

Report On Audit

**HOUSING AUTHORITY OF
TOWN OF DOVER**

**For the Year Ended
September 30, 2023**

Housing Authority of the Town of Dover

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of the Housing Authority of the Town of Dover, as of and for the years ended September 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Dover basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Housing Authority of the Town of Dover as of September 30, 2023, and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Town of Dover and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Dover's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 19 and pages 61-66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Dover's basic financial statements. The accompanying supplemental information on pages 67-77 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Capital Fund cost certification is also not required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Capital Fund cost certification 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.

Such information is 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards, Capital Fund cost certification, and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, in 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Housing Authority of the Town of Dover's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Town of Dover's internal control over financial reporting and compliance.



Lincroft, New Jersey
Date: March 20, 2024

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

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 20 of this report. 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

The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$661,697, an increase in the surplus of \$639,333 or over 100% percent as compared to the prior year.

As noted above, the net position of the Authority was \$661,697 as of September 30, 2023. Of this amount, the unrestricted net position is a deficit balance of \$109,621 representing a decrease in the deficit of \$425,445 or 80% percent from the previous year. During the year, the Authority recorded a prior period adjustment for the adjustment in the opening balance of pension liability in the amount of \$197,703. Additional information on the Authority's unrestricted net positions can be found in Note 22 of the financial statements, which is included in this report.

The net investment in capital assets increased \$123,634 or 26% percent for an ending balance of \$606,707. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$163,529, less the recording of depreciation expense in the amount of \$54,895. The Authority also made a debt payment of \$15,000 during the fiscal year. Additional information on the Authority's unrestricted net positions can be found in Note 20 of the financial statements, which is included in this report.

The restricted net position increased \$90,254 or over 100% percent from the previous year for an ending balance of \$164,611. Additional information on the Authority's restricted net position can be found in Note 21 of the financial statements, which is included in this report.

The Authority's total cash, and cash equivalent on September 30, 2023, is \$1,707,960 representing an increase of \$307,776 or 22% percent from the prior year. Operating cash increased \$285,378 or 22% percent for an ending balance of \$1,583,378. Total restricted cash increased \$22,398 or 22% percent for an ending balance of \$124,582. The full detail of these amounts can be found in the Statements of Cash Flows on pages 23-24 of this report.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority's total assets and deferred outflows are \$2,858,522 of which capital assets net book value is \$671,707, deferred outflows is \$116,198, other assets in the amount of \$243,567, leaving total current assets at \$1,827,050.

Total current assets increased from the previous year by \$284,851 or 18% percent. Unrestricted cash and cash equivalents increased by \$285,378, restricted deposits and funded reserves increased \$22,398, accounts receivables decreased by \$25,898 and prepaid expenses increased by \$2,973.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$108,634 or 19% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$163,529, less the recording of depreciation expense in the amount of \$54,895. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's note receivable – noncurrent decreased \$15,000 or 25% percent as compared to the previous fiscal year for an ending balance of \$45,808. The amount consists of future grants receivable for the payment of the debt of the capital leveraging program. The Authority's lease receivable decreased \$32,057 or 14% percent for an ending balance of \$197,759.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$52,556 for an ending balance of \$116,198. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$258,475 for an ending balance of \$904,945. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 11 Deferred Outflows/Inflows of Resources.

The Authority reported a decrease in the deferred inflow due to lease revenue in the amount of \$27,071 or 13% percent for an ending balance of \$178,221. A full detail of this account can be found in the Notes to the Financial Statements Note 10 – Lease Revenue.

The Authority's total liabilities are reported at \$1,113,659, of which current liabilities are stated at \$74,125 and noncurrent liabilities are stated at \$1,039,534. Total liabilities increased during the year as compared to the prior year in the amount of \$45,197, or 4% percent. Total current liabilities decreased during the year by \$16,963, leaving non-current liabilities for an increase of \$62,160 as compared to the previous year.

As previously stated, total current liabilities decreased during the year by \$16,963 or 19% percent. Accounts payable decreased by \$16,164, accrued liabilities increased by \$180, tenant security deposit payable increased by \$2,219, unearned revenue decreased by \$3,198, and the current portion of long-term debt remained unchanged for the year.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL HIGHLIGHTS – CONTINUED

Total noncurrent liabilities increased by \$62,160 or 6% percent. The increase was made up of four (4) accounts, accrued compensated absences – long term with no offsetting assets increased \$3,665 from the prior fiscal year for an ending balance of \$27,546, long-term note payable which decreased by \$15,000 for an ending balance of \$50,000, and other noncurrent liabilities decreased \$4,310 for an ending balance of \$80,453.

Accrued pension and other post-employment benefits (OPEB) liabilities increased \$77,805 for an ending balance of \$881,535. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities on September 30, 2023, can be found in Notes 18-19 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$3,596,990 as compared to \$3,264,134 from the prior year for an increase of \$332,856 or 10% percent. The Authority had total operating expenses of \$3,339,205 as compared to \$3,192,267 from the previous year for an increase of \$146,938 or 5% percent, resulting in excess revenue from operations in the amount of \$257,785 for the current year as compared to excess revenue from operations in the amount of \$71,867 for an increase in excess revenue of \$185,918 or 259% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$146,163 as compared to \$54,325 from the previous year for an increase of \$91,838 or 169% percent.

The Authority had capital outlays in the amount of \$163,529 for the fiscal year. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$3,425,095 for the fiscal year 2023 as compared to \$3,020,863 for the previous fiscal year 2022 for an increase of \$404,232 or 13% percent.

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. Public and Indian Housing Program
2. Section 8 Housing Choice Voucher Program
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.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

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) Statements of Net Position
- 2) Statements of Revenue, Expenses, and Changes in Net Position
- 3) Statements of Cash Flows
- 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 accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities 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 20 through 24.

Statements 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.

Statements 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.

Statements of Cash Flows– 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.).

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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 25 through 60.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 67-68 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the Uniform Guidance 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 \$750,000 in expenditures for the fiscal year ended September 30, 2023. Type B programs for the Housing Authority of the Town of Dover are those which are less than \$750,000 in expenditures for the fiscal year ended September 30, 2023.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between September 30, 2023 and September 30, 2022:

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase
	<u>September-23</u>	<u>September-22</u>	(Decrease)
Cash	\$ 1,707,960	\$ 1,400,184	\$ 307,776
Other Current Assets	119,090	142,015	(22,925)
Capital Assets - Net	671,707	563,073	108,634
Other Assets	243,567	290,624	(47,057)
Deferred Outflows	116,198	63,642	52,556
Total Assets	<u>2,858,522</u>	<u>2,459,538</u>	398,984
Less: Current Liabilities	(74,125)	(91,088)	16,963
Less: Non Current Liabilities	(1,039,534)	(977,374)	(62,160)
Less Deferred Inflows	(1,083,166)	(1,368,712)	285,546
Total Net Position	<u>\$ 661,697</u>	<u>\$ 22,364</u>	<u>\$ 639,333</u>
Net Investment in Capital Assets	\$ 606,707	\$ 483,073	\$ 123,634
Restricted Net Position	164,611	74,357	90,254
Unrestricted Net Position	(109,621)	(535,066)	425,445
Total Net Position	<u>\$ 661,697</u>	<u>\$ 22,364</u>	<u>\$ 639,333</u>

Cash increased by \$307,776 or 22% percent. Net cash provided by operating activities was \$55,481, net cash provided by capital and related financing activities was \$212,394, and net cash provided by investing activities was \$39,901. The full detail of this amount can be found in the Statements of Cash Flows on pages 23-24 of this audit report.

Other current assets decreased by \$22,925 or 16% percent. Accounts receivable decreased by \$25,898 and prepaid expenses increased by \$2,973.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$108,634 or 19% percent. The major factor that contributed to the increase was the purchase of fixed assets in the amount of \$163,529, less the recording of depreciation expense in the amount of \$54,895. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported a decrease in other assets in the amount of \$47,057 or 16% percent for an ending balance of \$243,567. The Authority's note receivable – noncurrent decreased \$15,000 or 25% percent as compared to the previous fiscal year for an ending balance of \$45,808. The amount consists of future grants receivable for the payment of the debt of the capital leveraging program.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's lease receivable decreased \$32,057 or 14% percent for an ending balance of \$197,759. A full detail of the Authority's deferred inflows due to lease revenue at September 30, 2023 can be found in the Notes to the Financial Statements Section Note 10 – Leases.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$52,556 for an ending balance of \$116,198. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$258,475 for an ending balance of \$904,945. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 11 Deferred Outflows/Inflows of Resources.

The Authority reported a decrease in the deferred inflow due to lease revenue in the amount of \$27,071 or 13% percent for an ending balance of \$178,221. A full detail of this account can be found in the Notes to the Financial Statements Note 10 – Lease Revenue.

Total current liabilities decreased during the year by \$16,963 or 19% percent. Accounts payable decreased by \$16,164, accrued liabilities increased by \$180, tenant security deposit payable increased by \$2,219, unearned revenue decreased by \$3,198, and the current portion of long-term debt remained unchanged for the year.

Total noncurrent liabilities increased by \$62,160 or 6% percent. The increase was made up of four (4) accounts, accrued compensated absences – long term with no offsetting assets increased \$3,665 from the prior fiscal year for an ending balance of \$27,546, long-term note payable which decreased by \$15,000 for an ending balance of \$50,000, and other noncurrent liabilities decreased \$4,310 for an ending balance of \$80,453.

Accrued pension and other post-employment benefits (OPEB) liabilities increased \$77,805 for an ending balance of \$881,535. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities on September 30, 2023, can be found in Notes 18-19 to the financial statements, which is included in this report.

The Authority's reported net position of \$661,697 is made up of three categories. The net investment in capital assets in the amount of \$606,707 represents a majority of the account balance. The Authority's 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.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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, 2022	\$ 483,073
Acquisition in Fixed Assets	163,529
Depreciation Expense	(54,895)
Payment of Debt	<u>15,000</u>
Balance September 30, 2023	<u><u>\$ 606,707</u></u>

The Authority reported a restricted net position in the amount of \$164,611 which increased \$90,254 or 121% percent compared to the prior fiscal year. A full detail of this account can be found in the Notes to the Financial Statements Section Note 21.

The Housing Authority of the Town of Dover operating results for September 30, 2023 reported an increase in unrestricted position of \$425,445 or 80% percent for an ending deficit balance of \$109,621. A full detail of this account can be found in the Notes to the Financial Statements Section Note 22 - Unrestricted Net Position. During the year, the Authority had a prior period adjustment in the amount of \$197,703 for the adjusting of the opening balance of the pension report.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between September 30, 2023 and September 30, 2022:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase
	September-23	September-22	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 244,486	\$ 218,753	\$ 25,733
HUD Operating Grants	3,278,932	2,966,538	312,394
Fraud Recovery	1,828	5,344	(3,516)
Other Revenues	71,744	73,499	(1,755)
Total Operating Income	3,596,990	3,264,134	332,856
<u>Expenses</u>			
Operating Expenses	3,284,310	3,117,568	166,742
Depreciation Expense	54,895	74,699	(19,804)
Total Operating Expenses	3,339,205	3,192,267	146,938
Operating (Deficit)	257,785	71,867	185,918
Interest Income	37,682	10,072	27,610
Extraordinary Maintenance	-	(37,482)	37,482
HUD Capital Grants	146,163	54,325	91,838
Change in Net Position	441,630	98,782	342,848
Net Position Prior Year	22,364	(288,238)	310,602
Prior Period Adjustment	197,703	211,820	(14,117)
Total Net Position	\$ 661,697	\$ 22,364	\$ 639,333

Approximately 91% percent of the Authority's total revenue was provided by HUD operating subsidy, while 7% percent resulted from tenant revenue. Charges for various services and fraud recovery provided for the remaining 2% 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 \$146,163 as compared to \$54,325 for the previous year. There were capital expenditures in the amount of \$163,529, which was used to purchase new appliances for residents, architectural and engineering fees, and parking lot renovations.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

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 74% percent of total operating expenses. Administrative expenses accounted for 10% percent, tenant services accounted for 4% percent, utilities expense accounted for 3% percent, maintenance expense accounted for 3% percent, protective services accounted for less than 1%, other operating expenses accounted for 3% percent, and depreciation accounted for the remaining 2% of the total operating expenses.

The Authority's operating revenue exceeded its operating expenses resulting in a surplus of revenue from operations in the amount of \$257,785 from operations as compared to excess revenue from operations in the amount of \$71,867 for the previous year. The key element for the increase in the surplus in comparison to the prior year is as follows:

- Tenant dwelling rents increased \$25,733 or 12% percent mainly due to an increase in tenant household income.
- The Authority experienced an increase in HUD operating grants in the amount of \$312,394 or 11% percent.
- Fraud recovery revenue decreased \$3,516 or 66% percent.
- Other revenue decreased \$1,755 or 2% percent.
- The Housing Authority experienced an increase in the following expense accounts:
 - Administrative expenses increased \$969 or less than 1% percent.
 - Tenant services expenses increased \$33,142 or 34% percent.
 - Maintenance expenses increased \$235 or less than 1% percent.
 - Protective services expenses increased \$2,708 or 108% percent.
 - Other operating expenses increased \$1,987 or 2% percent.
 - Housing Assistance Payments increased \$131,417 or 6% percent.
- The Housing Authority experienced a decrease in the following expense accounts:
 - Utilities expenses decreased \$3,716 or 3% percent.
 - Depreciation expense decreased \$19,804 or 27% percent.

Total net cash provided by operating activities during the year was \$55,481. A full detail of this amount can be found in the Statements of Cash Flows on pages 23-24 of this report.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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. to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

The following are financial highlights of significant items for a four-year period of time ending on September 30, 2023:

	September-23	September-22	September-21	September-20
Significant Income				
Total Tenant Revenue	\$ 244,486	\$ 218,753	\$ 216,021	\$ 213,420
HUD Operating Grants	3,278,932	2,966,538	3,160,371	2,710,559
HUD Capital Grants	146,163	54,325	61,979	11,081
Investment Income	37,682	10,072	10,703	11,034
Other Revenue	73,572	78,843	72,247	73,488
Total	<u>\$ 3,780,835</u>	<u>\$ 3,328,531</u>	<u>\$ 3,521,321</u>	<u>\$ 3,019,582</u>
Payroll Expense				
Administrative Salaries	\$ 158,544	\$ 170,342	\$ 96,140	\$ 158,329
Tenant Services Salaries	104,427	89,273	80,000	12,000
Employee Benefits Expense	62,497	49,626	94,682	125,038
Total Payroll Expense	<u>\$ 325,468</u>	<u>\$ 309,241</u>	<u>\$ 270,822</u>	<u>\$ 295,367</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 139,119	\$ 122,240	\$ 100,404	\$ 104,626
Utilities Expense	111,717	115,433	121,587	113,648
Maintenance Contract Cost	112,796	110,633	109,353	79,409
Insurance Premiums	44,924	43,625	39,789	37,790
Other General Expenses	63,358	61,921	54,379	69,279
Housing Assistance Payments	2,475,162	2,343,745	2,307,152	2,178,295
Total	<u>\$ 2,947,076</u>	<u>\$ 2,797,597</u>	<u>\$ 2,732,664</u>	<u>\$ 2,583,047</u>
Total Operating Expenses	<u>\$ 3,339,205</u>	<u>\$ 3,192,267</u>	<u>\$ 3,214,306</u>	<u>\$ 3,070,057</u>
Total of Federal Awards	<u>\$ 3,425,095</u>	<u>\$ 3,020,863</u>	<u>\$ 3,222,350</u>	<u>\$ 2,721,640</u>

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

THE HOUSING AUTHORITY OF THE TOWN OF DOVER PROGRAMS

Public and Indian Housing Program:

Under the Public and Indian 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.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. 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 to keep them clean, safe and in good condition.

Section 8 Housing Choice Voucher Program

Under the Section 8 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 contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Resident Opportunity and Support Services – ROSS:

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

PIH -Family Self-Sufficiency Program:

The FSS program promotes local strategies that leverage public and private resources which enables HUD-assisted families to increase earned income and reduce the need for welfare assistance. FSS provides funds to Public Housing Authorities (PHAs) to support for the salaries of service coordinators, who connect participating families to an array of services provided by other State, city and local programs for job training, financial counseling and other supportive services.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2023, 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 Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

NEW INITIATIVES

For the fiscal year 2023 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 91% percent of its revenue from the Department of Housing and Urban Development, (2022 was 91% 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 been exploring a Rental Assistance Application (RAD) which would involve converting current public housing units to a Section 8 platform. While this process takes time, the Authority has remained diligent in being proactive in regard to maintaining the condition of their buildings.

The Authority has made steady progress in various phases of the operations, all the while increasing the 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.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 - Capital Assets

The Authority's investment in capital assets as of September 30, 2023, was \$671,707 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total increase during the year in the Authority's investment in capital assets was \$108,634 or 19% percent. Major capital expenditures of \$163,529 were made during the year. Major capital assets events during the fiscal year included the following:

- Unit Appliance Replacements
- Architectural & Engineering Fees
- Parking Lot Improvements

	September-23	September-22	Increase (Decrease)
Land	\$ 68,000	\$ 68,000	\$ -
Building	3,604,642	3,548,459	56,183
Furniture, Equipment - Dwelling	290,081	263,141	26,940
Furniture, Equipment - Administration	169,512	160,361	9,151
Construction in Process	176,417	105,162	71,255
Total Fixed Assets	4,308,652	4,145,123	163,529
Accumulated Depreciation	(3,636,945)	(3,582,050)	(54,895)
Net Book Value	\$ 671,707	\$ 563,073	\$ 108,634

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 - Debt Administration

In 2007, The Authority 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 \$219 at the end of the fiscal year, with Capital Project Bond payable of \$65,000 in outstanding debt. A full disclosure of loans payable on September 30, 2023, can be found in Note 16.

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. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES -CONTINUED

The capital budgets for the 2024 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, 2024.

- 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.
- 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.
- Converting Public and Indian Housing Program rental units into RAD subsidy units.
- 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.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

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 Maria Tchinchinian, 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
STATEMENTS OF NET POSITION -1
AS OF SEPTEMBER 30, 2023 AND 2022

	September 30,	
	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents		
Operating	\$ 1,583,378	\$ 1,298,000
Restricted	124,582	102,184
Total cash and equivalents	1,707,960	1,400,184
Accounts Receivables, Net of Allowances	76,816	102,714
Prepaid Expenses	42,274	39,301
Total Current Assets	1,827,050	1,542,199
Noncurrent Assets		
Capital Assets		
Land	68,000	68,000
Building	3,604,642	3,548,459
Furniture, Equipment - Dwelling	290,081	263,141
Furniture, Equipment - Administration	169,512	160,361
Construction in Progress	176,417	105,162
Total Capital Assets	4,308,652	4,145,123
Less: Accumulated Depreciation	(3,636,945)	(3,582,050)
Net Book Value	671,707	563,073
Other Assets		
Grants Receivable - Noncurrent	45,808	60,808
Leases Receivable -Non Current	197,759	229,816
Total Other Assets	243,567	290,624
Total Assets	2,742,324	2,395,896
Deferred Outflow of Resources		
State of New Jersey - PERS	116,198	63,642
Total Assets and Deferred Outflow of Resources	\$ 2,858,522	\$ 2,459,538

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENTS OF NET POSITION -2
AS OF SEPTEMBER 30, 2023 AND 2022

	September 30,	
	2023	2022
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 35,197	\$ 51,361
Accrued Liabilities	4,488	4,308
Tenant Security Deposit Payable	19,437	17,218
Unearned Revenue	3	3,201
Long Term Debt - Current	15,000	15,000
Total Current Liabilities	74,125	91,088
Noncurrent Liabilities		
Long Term Debt - Noncurrent	50,000	65,000
Accrued Compensated Absences - Long-Term	27,546	23,881
Noncurrent Liabilities - Other	80,453	84,763
Accrued Pension and Other Post-Employment Benefits (OPEB)	881,535	803,730
Total Noncurrent Liabilities	1,039,534	977,374
Total Liabilities	1,113,659	1,068,462
Deferred Inflow of Resources		
State of New Jersey P.E.R.S. and OPEB	904,945	1,163,420
Lease Revenue	178,221	205,292
Total Deferred Inflow of Resources	1,083,166	1,368,712
Net Position:		
Net Investment in Capital Assets	606,707	483,073
Restricted	164,611	74,357
Unrestricted	(109,621)	(535,066)
Total Net Position	661,697	22,364
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 2,858,522	\$ 2,459,538

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	September 30,	
	2023	2022
Revenue:		
Tenant Rental Revenue	\$ 244,486	\$ 218,753
HUD PHA Operating Grants	3,278,932	2,966,538
Fraud Recovery	1,828	5,344
Other Revenue	71,744	73,499
Total Revenue	3,596,990	3,264,134
Operating Expenses:		
Administrative Expense	335,264	334,295
Tenant Services	131,878	98,736
Utilities Expense	111,717	115,433
Maintenance Expense	113,142	112,907
Protective Services	5,207	2,499
Other Operating Expenses	111,940	109,953
Housing Assistance Payments	2,475,162	2,343,745
Depreciations Expense	54,895	74,699
Total Operating Expenses	3,339,205	3,192,267
Excess Revenue From Operations	257,785	71,867
Non Operating Income and (Expenses):		
Investment Income	37,682	10,072
Extraordinary Maintenance	-	(37,482)
Total Non Operating (Expense) Income	37,682	(27,410)
Excess Revenue Before Capital Contributions	295,467	44,457
Capital Grant Contributions	146,163	54,325
Change in Net Position	441,630	98,782
Beginning Net Position	22,364	(288,238)
Prior Period Adjustment	197,703	211,820
Beginning Net Position - Restated	220,067	(76,418)
Ending Net Position	\$ 661,697	\$ 22,364

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENTS OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	September 30,	
	2023	2022
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 244,827	\$ 218,412
Receipts from Federal Grants	3,311,529	2,934,200
Receipts from Fraud Recovery	1,828	5,344
Receipts from Misc. Sources	70,797	50,486
Payments to Vendors and Suppliers	(770,266)	(478,460)
Housing Assistance Payments	(2,475,162)	(2,343,745)
Payments to Employees	(265,575)	(257,448)
Payment of Employee Benefits	(62,497)	(49,626)
Net Cash Provided By Operating Activities	55,481	79,163
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	146,163	54,325
Acquisitions and Construction of Capital Assets	(163,529)	(49,362)
Payment of Extraordinary Maintenance	-	(37,482)
Receipt in Capital Project Bonds Receivable	15,000	15,000
Payment of Debt	(15,000)	(15,000)
Lease Receivable - Non Current	32,057	(229,816)
Prior Period Adjustment	197,703	211,820
Net Cash Provided (Used) by Capital and Related Financing Activities	212,394	(50,515)
Cash Flow From Investing Activities		
Interest Income	37,682	10,072
Increase (Decrease) of Tenant Security Deposit	2,219	(1,004)
Net Cash Provided by Investing Activities	39,901	9,068
Net Increase in Cash and Cash Equivalents	307,776	37,716
Beginning Cash, Cash Equivalents and Restricted Cash	1,400,184	1,362,468
Ending Cash, Cash Equivalents and Restricted Cash	\$ 1,707,960	\$ 1,400,184
Reconciliation of Cash Balances:		
Cash and Cash Equivalents - Unrestricted	\$ 1,583,378	\$ 1,298,000
Cash and Cash Equivalents - Restricted	124,582	102,184
Total Ending Cash	\$ 1,707,960	\$ 1,400,184

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENTS OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	September 30,	
	2023	2022
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Excess Revenue	\$ 257,785	\$ 71,867
Adjustments to reconcile excess revenue to net cash provided by operating activities:		
Depreciation Expense	54,895	74,699
(Increase) Decrease in:		
Accounts Receivables	25,898	(86,802)
Prepaid Expenses	(2,973)	(26,023)
Deferred Outflow of Resources	(52,556)	169,589
Increase (Decrease) in:		
Accounts Payable	(16,164)	7,818
Accrued Expenses	180	(3,223)
Other Liabilities - Noncurrent	(4,310)	29,237
Unearned Revenue	(3,198)	93
Accrued Compensated Absences - Noncurrent	3,665	(6,695)
OPEB and Pension Liability	77,805	(438,851)
Deferred Inflows of Resources	(285,546)	287,454
Net Cash Provided (Used) By Operating Activities	\$ 55,481	\$ 79,163
Interest Expense Paid during the Year	\$ 3,970	\$ 4,720

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

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

Organization - The Authority is a governmental, public corporation which was organized under the public corporation law created under federal and state housing law as defined by State statute (N.J., S.A. 40A:12A-1 et al 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.

The Authority's financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

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.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

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.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

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 employers 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.

The Authority adopted in October 2021, GASB Statement No. 87, *Accounting for Leases*. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease receivables and liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

Basis of Accounting -Continued

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 like 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.

Revenue Recognition

The major sources of income for the Authority are HUD operating subsidies, rental payments from tenants, and other sources such as miscellaneous fees, laundry income, small grant income, and cell phone tower rental income. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. However, tenant reimbursements for costs like utilities, which are based on consumption, are subject to ASC 606 and recognized as revenue when incurred. Additionally, the Authority also generates revenue from miscellaneous fees, small grant income, and cell phone tower rental income all of which are considered integral to the primary operations and are recognized as revenue at the time they are received.

The Authority provides housing assistance payments to participating owners on behalf of eligible tenants. The Authority also provides provide decent, safe, and sanitary housing for extremely low and very low-income families. The revenue is recorded as earned since it is measurable and available.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. 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 accounts receivable and any amounts received for subsequent period are recorded as deferred 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.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

Report Presentation –

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

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

Other accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.
- 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.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

Other accounting policies - Continued

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

9 – 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.

10- Advertising cost is charged to expense when incurred.

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

Other accounting policies - Continued

14 - Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

Under federal, state, and local law, the Authority's program is 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 pay the municipality a 10% of its net shelter rent.

15 - Net Position

In accordance with the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*", the Authority has classified its net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, laundry income, small grant income, and cell phone tower income that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

Operating expenses include wages, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

Non-Operating Revenue and Expenses

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2023 nor 2022.

18- Recent Accounting Pronouncements

The Authority has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. The Authority does not believe that there are any new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

Revenue from Rental Contracts

The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant(s) prior to move in. Tenant(s) have to be income qualified in accordance with income limitations before allowed to occupy unit.

The lease agreement has similar terms therefore, all lease contract revenue has been aggregated in the caption rental revenue in the statement of income. The lease contract revenue is recognized at the end of each month when the performance obligation of providing a unit is complete. The performance obligation each month also includes applicable maintenance services provided to maintain the tenant(s) unit and the buildings(s). Since the performance of these services are completed simultaneously each month, they are treated as performance obligation.

Tenant(s) lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant(s) rental payment not received by the fifth day of each month will be charged a late fee. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

Budgetary and Policy Control –

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

Activities - The programs administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-63	59
Capital Fund	14.872		
ROSS Grant	14.870		
PIH - FSS Program	14.896		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-68	248

Public and Indian Housing

Under the Public and Indian 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 can 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.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. 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 to keep them clean, safe and in good condition.

Section 8 Housing Choice Vouchers Program

Under the Section 8 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 contract that sets the participants’ rent at approximately 30% of household income subject to certain restrictions.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

Activities - Continued

Resident Opportunity and Support Services – ROSS:

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

PIH -Family Self-Sufficiency Program:

The FSS program promotes local strategies that leverage public and private resources which enables HUD-assisted families to increase earned income and reduce the need for welfare assistance. FSS provides funds to Public Housing Authorities (PHAs) to support for the salaries of service coordinators, who connect participating families to an array of services provided by other State, city and local programs for job training, financial counseling, and other supportive services.

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.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

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 those estimates. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

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 employers 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/2016divisioncombined.pdf>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 3 - PENSION PLAN - CONTINUED

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2023 amounted to \$29,856 and \$27,338 for 2022.

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.

Further information on the Pension Plan and its effects of GASB #68 can be found in Note 19 - Accrued Pension Liability.

NOTE 4 - CASH, CASH EQUIVALENTS

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment include 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.

Concentration of Credit Risk

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. 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 pledges under the New Jersey Government Code of the Banking Law.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Risk Disclosures

Collateral for Deposits

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On September 30, 2023, and 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

This is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies, and instrumentalities.

The Authority's checking accounts and investments 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>September-23</u>	<u>September-22</u>
Insured	\$ 250,269	\$ 250,253
Collateralized held by pledging bank's trust department in the Authority's name	1,457,691	1,149,931
Total Cash, Cash Equivalents	<u>\$ 1,707,960</u>	<u>\$ 1,400,184</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Restricted Cash

The Authority has total noncurrent restricted cash on September 30, 2023, and 2022 which consists of the following:

	September-23	September-22
CFP Leveraging	\$ 220	\$ 203
Tenant Security Deposit	19,437	17,218
HCV HAP Reserves	24,472	-
FSS Escrow	80,453	84,763
Total Restricted Cash	\$ 124,582	\$ 102,184

The restricted cash in the amount of \$24,472 for 2023 and \$-0- for 2022 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Bank of America. In accordance with HUD’s PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The tenant security deposit restricted cash on September 30, 2023, was in the amount of \$19,437 and \$17,218 for 2022. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing account.

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, the cash account balance on September 30, 2023, is \$80,453 and \$84,763 for 2022.

Investments

The Authority’s investments on September 30, 2023, included the following:

Investment	Maturity Date	Interest Rate	Fair Value
Muni Money Market Account	Upon Demand	3.50%	\$ 343,960
CD -HCV	January 15, 2024	4.64%	200,000
CD -HCV	April 7, 2024	4.74%	200,000
CD	February 18, 2024	4.74%	200,000
			\$ 943,960

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable on September 30, 2023, and 2022 consisted of the following:

	September-23	September-22	September-21
Morris County Grant Receivable	\$ 24,519	\$ 23,666	\$ 653
Account Receivable - Tenant	-	341	-
Accrued Interest Receivable	5,240	-	-
Capital Fund Receivable from HUD	-	32,597	259
Cell Phone Tower Lease Receivable	32,057	31,110	-
Debt Leveraging Receivable	15,000	15,000	15,000
Total Accounts Receivable	\$ 76,816	\$ 102,714	\$ 15,912

Tenant rents are due on the first day of each month. If a rent payment is not received by the 5th day of the month, it is considered past due and late fees are applied. The Authority records its accounts receivable at cost minus an allowance for doubtful accounts, which is established as needed based on factors such as historical collection experience, the current state of accounts receivable, economic conditions, and other considerations. This process involves assessing the creditworthiness of individual tenants and the portfolio as a whole. The determination of the collectability of amounts due requires the Authority to make judgments about future events and trends. Management continually monitors tenant payment patterns, investigates past-due accounts, and stays informed of industry and economic trends to estimate the necessary allowances.

NOTE 6 - 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 monthly. 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 on September 30, 2023, and 2022 consisted of the following:

	September-23	September-22	September-21
Prepaid Insurance	\$ 35,352	\$ 32,530	\$ 8,502
Prepaid Expense - Software	910	842	660
Prepaid Health Insurance	6,012	5,929	4,116
Total Prepaid Expenses	\$ 42,274	\$ 39,301	\$ 13,278

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 7 – INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during 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 on September 30, 2023, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - 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 \$5,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

Depreciation Expense

Depreciation expenses for the Authority for the period ended September 30, 2023, was \$54,895 and \$74,699 for 2022. 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 reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recoverability is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended September 30, 2023 and 2022.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 8 - FIXED ASSETS – CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2023, and 2022:

	September-22	Additions	Transfer	September-23
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	3,548,459	9,533	46,650	3,604,642
Furniture, Equipment - Dwelling	263,141	11,988	14,952	290,081
Furniture, Equipment - Administration	160,361	-	9,151	169,512
Construction in Process	105,162	142,008	(70,753)	176,417
Total Fixed Assets	4,145,123	163,529	-	4,308,652
Accumulated Depreciation	(3,582,050)	(54,895)	-	(3,636,945)
Net Book Value	\$ 563,073	\$ 108,634	\$ -	\$ 671,707

	September-21	Additions	Transfer	September-22
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	3,429,099	-	119,360	3,548,459
Furniture, Equipment - Dwelling	263,141	-	-	263,141
Furniture, Equipment - Administration	160,361	-	-	160,361
Construction in Process	175,160	49,362	(119,360)	105,162
Total Fixed Assets	4,095,761	49,362	-	4,145,123
Accumulated Depreciation	(3,507,351)	(74,699)	-	(3,582,050)
Net Book Value	\$ 588,410	\$ (25,337)	\$ -	\$ 563,073

Below is a schedule of the net book value of the fixed assets for the Authority as of September 30, 2023:

	<u>Net Book Value</u>	<u>September-23</u>
Land		\$ 68,000
Building		338,262
Furniture, Equipment - Dwelling		17,789
Furniture, Equipment - Administration		71,239
Construction in Process		176,417
Net Book Value		\$ 671,707

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 9 – 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 was \$235,000. 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. 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 receivables as of September 30, 2023, and 2022 is as follows:

	September-23	September-22	September-21
HUD CFP Future Funds Receivable	\$ 60,808	\$ 75,808	\$ 90,808
Less Current Receivable	(15,000)	(15,000)	(15,000)
Net of Grant Receivable	\$ 45,808	\$ 60,808	\$ 75,808

NOTE 10 – LEASE RECEIVABLE

The Authority entered into a lease in May 2005 to rent roof top space for cell phone tower for 300 months. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%. In fiscal year 2023, the Authority recognized \$31,110 of lease revenue.

Future minimum lease receivable under operating leases as of September 30, 2023, are as follows

September-24	\$ 32,057
September-25	33,032
September-26	34,036
September-27	35,072
September-28	36,138
Subtotal	170,335
Thereafter	59,481
Total Lease Receivable	\$ 229,816

Deferred inflow, \$178,221 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The OPEB and Pension Liability discussed in Note 18 and 19 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ 2,579	\$ 2,579
Changes in Assumptions	51,988	1,107	53,095
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	14,788	14,788
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	15,179	15,179
Contributions after measurement date	-	30,557	30,557
Total	<u>\$ 51,988</u>	<u>\$ 64,210</u>	<u>\$ 116,198</u>

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ 2,274	\$ 2,274
Changes in Assumptions	849,170	53,501	902,671
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-	-
Total	<u>\$ 849,170</u>	<u>\$ 55,775</u>	<u>\$ 904,945</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Difference in Expected and Actual Experience

The difference between expected and actual experience about economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$2,579 and \$2,274.

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$53,095 and \$902,671.

Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$14,788 and \$-0-.

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$15,179 and \$-0-.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 12 – ACCOUNTS PAYABLE

Accounts payable is a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an accounts payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable is an important aspect of a company's financial management, as it represents its short-term obligations to its vendors and suppliers. The Authority accounts payable on September 30, 2023, and 2022 consisted of the following:

	<u>September-23</u>	<u>September-22</u>	<u>September-21</u>
Accounts Payable Vendors	\$ 21,920	\$ 21,608	\$ 24,122
Accounts Payable - Other Government	13,277	29,753	19,421
Total Accounts Payable	<u>\$ 35,197</u>	<u>\$ 51,361</u>	<u>\$ 43,543</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 10% of its net shelter rent for real property taxes. PILOT payable on September 30, 2023. The PILOT expense for the period ending September 30, 2023, in the amount of \$13,277 and PILOT expense of \$10,332 for 2022.

NOTE 14 – ACCRUED EXPENSES

Accrued expenses are Authority expenses that have been incurred but not yet paid. These expenses are recognized in the financial statements before payment has actually been made, and typically refer to items such as salaries, interest, and taxes. Accrued expenses on September 30, 2023, and 2022 consisted of the following:

	<u>September-23</u>	<u>September-22</u>	<u>September-21</u>
Compensated Absences - Current Portion	\$ 3,060	\$ 2,654	\$ 3,397
Accrued Interest Payable	1,342	1,654	1,967
Accrued Wages Payable	86	-	2,167
Total Accrued Liabilities	<u>\$ 4,488</u>	<u>\$ 4,308</u>	<u>\$ 7,531</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

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 sick days with a maximum amount of fifty percent (50%) of gross pay under the current personnel policy with a maximum of \$10,000. Generally, an unused vacation may be carried over to next year with the approval of management. 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, 2023, and 2022, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

	<u>September-23</u>	<u>September-22</u>	<u>September-21</u>
Accumulated Sick Time	\$ 19,992	\$ 18,474	\$ 17,440
Accumulated Vacation Time	8,439	6,175	14,119
Accrued Payroll Taxes	2,175	1,886	2,414
Total	<u>30,606</u>	<u>26,535</u>	<u>33,973</u>
Compensated Absences - Current Portion	(3,060)	(2,654)	(3,397)
Total Compensated Absences - Noncurrent	<u>\$ 27,546</u>	<u>\$ 23,881</u>	<u>\$ 30,576</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 16 – 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, 2023, is \$1,985.

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.

On September 30, 2023, the Authority has one (1) note payable. They consist of the following:

	Balance September-22	Payments	Balance September-23	Current Portion September-23
Capital Leveraging Fund	\$ 80,000	\$ (15,000)	\$ 65,000	\$ 15,000

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 16 – LONG TERM DEBT - STATE LEVERAGING CAPITAL PROJECT BOND - CONTINUED

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

September 30, 2024	\$	15,000
September 30, 2025		15,000
September 30, 2026		15,000
September 30, 2027		20,000
Total Capital Project Bonds	<u>\$</u>	<u>65,000</u>

NOTE 17 – 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 on September 30, 2023, is \$80,453 and \$84,763 for 2022.

NOTE 18 – ACCRUED PENSION AND OPEB LIABILITIES

The Authority as of September 30, 2023, and 2022 reported accrued pension and OPEB liability amounts as follows:

	<u>September-23</u>	<u>September-22</u>
Accrued OPEB Liability	\$ 524,238	\$ 527,191
Accrued Pension Liability	357,297	276,539
Total OPEB and Pension Liability	<u>\$ 881,535</u>	<u>\$ 803,730</u>

These amounts arose due to adoption of GASB #75 in 2017 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 19 will discuss the effect of GASB #68 and the liability which arose from that.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 18 –OPEB LIABILITIES - CONTINUED

OPEB Liability – Plan Description and Benefits Provided

Plan Description: The Authority administers a single-employer defined-benefit post-employment healthcare plan. Spouses are eligible for coverage under the plan and benefits may continue to the surviving spouses.

Benefits Provided: Retirees, that are vested, are eligible for post-employment medical benefits, including prescription drug benefits, as part of the medical plan on a fully insured basis through New Jersey State Health Benefits Program. Employees will pay Medicare Part B premium and reimbursed by Authority. Dental coverage and vision coverage are also provided to retirees. All coverage is 100% subsidized by the Authority.

Assets: The Authority has not accumulated plan assets in an irrevocable trust designated for plan participants.

Employees covered by benefits terms: On September 30, 2023 (the census date), the following employees were covered by the benefits terms:

Retired Employees Receiving Benefits	2
Active Employees	2
Total Employees	<u>4</u>

Net OPEB Liability

The Authority’s net OPEB liability was measured as of September 30, 2023, and 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

	<u>September-23</u>	<u>September-22</u>
Employer Total OPEB Liability	\$ 524,238	\$ 527,191
Plan Net Position	-	-
Employer Net OPEB Liability	<u>\$ 524,238</u>	<u>\$ 527,191</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 18 –OPEB LIABILITIES - CONTINUED

Actuarial Assumptions: The total OPEB Liability on September 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified, the prior year discount rate was 2.29%.

Discount Rate:	4.75%, net of OPEB plan investment expense, including inflation.
Assets	Not valued since benefit is unfunded
Information for Valuation	All information provided by Authority
Covered Benefits	Employees that retire are eligible for subsidized postemployment medical, including prescription drug coverage. Benefits are provided for dental, vision, and Medicare Part B premium
Insurance Coverage and Funding Basis	Medical, including prescription drugs, are fully insured through the NJ State Health Benefits Program for Local Government Employer Groups.
Actuarial Cost Method	Projected Unit Credit
Retirement System	Valuation is based on NJ Public Employees' Retirement System (PERS). Decrement tables used in this valuation are from the July 1, 2021 Annual Report of the Actuary.
Mortality	MP 2021 Healthy Male and Femal Tables are base don the Combined Healthy Table for both pre & post reitirement projected with mortality improvements using Projection Scale AA for 2 years plus 7 years for generational improvement.

Change in Assumptions: Effective September 30, 2023.

Changes in Net OPEB Liability:

Balance as of October 1, 2022	\$	527,191
 <u>Changes For the Year</u>		
Service Cost		11,668
Interest		24,420
Changes in Assumptions or Other Inputs		(12,882)
Benefit Payments		(26,159)
Net Changes		(2,953)
 Balance as of September 30, 2023	 \$	 524,238

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 18 –OPEB LIABILITIES - CONTINUED

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.75%) or one percentage point higher (5.75%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	3.75%	4.75%	5.75%
Total OPEB Liability	\$ 611,756	\$ 524,238	\$ 455,000

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 438,205	\$ 524,238	\$ 638,124

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

For the year ended September 30, 2023, the Authority recognized an OPEB expense of \$23,206. As of September 30, 2023, the Authority reports a deferred outflow of resources of \$51,988 and deferred inflows of resources of \$849,170 in relation to OPEB.

NOTE 19 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of September 30, 2023, reported a net pension liability in the amount of \$357,297 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2022, the last evaluation date, is as follows:

	<u>September-23</u>	<u>September-22</u>
Employer Total Pension Liability	\$ 1,661,411	\$ 942,135
Plan Net Position	(1,304,114)	(665,596)
Employer Net Pension Liability	<u>\$ 357,297</u>	<u>\$ 276,539</u>

The Authority allocation percentage is 0.0023675546% as of June 30, 2022.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Plan Description

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. The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.gov/treasury/pensions/financial-reports.shtml.

Net Pension Liability Information

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

- 1) Tier 1 – Members who enrolled prior to July 1, 2007
- 2) Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3) Tier 3 – Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
- 4) Tier 4 – Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5) Tier 5 – Members who were eligible to enroll on or after June 28, 2011.

Net Pension Liability Information - Continued

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

Net Pension Liability Information

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2022, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2022.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 the State's pension contribution was less than the actuarial determined amount.

Actuarial Assumptions

The total pension liability for June 30, 2022, measurement dates were determined by using an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The actuarial valuations used the following actuarial assumptions:

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00%, based on age
Thereafter	3.00-7.00%, based on age
Investment Rate of Return	7.00%

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2022. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% on June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022, as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	4.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
High Yield	4.00%	4.95%
Private Credit	7.00%	8.10%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.0% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0% percent) or 1 percentage-point higher (8.0% percent) than the current assumption (in thousands). Sensitivity of the Authority’s proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 427,082	\$ 357,297	\$ 295,828

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year Ending June 30, 2023	\$ (30,649)
Year Ending June 30, 2024	(15,614)
Year Ending June 30, 2025	(7,615)
Year Ending June 30, 2026	16,613
Year Ending June 30, 2027	(36)
Total	\$ (37,301)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2022, are as follows:

Service Cost	\$	26,803
Interest on the Total Pension Liability		112,968
Benefits Changes		-
Member Contributions		(109,333)
Administrative Expenses		458
Expected Investment Return Net of Investment Expenses		(3,935)
Pension Expense Related to Specific Liabilities of Individual Employers		(369)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		(10,455)
Changes of Assumptions		(5,930)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		9,997
Total	\$	20,204

NOTE 20 – NET INVESTMENT IN CAPITAL ASSETS

This component consists of land, construction in process and depreciable assets, net of accumulation and net of related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of investment in Net Investment in Capital Assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

	September-23	September-22
Balance October 1	\$ 483,073	\$ 493,410
Acquisition in Fixed Assets	163,529	49,362
Depreciation Expense	(54,895)	(74,699)
Payment of Debt	15,000	15,000
Balance September 30	\$ 606,707	\$ 483,073

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 21 – RESTRICTED NET POSITION

The Authority restricted net position account balance on September 30, 2023, and 2022:

	September-23	September-22
State Leveraging Funds Receivable	\$ 60,808	\$ 75,808
Restricted State Leveraging Funds - Cash	220	203
Less: Accrued Interest Payable	(1,342)	(1,654)
Total Restricted Net Assets PIH Program	59,686	74,357
HCV Program Restricted Net Position	104,925	-
Total Restricted Net Position	\$ 164,611	\$ 74,357

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on September 30, 2023, was \$805,788.

NOTE 22 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance on September 30, 2023, and 2022 is as follows:

	PIH Program Reserves	HCV Admin Reserves	Total
Balance September 30, 2021	\$ (1,075,919)	\$ 139,877	\$ (936,042)
Increase During the Year	69,900	119,256	189,156
Prior Period Adjustment	161,955	49,865	211,820
Balance September 30, 2022	(844,064)	308,998	(535,066)
Increase During the Year	147,205	80,537	227,742
Prior Period Adjustment	135,014	62,689	197,703
Balance September 30, 2023	\$ (561,845)	\$ 452,224	\$ (109,621)

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 23 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended September 30, 2023, were \$285,797 and \$270,700 for 2022.

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 program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for September 30, 2023, was in the amount of \$2,856,367 and \$2,582,041 for 2022.

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 was \$3,425,095 to the Authority which represents approximately 91% percent of the Authority's total revenue for the year ended September 30, 2023.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2023, and 2022

NOTE 25 – CONTINGENCIES AND COMMITMENTS

Litigation – On September 30, 2023, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended September 30, 2023.

Other Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters; etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Construction Commitments

On September 30, 2023, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 26 - PRIOR PERIOD ADJUSTMENTS

For year ending September 30, 2023

As of September 30, 2023, the Authority had one (1) prior period adjustment in the amount of \$197,703 while recording the opening Net Pension Liability as of October 1, 2021.

NOTE 27 – SUBSEQUENT EVENTS

The events described in the statements pertain to the period between the statement of net assets date and the availability of the financial statements for issuance. During this interim period, any events that occurred must be assessed for potential recognition or disclosure. The effects of subsequent events serve as evidence regarding conditions that existed after the statement of net assets date, necessitating disclosure in the accompanying notes.

Management has conducted an evaluation of the Authority's activity up to March 20, 2024, which is the date when the financial statements became available for issuance. Following this assessment, it has been determined that no subsequent events have transpired that would require recognition in the financial statements or disclosure in the notes accompanying the financial statements.

Coronavirus Pandemic:

HOUSING AUTHORITY OF THE TOWN OF DOVER

Required Supplementary Information
September 30, 2023

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<u>Total OPEB Liability</u>	2023	2022	2021
Service Cost	\$ 11,668	\$ 11,900	\$ 29,897
Interest	24,420	39,274	19,168
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experiences	-	-	-
Changes in Assumptions or Other Inputs	(12,882)	(366,988)	(4,762)
Benefit Payments	(26,159)	(25,279)	(26,126)
Net Change in Total OPEB Liability	(2,953)	(341,093)	18,177
Total OPEB Liability, Beginning	527,191	868,284	850,107
Total OPEB Liability, Ending	\$ 524,238	\$ 527,191	\$ 868,284
Covered, Employee Payroll	\$ 171,787	\$ 153,255	\$ 151,004
Total OPEB Liability as a percentage of covered employee payroll	305.17%	344.00%	575.01%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Required Supplementary Information
September 30, 2023

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<u>Total OPEB Liability</u>	2020	2019	2018
Service Cost	\$ 24,878	\$ 28,786	\$ 62,315
Interest	46,311	61,721	25,746
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experiences	-	-	-
Changes in Assumptions or Other Inputs	(1,254,802)	162,278	-
Benefit Payments	(27,878)	(39,812)	(39,711)
Net Change in Total OPEB Liability	(1,211,491)	212,973	48,350
Total OPEB Liability, Beginning	2,061,598	1,848,625	1,800,275
Total OPEB Liability, Ending	\$ 850,107	\$ 2,061,598	\$ 1,848,625
Covered, Employee Payroll	\$ 142,338	\$ 165,437	\$ 172,289
Total OPEB Liability as a percentage of covered employee payroll	597.25%	1246.15%	1072.98%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Required Supplementary Information
September 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2023	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.0023675546%	0.0023343541%	0.0022952612%	0.00226914%	0.00222927%
Housing Authority's proportionate share of the net pension liability	\$ 357,297	\$ 276,539	\$ 374,297	\$ 408,864	\$ 438,931
Housing Authority's covered employee payroll	\$ 171,787	\$ 153,255	\$ 151,004	\$ 142,338	\$ 165,437
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.99%	180.44%	247.87%	287.25%	265.32%
Plan fiduciary net position as a percentage of the total pension liability	21.50%	29.35%	24.08%	43.43%	46.40%

**The amounts determined for each fiscal year were determined as of June 30.*

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Required Supplementary Information
September 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.00221526%	0.00145263%	0.00144871%	0.00139474%
Housing Authority's proportionate share of the net pension liability	\$ 515,677	\$ 430,229	\$ 325,206	\$ 261,133
Housing Authority's covered employee payroll	\$ 172,289	\$ 165,009	\$ 147,283	\$ 126,784
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	299.31%	260.73%	220.80%	205.97%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	59.86%	52.07%	52.08%

*The amounts determined for each fiscal year were determined as of June 30.

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Required Supplementary Information
September 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 29,856	\$ 27,338	\$ 25,109	\$ 22,072	\$ 22,174
Contribution in relation to the contractually required contribution	(29,856)	(27,338)	(25,109)	(22,072)	(22,174)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 171,787	\$ 153,255	\$ 151,004	\$ 142,338	\$ 165,437
Contribution as a percentage of covered employee payroll	17.38%	17.84%	16.63%	15.51%	13.40%

**The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

HOUSING AUTHORITY OF THE TOWN OF DOVER

Required Supplementary Information
September 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 20,522	\$ 12,905	\$ 12,455	\$ 11,498
Contribution in relation to the contractually required contribution	(20,522)	(12,905)	(12,455)	(11,498)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 172,289	\$ 165,009	\$ 147,283	\$ 126,784
Contribution as a percentage of covered employee payroll	11.91%	7.82%	8.46%	9.07%

**The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE TOWN OF DOVER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Public and Indian Housing Program</u>					
NJ068	14.850	-	285,797	285,797	-
Grant Total	14.850	-	285,797	285,797	-
<u>Public Housing Capital Fund Program</u>					
NJ39P068501	14.872	-	149,163	149,163	-
Grant Total	14.872	-	149,163	149,163	-
<u>Resident Opportunity & Self Sufficiency</u>					
ROSS191224	14.870	-	83,885	83,885	-
Grant Total	14.870	-	83,885	83,885	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P068	14.871	-	2,856,367	2,856,367	-
Grant Total	14.871	-	2,856,367	2,856,367	-
<u>PIH - Family Self-Sufficiency Program</u>					
FSS20NJ2840	14.896	-	49,883	49,883	-
Grant Subtotal	14.896	-	49,883	49,883	-
Total Expenditures of Federal Awards		\$ -	\$ 3,425,095	\$ 3,425,095	\$ -

HOUSING AUTHORITY OF THE TOWN OF DOVER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Town of Dover is under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 flows 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Housing Authority of the Town of Dover has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:

Housing Authority Town of Dover had Capital Project Bonds payable in the amount of \$65,000, outstanding on September 30, 2023. See Note 16 on pages 47-48 of this report for full detail.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2023.

Note 6. 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.

**DOVER HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF SEPTEMBER 30, 2023**

	NJ39P068-501-19		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 3,000	\$ 3,000	\$ -
Administration	1,000	1,000	-
General Capital Activity	61,683	61,683	-
Bond Debt Obligation	19,576	19,576	-
Total	\$ 85,259	\$ 85,259	\$ -
Funds Advanced	\$ 85,259		
Funds Expended	85,259		
Excess of Funds Advanced	\$ -		

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 501-19 was completed on May 8, 2023.
4. There were no budget overruns noted.

Dover Housing Authority (NJ068)
DOVER, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	Subtotal	Total
111 Cash - Unrestricted				\$1,583,378	\$1,583,378
112 Cash - Restricted - Modernization and Development				\$219	\$219
113 Cash - Other Restricted				\$104,925	\$104,925
114 Cash - Tenant Security Deposits		\$104,925		\$19,438	\$19,438
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$1,190,321	\$0	\$1,707,960	\$1,707,960
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government		\$24,519		\$24,519	\$24,519
125 Accounts Receivable - Miscellaneous				\$32,057	\$32,057
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				\$15,000	\$15,000
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable				\$1,922	\$1,922
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$27,837	\$0	\$48,979	\$48,979
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability				\$5,240	\$5,240
142 Prepaid Expenses and Other Assets				\$76,816	\$76,816
143 Inventories				\$42,274	\$42,274
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$1,218,158	\$0	\$1,827,050	\$1,827,050
161 Land				\$68,000	\$68,000

Dover Housing Authority (NJ068)

DOVER, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14.896 PIH	14.871	14.870			
	Family Self-Sufficiency Program	Housing Choice Vouchers	Resident Opportunity and		Subtotal	Total
	Project Total					
162 Buildings	\$3,604,642				\$3,604,642	\$3,604,642
163 Furniture Equipment & Machinery - Dwellings	\$290,081				\$290,081	\$290,081
164 Furniture, Equipment & Machinery - Administration	\$167,646	\$1,866			\$169,512	\$169,512
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$3,635,079	-\$1,866			-\$3,636,945	-\$3,636,945
167 Construction in Progress	\$176,417				\$176,417	\$176,417
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$671,707	\$0	\$0		\$671,707	\$671,707
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current	\$45,808				\$45,808	\$45,808
174 Other Assets	\$197,759				\$197,759	\$197,759
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$915,274	\$0	\$0		\$915,274	\$915,274
200 Deferred Outflow of Resources	\$78,739	\$37,459			\$116,198	\$116,198
290 Total Assets and Deferred Outflow of Resources	\$1,602,905	\$1,255,617	\$0		\$2,858,522	\$2,858,522
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$20,740				\$21,920	\$21,920
313 Accounts Payable >90 Days Past Due		\$1,180				
321 Accrued Wage/Payroll Taxes Payable	\$86				\$86	\$86
322 Accrued Compensated Absences - Current Portion	\$1,838	\$1,222			\$3,060	\$3,060
324 Accrued Contingency Liability						
325 Accrued Interest Payable	\$1,342				\$1,342	\$1,342
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$13,277				\$13,277	\$13,277
341 Tenant Security Deposits	\$19,437				\$19,437	\$19,437

Dover Housing Authority (NJ068)
DOVER, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	Subtotal	Total
342 Unearned Revenue	\$3				\$3	\$3
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$15,000				\$15,000	\$15,000
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	\$71,723	\$0	\$2,402	\$0	\$74,125	\$74,125
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$50,000				\$50,000	\$50,000
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other			\$80,453		\$80,453	\$80,453
354 Accrued Compensated Absences - Non Current	\$16,546		\$11,000		\$27,546	\$27,546
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$590,864		\$290,671		\$881,535	\$881,535
350 Total Non-Current Liabilities	\$657,410	\$0	\$382,124	\$0	\$1,039,534	\$1,039,534
300 Total Liabilities	\$729,133	\$0	\$384,526	\$0	\$1,113,659	\$1,113,659
400 Deferred Inflow of Resources	\$769,224		\$313,942		\$1,083,166	\$1,083,166
508.4 Net Investment in Capital Assets	\$606,707	\$0	\$0	\$0	\$606,707	\$606,707
511.4 Restricted Net Position	\$59,686	\$0	\$104,925	\$0	\$164,611	\$164,611
512.4 Unrestricted Net Position	-\$561,845	\$0	\$452,224	\$0	-\$109,621	-\$109,621
513 Total Equity - Net Assets / Position	\$104,548	\$0	\$557,149	\$0	\$661,697	\$661,697
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,602,905	\$0	\$1,255,617	\$0	\$2,858,522	\$2,858,522

Dover Housing Authority (NJ068)
DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14.896 PIH	14.871	14.870				
	Family Self-Sufficiency Program	Housing Choice Vouchers	Resident Opportunity and				
	Project Total				Subtotal	Total	
70300 Net Tenant Rental Revenue	\$239,694				\$239,694	\$239,694	
70400 Tenant Revenue - Other	\$4,792				\$4,792	\$4,792	
70500 Total Tenant Revenue	\$244,486	\$0	\$0		\$244,486	\$244,486	
70600 HUD PHA Operating Grants	\$288,797	\$2,856,367	\$83,885		\$3,278,932	\$3,278,932	
70610 Capital Grants	\$146,163				\$146,163	\$146,163	
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	\$18,654	\$19,012			\$37,666	\$37,666	
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$1,828			\$1,828	\$1,828	
71500 Other Revenue	\$47,091	\$24,653			\$71,744	\$71,744	
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted	\$16	\$0			\$16	\$16	
70000 Total Revenue	\$745,207	\$49,883	\$83,885		\$3,780,835	\$3,780,835	
91100 Administrative Salaries	\$74,478	\$84,066			\$158,544	\$158,544	
91200 Auditing Fees	\$6,479	\$5,944			\$12,423	\$12,423	
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$12,999	\$24,602			\$37,601	\$37,601	
91600 Office Expenses	\$37,638	\$16,046	\$819		\$54,503	\$54,503	

Dover Housing Authority (NJ068)
DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	Subtotal	Total
91700 Legal Expense	\$4,436	\$8,238		\$12,674	\$12,674
91800 Travel	\$205	\$205		\$410	\$410
91810 Allocated Overhead					
91900 Other					
91000 Total Operating - Administrative	\$136,235	\$55,483	\$3,626	\$59,109	\$59,109
	\$0	\$194,584	\$4,445	\$335,264	\$335,264
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs	\$44,427		\$60,000	\$104,427	\$104,427
92300 Employee Benefit Contributions - Tenant Services	\$5,456		\$19,440	\$24,896	\$24,896
92400 Tenant Services - Other	\$2,555			\$2,555	\$2,555
92500 Total Tenant Services	\$2,555	\$0	\$79,440	\$131,878	\$131,878
93100 Water	\$22,668			\$22,668	\$22,668
93200 Electricity	\$89,049			\$89,049	\$89,049
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$111,717	\$0	\$0	\$111,717	\$111,717
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and Other	\$346			\$346	\$346
94300 Ordinary Maintenance and Operations Contracts	\$112,796			\$112,796	\$112,796
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$113,142	\$0	\$0	\$113,142	\$113,142
95100 Protective Services - Labor					

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14.896 PIH	14.871	14.870			
	Family Self-Sufficiency Program	Housing Choice Vouchers	Resident Opportunity and		Subtotal	Total
95200 Protective Services - Other Contract Costs					\$5,207	\$5,207
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0		\$5,207	\$5,207
96110 Property Insurance					\$15,395	\$15,395
96120 Liability Insurance					\$8,064	\$8,064
96130 Workmen's Compensation					\$10,053	\$10,053
96140 All Other Insurance					\$11,412	\$11,412
96100 Total Insurance Premiums	\$0	\$0	\$0		\$44,924	\$44,924
96200 Other General Expenses					\$185	\$185
96210 Compensated Absences		\$45,825			\$3,244	\$46,010
96300 Payments in Lieu of Taxes		\$827			\$13,277	\$4,071
96400 Bad debt - Tenant Rents						\$13,277
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$0	\$46,652	\$0		\$16,706	\$63,358
96710 Interest of Mortgage (or Bonds) Payable					\$3,658	\$3,658
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0		\$3,658	\$3,658
96900 Total Operating Expenses	\$49,883	\$241,236	\$83,885		\$434,144	\$809,148
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$2,660,624	\$0		\$311,063	\$2,971,687
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						

Dover Housing Authority (NJ068)
DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14.896 PIH	14.871	14.870	Subtotal	Total
	Family Self-Sufficiency Program	Housing Choice Vouchers	Resident Opportunity and		
Project Total					
97300 Housing Assistance Payments		\$2,475,162		\$2,475,162	\$2,475,162
97350 HAP Portability-In					
97400 Depreciation Expense	\$54,895			\$54,895	\$54,895
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$489,039	\$2,716,398	\$83,885	\$3,339,205	\$3,339,205
10010 Operating Transfer In	\$1,000			\$1,000	\$1,000
10020 Operating transfer Out	-\$1,000			-\$1,000	-\$1,000
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$256,168	\$185,462	\$0	\$441,630	\$441,630
Total Expenses					
11020 Required Annual Debt Principal Payments	\$15,000	\$0	\$0	\$15,000	\$15,000
11030 Beginning Equity	-\$286,634	\$308,998	\$0	\$22,364	\$22,364
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$135,014	\$62,689		\$197,703	\$197,703
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					

Dover Housing Authority (NJ068)
DOVER, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	Subtotal	Total
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			\$532,677		\$532,677	\$532,677
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	708		\$24,472		\$24,472	\$24,472
11210 Number of Unit Months Leased	686		2976		3684	3684
11270 Excess Cash	\$458,664		2911		3597	3597
11610 Land Purchases	\$0				\$458,664	\$458,664
11620 Building Purchases	\$79,792				\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$62,216				\$79,792	\$79,792
11640 Furniture & Equipment - Administrative Purchases	\$0				\$62,216	\$62,216
11650 Leasehold Improvements Purchases	\$0				\$0	\$0
11660 Infrastructure Purchases	\$0				\$0	\$0
13510 CFFP Debt Service Payments	\$4,155				\$0	\$0
13901 Replacement Housing Factor Funds	\$0				\$4,155	\$4,155
					\$0	\$0

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

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 governmental activities of Housing Authority of the Town of Dover, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the Town of Dover's basic financial statements, and have issued our report thereon dated March 20, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the Town of Dover's financial statements are free from 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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lincroft, New Jersey
Date: March 20, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program
*Opinion on Each Major Federal Program***

We have audited Housing Authority of the Town of Dover's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the Town of Dover's major federal programs for the year ended September 30, 2023. Housing Authority of the Town of Dover's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of the Town of Dover complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Housing Authority of the Town of Dover and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Housing Authority of the Town of Dover's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Housing Authority of the Town of Dover's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Housing Authority of the Town of Dover's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Housing Authority of the Town of Dover's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the Town of Dover's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the Town of Dover's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the Town of Dover's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Lincroft, New Jersey
Date: March 20, 2024

HOUSING AUTHORITY OF THE TOWN OF DOVER

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, _____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Voucher Program	\$ 2,856,367

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee X yes _____ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING 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 Housing Authority of the Town of Dover (the PHA) and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The PHA is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure 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 the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by The PHA as of and for the year ended September 30, 2023, and have issued our report thereon dated March 20, 2024. 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 supplementary information dated March 20, 2024, was expressed in relation to the basic financial statements of the PHA taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the PHA. We have not performed any additional 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, PIH-REAC.

This report is intended solely for the information and use of the PHA and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Giampardo's Associates

Lincroft, New Jersey

March 20, 2024

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic Financial Statements (inclusive of auditor reports)	Agrees