Used) by Operating Activities		
Excess of Expenses Over Revenue	\$ (266,866)	\$ (157,406)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense, net of adjustments	161,871	156,148
Amortization of Other Assets	9,425	620
(Increase) Decrease in:		
Accounts Receivables - Net of Adjustments	1,483	5,769
Prepaid Expenses	1,898	(13,947)
Increase (Decrease) in:		
Accounts Payable	(60,396)	41,448
Accrued Expenses	284	(155)
Unearned Revenue	-	-
Net Cash (Used) Provided By Operating Activities	\$ (152,301)	\$ 32,477

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

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

**1. Organization** - The Authority is a governmental, public 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: 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. The Authority is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in the Town of Dover. 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 and Town Council, 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 calendar 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 OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **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. The Authority follows GASB-45-“Accounting for Pensions by State and Local Governmental Employers.”

#### 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.

Statement No. 63 of the Government Accounting Standards Board (“GASB 63”) *Financial Reporting of deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* was issued in June 2012. This Statement results in a change in the presentation of the Authority’s Statement of Net Assets to what is now referred to as the Statements of Net Position and the term “net assets” is changed to “net position” throughout the financial statements.

Statement No. 65 of the Government Accounting Standards Board (“GASB 65”) *Items Previously Reported as Assets and Liabilities* was issued in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.



# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **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. 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 contributions are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **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.

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.

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

All assets, liabilities, net positions, revenue, and expenses are accounting for through a single enterprise fund for the primary government. In enterprise funds, activity is recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **Report Presentation -**

The Authority's basic financial statements are presented on an entity-wide basis consisting of various housing programs. 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" Statement No.38 "Certain Financial Statement Note Disclosures", and Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" 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. 63 requires the classification of "net assets" into "net position" which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

The adoptions of Statement No. 34, Statement No. 37, Statement No. 38, and Statement No. 63 have no significant effect on the financial statements except, for the classification of net position in accordance with Statement No. 63.

### Net Investment in Capital Assets.

The net position 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.

The net position less that are subject to constraints on their use by creditors, grantors, contributors, legislation, or other governmental laws or regulations.

### Unrestricted.

The net position consists of net assets that do not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

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.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **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.

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

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

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

11-Continued - 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.

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.

14- Fair Value Measurements – Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defined a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which requires the Authority to develop assumptions.

The carrying amounts reported for cash and short-term investments approximate fair value.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **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. The Authority submits its annual operating subsidy and capital budget to U.S. Department of Housing and Urban Development. 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 48 the Section Eight Housing Choice Voucher Program on page 49.

**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		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-68	248

**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

**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.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

**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.
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.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

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

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 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. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

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.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2013divisioncombined.pdf>

### 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 6.64% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2013 and 2012 amounted to \$33,924 and \$32,006.

### Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.



**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**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.

Cash and cash equivalents at September 30, 2013 and 2012 of \$1,200,924 and \$1,387,571 respectively, which were either insured or collateralized with securities held by pledging financial institutions in the Authority's name as discussed below:

	<u>September-13</u>	<u>September-12</u>
Bank of America	\$ 1,082,181	\$ 1,269,061
The Provident	118,514	118,250
Wells Fargo	179	210
Petty Cash	50	50
Total Cash, Cash Equivalents	<u>\$ 1,200,924</u>	<u>\$ 1,387,571</u>

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

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

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 custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>September-13</u>	<u>September-12</u>
Insured	\$ 368,693	\$ 368,460
Collateralized held by pledging bank's trust department in the Authority's name	832,231	1,019,111
Total Cash, Cash Equivalents	<u>\$ 1,200,924</u>	<u>\$ 1,387,571</u>

**NOTE 5 – RESTRICTED CASH**

The Authority has total restricted cash at September 30, 2013 and 2012 in the amount of \$167,459 and \$306,879, respectively, which was accounted for in Note 4 and consists of the following:

	<u>September-13</u>	<u>September-12</u>
CFP Leveraging	\$ 179	\$ 210
Security Deposit	20,493	20,044
HAP Reserves	88,722	198,676
FSS Escrow	58,065	87,949
Total Restricted Cash	<u>\$ 167,459</u>	<u>\$ 306,879</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.

The restricted cash in the amount of \$88,722 for September 30, 2013 and \$198,676 for 2012 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The restricted cash in the amount of \$58,065 as of September 30, 2013 and \$87,949 for 2012 are held as escrow and reserve accounts. The restricted cash in the amount of \$20,493 and \$20,044 is held as security deposits for the tenants of the Public Housing program.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 6 - 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. Accounts Receivable at September 30, 2013 and 2012 consisted of the following:

	<u>September-13</u>	<u>September-12</u>
Morris County Receivable	\$ 13,673	\$ 16,140
Municipal Alliance Receivable	1,820	835
Debt Leveraging Receivable	10,000	10,000
Total Accounts Receivable	<u>\$ 25,493</u>	<u>\$ 26,976</u>

**NOTE 7 - 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, 2013 and 2012 consisted of the following:

	<u>September-13</u>	<u>September-12</u>
Prepaid Insurance	\$ 24,342	\$ 24,204
Prepaid Expense - Tenmast	12,000	14,036
Total Prepaid Expenses	<u>\$ 36,342</u>	<u>\$ 38,240</u>

**NOTE 8 - 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. The amounts between the various programs administered by the Authority at September 30, 2013 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **NOTE 9 - FIXED ASSETS**

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

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.

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 Housing Authority of the Town of Dover has given consideration to the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, (SFAS No. 144) in the preparation of these financial statements.

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 has not recognized any impairment in the carry value of its fixed assets at September 30, 2013.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements

September 30, 2013

**NOTE 9 - FIXED ASSETS - CONTINUED**

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2013 and 2012:

	September-12	Additions	Transfers	September-13
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	3,003,938	13,306	64,674	3,081,918
Furniture, Equipment - Dwelling	78,309	-	-	78,309
Furniture, Equipment - Administration	104,333	-	-	104,333
Construction in Process	64,674	-	(64,674)	-
Total Fixed Assets	3,319,254	13,306	\$ -	3,332,560
Accumulated Depreciation	(2,506,160)	(161,871)	-	(2,668,031)
Net Book Value	\$ 813,094	\$ (148,565)	\$ -	\$ 664,529

	September-11	Additions	Transfers	September-12
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	2,904,053	99,885	-	3,003,938
Furniture, Equipment - Dwelling	78,309	-	-	78,309
Furniture, Equipment - Administration	104,333	-	-	104,333
Construction in Process	-	64,674	-	64,674
Total Fixed Assets	3,154,695	164,559	\$ -	3,319,254
Accumulated Depreciation	(2,350,012)	(156,148)	-	(2,506,160)
Net Book Value	\$ 804,683	\$ 8,411	\$ -	\$ 813,094

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements

September 30, 2013

**NOTE 10 – 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, 2013 and 2012 are as follows:

	<u>September-13</u>	<u>September-12</u>
HUD CFP Future Funds Receivable	\$ 180,808	\$ 190,808
Less Current Receivable	(10,000)	(10,000)
Net of Current Receivable	<u>\$ 170,808</u>	<u>\$ 180,808</u>

**NOTE 11 – 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.

	<u>September-13</u>	<u>September-12</u>
Capital Fund Leveraging - Underwriter's Cost	\$ -	\$ 12,937
Less Amortization - Underwriter's Cost	-	(3,512)
Net Book Value - Underwriter's Cost	<u>\$ -</u>	<u>\$ 9,425</u>

During the fiscal year ended September 30, 2013 the Authority changed its method of accounting for its capital fund financing program in accordance with accounting policies preferred by the United States Department of Housing and Urban Development as provided by GASB. During the fiscal year ended September 31, 2013 the Authority wrote off any remaining costs associated with the bonds.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 12 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its statement of net position as of September 30, 2013 and 2012. Accounts payable vendors are amount owing to creditors as a result of delivered goods and completed services. The Authority accounts payable at September 30, 2013 and 2012 in the amount of \$49,783 and \$110,179, respectively consist of the following:

	<u>September-13</u>	<u>September-12</u>
Accounts Payable Vendors	\$ 40,227	\$ 76,116
Accounts Payable - Other Government	9,556	34,063
Total Accounts Payable	<u>\$ 49,783</u>	<u>\$ 110,179</u>

**NOTE 13 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's programs are exempt from 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. PILOT payable at September 30, 2013 and 2012 consist of the following:

PILOT Payable 9-30-2011	\$ 22,532
PILOT Expense	<u>11,531</u>
PILOT Payable 9-30-2012	34,063
PILOT Expense	9,556
Less: Payments	<u>(34,063)</u>
PILOT Payable 9-30-2013	<u>\$ 9,556</u>

**NOTE 14 – ACCRUED EXPENSES**

The Authority reported accrued expenses on its statement of net position. Accrued expenses are liabilities covering expenses incurred on or before September 30. Accrued expenses at September 30, 2013 and 2012 consisted of the following:

	<u>September-13</u>	<u>September-12</u>
Compensated Absences - Current Portion	\$ 1,995	\$ 1,555
Accrued Payroll Taxes	135	122
Accrued Interest Payable	3,712	3,881
Total Accrued Liabilities	<u>\$ 5,842</u>	<u>\$ 5,558</u>

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **NOTE 15 – 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, 2013 and 2012, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

	<u>September-13</u>	<u>September-12</u>
Accumulated Sick Time	\$ 8,434	\$ 4,239
Accumulated Vacation Time	10,094	10,209
Accrued Payroll Taxes	1,418	1,105
Total	<u>19,946</u>	<u>15,553</u>
Compensated Absences - Current Portion	(1,995)	(1,555)
Total Compensated Absences - Noncurrent	<u>\$ 17,951</u>	<u>\$ 13,998</u>

### **NOTE 16 – 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.



# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **NOTE 17 – 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 interest payable for November 1, 2013 is \$4,455 and May 1, 2014 is \$4,455.

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

September 30, 2014	\$	10,000
September 30, 2015		10,000
September 30, 2016		10,000
September 30, 2017		10,000
September 30, 2018		10,000
Sub Total		<u>50,000</u>
Next Five Years Ending September, 2023		70,000
Next Four Years Til Maturity		65,000
Total Capital Project Bonds	\$	<u><u>185,000</u></u>

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 18 – 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, 2013 is \$58,065. The bank account balance at September 30, 2012 is \$87,949.

**NOTE 19 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC") , an amount actuarially determined in accordance with parameters of GASB Statement No. 45 . The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

	September-13	September-12
Annual Required Contribution	\$ 13,078	\$ 10,763
Amortization of Initial Unfunded Accrued Liability	24,586	24,586
Annual OPEB cost (expense)	37,664	35,349
Contributions made	(33,924)	(31,609)
Increase in net OPEB obligation	3,740	3,740
Net OPEB Obligation – beginning of year	7,480	3,740
Net OPEB Obligation – end of year	\$ 11,220	\$ 7,480

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 19 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**

The Authority’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September-11	\$ 35,349	89%	\$ 3,740
September-12	\$ 35,349	89%	\$ 3,740
September-13	\$ 37,664	90%	\$ 3,740

FUNDED STATUS AND FUNDING PROGRESS

As of October 1, 2010, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$702,452, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$702,452.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

EFFECT OF A 1% CHANGE IN HEALTHCARE TREND RATES

In the event of that healthcare trend rates were 1% percent higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to \$802,722 or by 14% percent and the corresponding Normal Cost would increase to \$15,369 or by 42% percent.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements

September 30, 2013

**NOTE 19 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED**  
ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

- Actuarial Cost Method Projected Unit Credit
- Investment Rate of Return 5.00% per annum
- Healthcare Trend Rates:

	Year	Pre - 65	Post - 65
Initial Trend	October-11	10.00%	10.00%
Ultimate Trend	2016 & Later	5.00%	5.00%
Grading per Year		1.00%	1.00%

- General Inflation Assumption: 3.5% per annum
- Actuarial Value of Assets: Market Value
- Amortization of UAAL: Amortized as fixed dollar basis over 30 years at transition
- Remaining Amortization Period: 30 years at October 1, 2010

Reconciliation of Plan Participation (As of October 1, 2010) Active Employees:

	<u>October 1, 2010</u>
Number of Active Employees	27
Average Age - Actives	51.8
Average Years of Service - Actives	9.1
Average Expected Future Working Life	13.2
Number of Retired Employees	4
Average Age - Retirees	71.3
Actives Eligible for Benefits	3

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 20 – RESTRICTED NET POSITION**

The Authority restricted net position account balance at September 30, 2013 is \$265,997. The detail of the reserve account balances are as follows:

	<u>September-13</u>	<u>September-12</u>
State Leveraging Funds Receivable	\$ 180,808	\$ 190,808
Prepaid Ammortization of Bond Issue Cost	-	9,425
Restricted State Leveraging Funds - Cash	179	210
Less: Accrued Interest Payable	(3,712)	(3,881)
Less: CFP Bond Premium	-	(3,218)
Total Restricted Net Assets LIH Program	<u>177,275</u>	<u>193,344</u>
HCV Program Restricted Net Assets	88,722	198,676
Total Restricted Net Assets	<u><u>\$ 265,997</u></u>	<u><u>\$ 392,020</u></u>

During the fiscal year ended September 30, 2013 the Authority changed its method of accounting for its capital fund financing program in accordance with accounting policies preferred by the United States Department of Housing and Urban Development as provided by GASB. During the fiscal year ended September 31, 2013 the Authority wrote off the remaining CFP bond premium in its full amount.

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

HAP Reserve 9-30-2011	\$ 268,075
Decrease During the Year	<u>(69,399)</u>
HAP Reserve 9-30-2012	198,676
Decrease During the Year	<u>(109,954)</u>
HAP Reserve 9-30-2013	<u><u>\$ 88,722</u></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 2006-03, 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 position.

## HOUSING AUTHORITY OF THE TOWN OF DOVER

### Notes to Financial Statements September 30, 2013

#### **NOTE 21 – UNRESTRICTED NET POSITION**

The Authority's unrestricted net position account balance at September 30, 2013 and 2012 is \$1,004,215 and \$1,005,792, respectively. The detail of the account balance is as follows:

	LIH Program Reserves	HCV Admin Reserves	Total
Balance September 30, 2011	\$ 217,806	\$ 816,626	\$ 1,034,432
Decrease During the Year	(52,333)	(55,912)	(108,245)
Transfer Reserves	10,206	69,399	79,605
Balance September 30, 2012	175,679	830,113	1,005,792
Decrease For the Year	(6,319)	-	(6,319)
Increase for the Year	-	4,742	4,742
Balance September 30, 2013	\$ 169,360	\$ 834,855	\$ 1,004,215

Below is a detail of the HCV Administrative Reserves:

	Pre 2004 Unrestricted Reserves	Post 2003 Unrestricted Reserves	Total Unrestricted Reserves
Balance 9/30/2004	\$ 456,637		\$ 456,637
Net Admin. Fee Operating Income	-	65,470	65,470
Balance 9/30/2005	456,637	65,470	522,107
Net Admin. Fee Operating Income	-	15,764	15,764
Balance 9/30/2006	456,637	81,234	537,871
Net Admin. Fee Operating Income	-	241,927	241,927
Balance 9/30/2007	456,637	323,161	779,798
Net Admin. Fee Operating (Deficit)	-	(135,664)	(135,664)
Balance 9/30/2008	456,637	187,497	644,134
Net Admin. Fee Operating Income	-	85,770	85,770
Balance 9/30/2009	456,637	273,267	729,904
Net Admin. Fee Operating Income	-	67,599	67,599
Balance 9/30/2010	456,637	340,866	797,503
Net Admin. Fee Operating Income	-	19,123	19,123
Balance 9/30/2011	456,637	359,989	816,626
Net Admin. Fee Operating Income	-	13,487	13,487
Balance 9/30/2012	456,637	373,476	830,113
Net Admin. Fee Operating Income	-	4,742	4,742
Balance 9/30/2013	\$ 456,637	\$ 378,218	\$ 834,855

# HOUSING AUTHORITY OF THE TOWN OF DOVER

## Notes to Financial Statements

September 30, 2013

### **NOTE 22 – 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, 2013, 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, 2013, the Authority did not reduce insurance coverage's from coverage levels in place as of September 30, 2012. No settlements have exceeded coverage levels in place during 2011, 2012, and 2013.

### **NOTE 23 - 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, 2013 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, 2013 and 2012 were \$162,954 and \$182,659, respectively.

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 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. HUD contributions for the Housing Choice Voucher for September 30, 2013 and 2012 were \$2,116,661 and \$2,245,884, respectively.

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 24 - 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 at September 30, 2013 and 2012 was \$2,293,339 and \$2,525,697, respectively:

		September 30,	
	CFDA #'s	2013	2012
		<u>Expenditures</u>	<u>Expenditures</u>
<u>PHA Owned Housing</u>			
Low Rent Public Housing	14.850	\$ 162,954	\$ 182,659
Public Housing Capital Fund Program	14.872	13,724	97,154
Subtotal		<u>176,678</u>	<u>279,813</u>
 <u>Rental Assistance Housing Programs</u>			
Housing Choice Vouchers	14.871	2,116,661	2,245,884
Subtotal		<u>2,116,661</u>	<u>2,245,884</u>
 Total Awards		 <u>\$ 2,293,339</u>	 <u>\$ 2,525,697</u>

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. Total financial support by HUD was \$2,293,339 to the Authority which represents approximately 88% percent of the Authority's total revenue for the fiscal year September 30, 2013 and \$2,525,697 which represents approximately 89% percent for 2012.



**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Notes to Financial Statements  
September 30, 2013

**NOTE 25 - CONTINGENCIES**

Litigation – At September 30, 2013, 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 25 – PRIOR PERIOD ADJUSTMENT**

For September 30, 2013

The Authority had a prior period adjustment in the amount of (\$6,207) which consisted of the following items:

Underwriter's cost	\$	(9,425)
CFP Bond Premium		<u>3,218</u>
Total Prior Period Adjustment 9-30-2013	\$	<u><u>(6,207)</u></u>

These items were written off per guidance for new accounting methods as issued in a recent GASB statement.

For September 30, 2012

The Authority had no Prior Period Adjustments for the year ending September 30, 2012.

**NOTE 26 – SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the Statement of Net Position date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru February 6, 2014; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF DOVER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2013**

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

	CFDA#	Expenditures
<b><u>PHA Owned Housing</u></b>		
Low Rent Public Housing	14.850	\$ 162,954
Public Housing Capital Fund Program	14.872	13,724
Subtotal		176,678
 <b><u>Rental Assistance Housing Programs</u></b>		
Housing Choice Vouchers	14.871	2,116,661
Subtotal		2,116,661
Total Awards		\$ 2,293,339

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of the 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. Because the Schedule presents only a selected portion of the operations of Housing Authority of the Town of Dover, it is not intended to and does not present the financial position, change in net position, or cash flow of the Housing Authority of the Town of Dover.

**Note 2. Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowed or limited as to reimbursement.

**Note 3. Loans Outstanding:**

Housing Authority Town of Dover had Capital Project Bonds payable in the amount of \$185,000, outstanding at September 30, 2013. See Note 17 on page 39 of this report for full detail.

**Note 4. Sub recipients:**

Of the federal expenditures presented in the schedule above, The Housing Authority of the 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, 2013**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue:</b>			
Tenant Rental Revenue	\$ 222,926	\$ 232,176	\$ (9,250)
HUD PHA Operating Grants	166,954	187,631	(20,677)
Other Revenue	37,056	34,846	2,210
Total Revenue	<u>426,936</u>	<u>454,653</u>	<u>(27,717)</u>
<b>Operating Expenses:</b>			
Administration:			
Administrative Salaries	63,726	55,239	(8,487)
Audit Fee's	4,750	4,990	240
Compensated Absences	2,618	1,000	(1,618)
Employee Benefit Contributions	50,601	26,840	(23,761)
Other Operating Administrative Expenses	51,268	59,592	8,324
Total Administrative Expenses	<u>172,963</u>	<u>147,661</u>	<u>(25,302)</u>
Tenant Services:			
Tenant Services Other	1,700	5,000	3,300
Total Tenant Services	<u>1,700</u>	<u>5,000</u>	<u>3,300</u>
Utilities:			
Water	17,266	12,165	(5,101)
Electricity	110,098	123,000	12,902
Total Utilities	<u>127,364</u>	<u>135,165</u>	<u>7,801</u>
Maintenance:			
Maintenance Labor	8,209	7,980	(229)
Materials	6,443	7,500	1,057
Maintenance Contract Cost	54,721	65,200	10,479
Employee Benefit Contributions	6,254	31,680	25,426
Total Maintenance	<u>75,627</u>	<u>112,360</u>	<u>36,733</u>
Protective Services:			
Protective Services - Other Cost	2,985	2,000	(985)
Total Protective Services	<u>2,985</u>	<u>2,000</u>	<u>(985)</u>
Other Operating Expenses:			
Insurance	26,675	28,840	2,165
Other General Expenses	440	-	(440)
Payment in Lieu of Taxes	9,556	9,701	145
Total Other Operating Expenses	<u>36,671</u>	<u>38,541</u>	<u>1,870</u>
Total Operating Expenses	<u>417,310</u>	<u>440,727</u>	<u>23,417</u>
Excess Revenue Over Expenses From Operations	<u>9,626</u>	<u>13,926</u>	<u>(4,300)</u>
Other Income and (Expenses):			
Investment Income - Unrestricted	4,928	5,181	(253)
Extraordinary Maintenance	(8,007)	(61,200)	53,193
Interest Expense and Amortization Costs	(9,146)	-	(9,146)
Building Purchases	(3,582)	-	(3,582)
Transfer in From Restricted	16,069	-	16,069
Payment of Debt	(10,000)	-	(10,000)
Prior Period Adjustment	(6,207)	-	(6,207)
Total Other Income and (Expenses)	<u>(15,945)</u>	<u>(56,019)</u>	<u>(253)</u>
Excess Expenses over Revenue	<u>\$ (6,319)</u>	<u>\$ (42,093)</u>	<u>\$ 35,774</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, 2013**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
<b>Revenue - Annual Contribution Required</b>			
Housing Assistance Payments	\$ 1,904,648	\$ 1,991,000	\$ (86,352)
Ongoing Administrative Fees Earned	212,013	242,000	(29,987)
Fraud Recovery	2,875	-	56,409
Other Income	56,409	20,000	2,155,945
Total Revenue	<u>2,175,945</u>	<u>2,253,000</u>	<u>2,096,015</u>
<b>Operating Expenses:</b>			
Administration:			
Administrative Salaries	34,314	39,331	5,017
Audit Fee's	4,750	4,990	240
Employee Benefit Contributions	29,636	36,034	6,398
Other Operating Administrative Expenses	87,622	122,018	34,396
Total Administrative Expenses	<u>156,322</u>	<u>202,373</u>	<u>46,051</u>
Tenant Services:			
Tenant Services Salaries	20,000	12,930	(7,070)
Employee Benefit Contributions	15,934	11,846	(4,088)
Total Tenant Services	<u>35,934</u>	<u>24,776</u>	<u>(11,158)</u>
Other Operating Expenses:			
Other General Expenses	68,541	-	(68,541)
Housing Assistance Payments	2,020,624	1,991,000	(29,624)
Total Other Operating Expenses	<u>2,089,165</u>	<u>1,991,000</u>	<u>(98,165)</u>
Total Operating Expenses	<u>2,281,421</u>	<u>2,218,149</u>	<u>(63,272)</u>
Excess Expenses Over Revenue From Operations	<u>(105,476)</u>	34,851	<u>(140,327)</u>
Other Income and (Expenses):			
Investment Income	264	-	264
Transfer From Restrcted HAP Reserves	109,954	-	109,954
Total Other Income and (Expenses)	<u>110,218</u>	-	<u>110,218</u>
Excess Revenue over Expenses (Loss)	<u>\$ 4,742</u>	<u>\$ 34,851</u>	<u>\$ (30,109)</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:

09/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$182,648	\$850,817	\$1,033,465	\$1,033,465
112 Cash - Restricted - Modernization and Development	\$179		\$179	\$179
113 Cash - Other Restricted		\$146,787	\$146,787	\$146,787
114 Cash - Tenant Security Deposits	\$20,493		\$20,493	\$20,493
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$203,320	\$997,604	\$1,200,924	\$1,200,924
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government		\$15,493	\$15,493	\$15,493
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
127 Notes, Loans, & Mortgages Receivable - Current	\$10,000		\$10,000	\$10,000
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,000	\$15,493	\$25,493	\$25,493
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$36,342		\$36,342	\$36,342
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$249,662	\$1,013,097	\$1,262,759	\$1,262,759
161 Land	\$68,000		\$68,000	\$68,000
162 Buildings	\$3,081,918		\$3,081,918	\$3,081,918
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	-\$2,666,165	-\$1,866	-\$2,668,031	-\$2,668,031
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$664,529	\$0	\$664,529	\$664,529

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:

09/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current	\$170,808		\$170,808	\$170,808
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$835,337	\$0	\$835,337	\$835,337
190 Total Assets	\$1,084,999	\$1,013,097	\$2,098,096	\$2,098,096
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$21,058	\$19,169	\$40,227	\$40,227
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$135		\$135	\$135
322 Accrued Compensated Absences - Current Portion	\$1,159	\$836	\$1,995	\$1,995
324 Accrued Contingency Liability				
325 Accrued Interest Payable	\$3,712		\$3,712	\$3,712
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$9,556		\$9,556	\$9,556
341 Tenant Security Deposits	\$20,493		\$20,493	\$20,493
342 Deferred Revenues				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$10,000		\$10,000	\$10,000
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$66,113	\$20,005	\$86,118	\$86,118
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$175,000		\$175,000	\$175,000
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other		\$58,065	\$58,065	\$58,065
354 Accrued Compensated Absences - Non Current	\$10,428	\$7,523	\$17,951	\$17,951
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$7,293	\$3,927	\$11,220	\$11,220
350 Total Non-Current Liabilities	\$192,721	\$69,515	\$262,236	\$262,236
300 Total Liabilities	\$258,834	\$89,520	\$348,354	\$348,354
508.1 Invested In Capital Assets, Net of Related Debt	\$479,530	\$0	\$479,530	\$479,530
511.1 Restricted Net Assets	\$177,275	\$88,722	\$265,997	\$265,997
512.1 Unrestricted Net Assets	\$169,360	\$834,855	\$1,004,215	\$1,004,215
513 Total Equity/Net Assets	\$826,165	\$923,577	\$1,749,742	\$1,749,742
600 Total Liabilities and Equity/Net Assets	\$1,084,999	\$1,013,097	\$2,098,096	\$2,098,096

See accompanying notes to the financial statements

Dover Housing Authority (NJ068)  
DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$218,134		\$218,134	\$218,134
70400 Tenant Revenue - Other	\$4,792		\$4,792	\$4,792
70500 Total Tenant Revenue	\$222,926	\$0	\$222,926	\$222,926
70600 HUD PHA Operating Grants	\$166,954	\$2,116,661	\$2,283,615	\$2,283,615
70610 Capital Grants	\$9,724		\$9,724	\$9,724
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$4,928	\$211	\$5,139	\$5,139
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$2,875	\$2,875	\$2,875
71500 Other Revenue	\$37,056	\$56,409	\$93,465	\$93,465
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted		\$53	\$53	\$53
70000 Total Revenue	\$441,588	\$2,176,209	\$2,617,797	\$2,617,797
91100 Administrative Salaries	\$63,726	\$34,314	\$98,040	\$98,040
91200 Auditing Fees	\$4,750	\$4,750	\$9,500	\$9,500
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$50,601	\$29,636	\$80,237	\$80,237
91600 Office Expenses	\$48,119		\$48,119	\$48,119
91700 Legal Expense	\$2,756	\$5,119	\$7,875	\$7,875
91800 Travel	\$393	\$393	\$786	\$786
91810 Allocated Overhead				
91900 Other		\$82,110	\$82,110	\$82,110
91000 Total Operating - Administrative	\$170,345	\$156,322	\$326,667	\$326,667

See accompanying notes to the financial statements

Dover Housing Authority (NJ068)

DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End:

09/30/2013

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
92000 Asset Management Fee				
92100 Tenant Services - Salaries		\$20,000	\$20,000	\$20,000
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$15,934	\$15,934	\$15,934
92400 Tenant Services - Other	\$1,700		\$1,700	\$1,700
92500 Total Tenant Services	\$1,700	\$35,934	\$37,634	\$37,634
93100 Water	\$17,266		\$17,266	\$17,266
93200 Electricity	\$110,098		\$110,098	\$110,098
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$127,364	\$0	\$127,364	\$127,364
94100 Ordinary Maintenance and Operations - Labor	\$8,209		\$8,209	\$8,209
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,443		\$6,443	\$6,443
94300 Ordinary Maintenance and Operations Contracts	\$54,721		\$54,721	\$54,721
94500 Employee Benefit Contributions - Ordinary Maintenance	\$6,254		\$6,254	\$6,254
94000 Total Maintenance	\$75,627	\$0	\$75,627	\$75,627
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$2,985		\$2,985	\$2,985
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$2,985	\$0	\$2,985	\$2,985
96110 Property Insurance	\$9,288		\$9,288	\$9,288
96120 Liability Insurance	\$4,621		\$4,621	\$4,621
96130 Workmen's Compensation	\$6,786		\$6,786	\$6,786
96140 All Other Insurance	\$5,980		\$5,980	\$5,980
96100 Total insurance Premiums	\$26,675	\$0	\$26,675	\$26,675
96200 Other General Expenses	\$440	\$66,766	\$67,206	\$67,206
96210 Compensated Absences	\$2,618	\$1,775	\$4,393	\$4,393
96300 Payments in Lieu of Taxes	\$9,556		\$9,556	\$9,556
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$12,614	\$68,541	\$81,155	\$81,155

See accompanying notes to the financial statements



Dover Housing Authority (NJ068)  
DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
96710 Interest of Mortgage (or Bonds) Payable	\$9,146		\$9,146	\$9,146
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$9,146	\$0	\$9,146	\$9,146
96900 Total Operating Expenses	\$426,456	\$260,797	\$687,253	\$687,253
97000 Excess of Operating Revenue over Operating Expenses	\$15,132	\$1,915,412	\$1,930,544	\$1,930,544
97100 Extraordinary Maintenance	\$8,007		\$8,007	\$8,007
97200 Casually Losses - Non-capitalized				
97300 Housing Assistance Payments		\$2,003,690	\$2,003,690	\$2,003,690
97350 HAP Portability-In		\$16,934	\$16,934	\$16,934
97400 Depreciation Expense	\$161,870		\$161,870	\$161,870
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$596,333	\$2,281,421	\$2,877,754	\$2,877,754
10010 Operating Transfer In	\$4,000		\$4,000	\$4,000
10020 Operating transfer Out	-\$4,000		-\$4,000	-\$4,000
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$154,745	-\$105,212	-\$259,957	-\$259,957

See accompanying notes to the financial statements

Dover Housing Authority (NJ068)  
DOVER, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2013

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$987,117	\$1,028,789	\$2,015,906	\$2,015,906
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$6,207		-\$6,207	-\$6,207
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$834,855	\$834,855	\$834,855
11180 Housing Assistance Payments Equity		\$88,722	\$88,722	\$88,722
11190 Unit Months Available	708	2976	3684	3684
11210 Number of Unit Months Leased	697	2944	3641	3641
11270 Excess Cash	\$111,490		\$111,490	\$111,490
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$0		\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$9,724		\$9,724	\$9,724
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

See accompanying notes to the financial statements

**HOUSING AUTHORITY TOWN OF DOVER  
STATEMENT AND CERTIFICATION OF  
ACTUAL CAPITAL FUND GRANT COST  
AS OF SEPTEMBER 30, 2013**

	NJ39068501-09		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 3,500	\$ 3,500	\$ -
Management Improvement	3,500	3,500	-
Administration	3,000	3,000	-
Fees & Costs	2,500	2,500	-
Dwelling Structures	32,749	32,749	-
Bond Debt Obligation	19,964	19,964	-
<b>Total</b>	<b>\$ 65,213</b>	<b>\$ 65,213</b>	<b>\$ -</b>
Funds Advanced	\$ 65,213		
Funds Expended	65,213		
Excess of Funds Advanced	<u>\$ -</u>		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-09 was completed on February 14, 2013
4. There were no budget overruns noted.

See accompanying notes to the financial statements.



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**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Town of Dover (hereafter referred to as the Authority), which comprise the statement of net position as of September 30, 2013 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of the Town of Dover's 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 and correct, 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 of the Town of Dover's 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*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Dover's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Dover's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey

Date: February 6, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance**

We have audited the Housing Authority of the Town of Dover's (hereafter referred to as the Authority), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* applicable to Authority's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs .

**Management's Responsibility for Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Housing Authority of the Town of Dover's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the Town of Dover's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the Town of Dover's compliance.

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

In our opinion, the Housing Authority of the Town of Dover complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

## **Report on Internal Control Over Compliance**

Management of the Housing Authority of the Town of Dover is responsible for establishing and maintaining effective internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program 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 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 compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Hymanson, Parnes & Giampaolo**

Lincroft, New Jersey

Date: February 6, 2014

**HOUSING AUTHORITY OF THE TOWN OF DOVER**

Schedule of Findings and Questioned Costs

Year Ended September 30, 2013

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statement of the Housing Authority of the Town of Dover.
2. No significant deficiencies relating to the audit of the financial statements are reported in the INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the Town of Dover were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*.
5. The auditor's report on compliance for the Housing Choice Voucher Program expresses an unmodified 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 was:
  - a. Housing Choice Voucher Program, CFDA#14.871 with expenditures of \$3,560,939.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Housing Authority of the Town of Dover qualified as a low risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

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

None reported





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

Board of Commissioners  
Housing Authority of the 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 of the 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, 2013, and have issued our report thereon dated February 6, 2014. 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, 2013, 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 of the 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: February 6, 2014

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	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 G3100-040)	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,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010)	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 G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	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>February 6, 2014</b>
<u>UII#</u>	<b>#66170</b>
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