

Report On Audit

HOUSING AUTHORITY
TOWN OF DOVER

For the Year Ended
September 30, 2009

Housing Authority Town of Dover
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Financial Statements	
Statement of Net Assets	14
Statement of Revenue, Expenses and Changes in Net Assets	15
Statement of Cash Flow	16
Notes to Financial Statements	17-38
Supplementary Information	
Schedule of Expenditures of Federal Awards	39
Budgetary Comparison Schedule – Low Income Program	40
Budgetary Comparison Schedule – Housing Choice Voucher Program	41
Capital Project Leveraging Progress Report	42
Financial Data Schedule	43-47
Statement on Certification of Actual Cost Capital Fund Program	48
Other Reports and Comments	
Independent Auditors Report Independent Auditors Report on the Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards (No Reportable Instances of Noncompliance and No Material Weakness)	49-50
Independent Auditors Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 (Unqualified Opinion on Compliance and No Reportable Condition, and No Material Weaknesses)	51-52
Status of Prior Year Finding	53
Schedule of Findings and Questioned Cost	53
Independent Accountant's Report on Applying Agreed-upon Procedures – REAC	54-55



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the Statement of Net Assets of Housing Authority Town of Dover, hereafter referred to as the Authority, for the fiscal year ended September 30, 2009 and 2008, and the related statement of revenue, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority Town of Dover's internal control over financial reporting. An audit also includes the examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of Housing Authority Town of Dover, as of September 30, 2009 and 2008, and the changes in financial position and, cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2010, on our consideration of the Housing Authority Town of Dover's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 12 and pages 40 through 41 are not a required part of the financial statements and supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The supplemental information contained in this Report, is presented for the purposes of additional analysis, and is not a required part of the financial statements. The accompanying Schedule of Federal Awards is presented for the purpose of additional analysis as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Lastly, the supplemental information on the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Hymanson, Parnes & Giampaolo

Date: January 25, 2010

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

As Management of the Housing Authority Town of Dover (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 14 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

Assets of the Authority's enterprise fund were \$2,114,926 greater than the liabilities, an increase in the financial position of \$34,507 or a 2% percent increase.

As noted above, the assets of the Authority exceeded its liabilities by \$2,114,926 as of September 30, 2009. Of this amount, the unrestricted net asset portion is \$907,490 representing a decrease of \$54,862 or 6% percent from the previous fiscal year. The investment in fixed assets increased \$95,255 or 15% percent for an ending balance of \$745,662. The restricted net assets decreased \$5,886 from the previous fiscal year. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at September 30, 2009 is \$1,287,036 representing an increase of \$41,774 or 3% percent from the prior fiscal year. The full detail of this amount can be found in the Statement of Cash Flow on page 16 of this report.

The Authority's total assets are \$2,496,985 of which capital assets net book value is \$970,662, other noncurrent assets is \$222,092, leaving total current assets at \$1,304,231. Total current assets decreased from the previous year by \$39,840 or 3% percent. Cash and cash equivalents increased by \$41,774, accounts receivables decreased by \$62,998, and prepaid expenses decreased by \$18,616.

The Authority's total liabilities are reported at \$382,059, of which noncurrent liabilities are stated at \$285,270. Total liabilities increased during the year as compared to the prior year in the amount of \$5,288 or 1% percent.

Total current liabilities increased from the previous fiscal year by \$3,695 or 4% percent. Accounts payables decreased by \$1,737, accrued liabilities decreased by \$288, tenant security deposit payable increased by \$720, and the current portion of the Capital Project Bonds increased by \$5,000.

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

FINANCIAL HIGHLIGHTS - CONTINUED

Total noncurrent liabilities increased by \$1,593 or 1% percent. The increase was made up of three accounts, long-term capital bonds which decreased by \$10,000 for an ending balance of \$215,000, and noncurrent compensated absences with an ending balance of \$7,494, with no offsetting assets, decreased \$1,389 from the prior fiscal year. Other noncurrent liabilities increased \$10,204 from the prior year.

The Authority had total operating revenue of \$2,758,776 as compared to \$2,625,254 from the prior fiscal year for an increase of \$133,522 or 5% percent. Total operating expenses of \$2,758,709 as compared to \$2,600,110 from the previous fiscal year increased \$158,599 or 6% percent, resulting in excess revenue from operations in the amount of \$67 for the current fiscal year as compared to excess revenue of \$25,144 from the previous fiscal year for a decrease of \$25,077 or 100% percent.

Total capital improvements contributions from HUD were in the amount of \$29,209 as compared to \$260,031 from the previous fiscal year for a decrease of \$230,822 or 89% percent.

The Authority's Expenditures of Federal Awards amounted to \$2,475,153 for the fiscal year as compared to \$2,578,288 for the previous fiscal year.

USING THIS ANNUAL REPORT

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

1. Low Rent Public Housing
2. Housing Choice Vouchers
3. Public Housing Capital Fund Program

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

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are two major parts to the financial statements:

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

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

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

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

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

The Notes to Financial Statements provide additional information that is essential to a full understanding of the financial statements and are an integral part of the statements. The Notes to Financial Statements can be found in this Report beginning on page 17 through 38.

The Authority activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 14 through 16.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on page 39 of this report.

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program found on page 40 the Section Eight Housing Choice Voucher Program on page 41.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Assets between September 30, 2009 and September 30, 2008.

Computations of Net Assets are as follows:

	<u>Year Ending</u>		Increase
	September-09	September-08	(Decrease)
Cash	\$ 1,287,036	\$ 1,245,262	\$ 41,774
Other Current Assets	17,195	98,809	(81,614)
Capital Assets - Net	970,662	880,407	90,255
Other Assets	222,092	232,712	(10,620)
Total Assets	2,496,985	2,457,190	39,795
Less: Current Liabilities	(96,789)	(93,094)	(3,695)
Less: Non Current Liabilities	(285,270)	(283,677)	(1,593)
Net Assets	<u>\$ 2,114,926</u>	<u>\$ 2,080,419</u>	<u>\$ 34,507</u>
Invested in Capital Assets	\$ 745,662	\$ 650,407	\$ 95,255
Restricted Net Assets	461,774	467,660	(5,886)
Unrestricted Net Assets	907,490	962,352	(54,862)
	<u>\$ 2,114,926</u>	<u>\$ 2,080,419</u>	<u>\$ 34,507</u>

Cash increased by \$41,774 or 3% percent. Net cash provided by operating activities was \$245,529, net cash used by capital and related financing activities was \$213,526, and net cash provided by investing activities was \$9,771. The full detail of this amount can be found in the Statement of Cash Flow on page 16 of this audit report.

Capital assets report an increase in the net book value of the capital assets in the amount of \$90,255 or 10% percent. The major factors contributed for the increase was the construction expenditures and additions to fixed assets in the amount of \$255,507 made during the fiscal year offset by the recording of depreciation expense in the amount of \$165,253. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 10 Fixed Assets.

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a decrease in other assets in the amount of \$10,620. The amount consists of two accounts, the future HUD funding on the capital grant program in the amount of \$210,808, and the amortization of the underwrites cost for the financing of the capital leveraging program. A full detail of these accounts can be found in the Notes to the Financial Statements section Note – 11 & 12.

Total current liabilities increased by \$3,695 or 4% percent were attributed primary to an increase in accounts payable for current portion of long term debt in the amount of \$5,000 at September 30, 2009.

Total noncurrent liabilities increased by \$1,593 or 1% percent. The increase was made up of three accounts, long-term capital bonds which decreased by \$10,000 for an ending balance of \$215,000, and noncurrent compensated absences with an ending balance of \$7,494, with no offsetting assets, increased \$1,389 from the prior fiscal year. Other noncurrent liabilities increased \$10,204 from the prior year.

By far the largest portion of the Authority's net assets 43% percent reflects its Unrestricted Net Assets in the amount of \$907,490. The Housing Authority of the Town of Dover operating results for September 30, 2009 reported a decrease in Unrestricted Net Assets of \$54,862 or 6% percent for an ending balance of \$907,490. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

The restricted net assets represent 22% of the Authority Net Assets. The amount of \$461,744 represents the amount of cash that is restricted for the Housing Choice Voucher program. Additional information on these funds can be found in Note 20 Restricted Net Assets.

The investment in capital assets represents 35% of the Authority Net Assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending.

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

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Assets between September 30, 2009 and September 30, 2008.

Computation of Changes in Net Assets are as follows:

	<u>Year Ending</u>		Increase
	September-09	September-08	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 249,117	\$ 244,035	\$ 5,082
HUD Operating Grants	2,445,944	2,318,257	127,687
Fraud Recovery	10,140	13,691	(3,551)
Other Revenues	53,575	49,271	4,304
Total Operating Income	2,758,776	2,625,254	133,522
<u>Expenses</u>			
Operating Expenses	2,593,456	2,481,082	112,374
Depreciation Expense	165,253	119,028	46,225
Total Operating Expenses	2,758,709	2,600,110	158,599
Operating Income (Loss)			
Before Capital Grants	67	25,144	(25,077)
Interest Income	9,051	36,073	(27,022)
Extraordinary Maintenance	(3,820)	(16,189)	12,369
HUD Capital Grants	29,209	260,031	(230,822)
Change in Net Assets	34,507	305,059	(270,552)
Net Assets Prior Year	2,080,419	1,775,360	305,059
Total Net Assets	\$ 2,114,926	\$ 2,080,419	\$ 34,507

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

The Housing Authority of the Town of Dover received from the capital fund program \$29,209 in grant money, a decrease of \$230,822 or 89% percent from the prior fiscal year. These capital expenditures of \$255,507 were used primary for replacement of the façade on the exterior of the Authority's building.

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

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 71% of total operating expenses.

Administrative expenses accounted for 8%, tenant services accounted for 4%, utilities accounted for 5%, maintenance accounted for 3%, and other operating expenses and depreciation accounted for the remaining 9% of the total operating expenses.

The Authority operating revenue exceeded its operating expenses in the amount of \$67 as compared to the prior year in the amount of \$25,144. The key elements of this decrease are as follows:

- The Authority experienced an increase in housing assistance payments in the amount of \$103,934.
- The Authority experienced an increase other operating expenses in the amount of \$15,193.

Total net cash provided by operating activities during the year was \$245,529. Full detail of this amount can be found on the Statement of Cash Flow on page 16 of this report.

Overall the Authority reported a decrease in Unrestricted Net Assets of \$54,862 or a decrease of 6% percent for an ending balance of \$907,490. Additional information on the Authority's unrestricted net assets can be found in Note 21 to the financial statements, which is included in this report.

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2009, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The budget for the Low Rent Public Housing was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The full detail can be found in the Budget comparison to actual results for the Low Rent Public Housing Program on page 40 of this report.

The budget for the Housing Choice Voucher Program was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The Housing Choice Voucher program Housing Assistance Payments (HAP) funds were approved by the U.S. Department of Housing and Urban Development (HUD) on a basis consistent with the grant application covering HAP programs. The full detail can be found in the Budget comparison to actual results for the Housing Choice Voucher Program on page 41 of this report.

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

The following is financial highlights of significant items for a four year period of time ending on September 30, 2009.

	September-09	September-08	September-07	September-06
Significant Income				
Total Tenant Revenue	\$ 249,117	\$ 244,035	\$ 243,284	\$ 245,159
HUD Operating Grants	2,445,944	2,318,257	2,274,476	1,999,817
HUD Capital Grants	29,209	260,031	-	27,964
Investment Income	9,051	36,073	32,108	16,887
Other Revenue	63,715	62,962	89,019	35,304
Total	<u>\$ 2,797,036</u>	<u>\$ 2,921,358</u>	<u>\$ 2,638,887</u>	<u>\$ 2,325,131</u>
Payroll Expense				
Administrative Salaries	\$ 65,002	\$ 83,172	\$ 83,869	\$ 79,723
Tenant Services Salaries	63,397	62,769	72,442	70,717
Maintenance Labor	7,505	7,427	8,136	6,773
Employee Benefits Expense	79,530	83,195	85,921	54,804
Total Payroll Expense	<u>\$ 215,434</u>	<u>\$ 236,563</u>	<u>\$ 250,368</u>	<u>\$ 212,017</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 113,506	\$ 94,324	\$ 94,011	\$ 86,534
Utilities Expense	131,583	135,626	120,200	91,933
Maintenance Contract Cost	454,108	59,084	70,792	70,439
Insurance Premiums	29,068	29,053	28,362	26,757
Housing Assistance Payments	1,947,061	1,843,127	1,651,089	1,637,792
Total	<u>\$ 2,675,326</u>	<u>\$ 2,161,214</u>	<u>\$ 1,964,454</u>	<u>\$ 1,913,455</u>
Total Operating Expenses	<u>\$ 2,758,709</u>	<u>\$ 2,600,110</u>	<u>\$ 2,461,024</u>	<u>\$ 2,328,566</u>
Total of Federal Awards	<u>\$ 2,475,153</u>	<u>\$ 2,578,288</u>	<u>\$ 2,274,476</u>	<u>\$ 2,027,781</u>

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's operating revenues were sufficient to cover all operating expenses including depreciation in the amount of \$165,253.

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

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

THE HOUSING AUTHORITY TOWN OF DOVER'S PROGRAMS

Public Housing Program:

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

Housing Choice Voucher Program:

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

Capital Fund Program:

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

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

NEW INITIATIVES

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2009, the Authority's investment in capital assets was \$970,662 (net of accumulated depreciation) reflected in the following schedule which represents an increase of \$90,255 from the previous year. This investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital expenditures of \$255,507 were made during the fiscal year. Major capital assets events during the calendar year included the following:

- Façade Restoration

	September-09	September-08	Increase (Decrease)
Land	\$ 68,000	\$ 68,000	\$ -
Building	2,712,614	2,247,985	464,629
Furniture, Equipment - Dwelling	62,580	62,580	-
Furniture, Equipment - Administration	104,333	104,333	-
Construction in Process	50,438	259,560	(209,122)
Total Fixed Assets	2,997,965	2,742,458	255,507
Accumulated Depreciation	(2,027,303)	(1,862,051)	(165,252)
Net Book Value	\$ 970,662	\$ 880,407	\$ 90,255

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

2 - Long Term Debt

The Authority in 2007 participated in the New Jersey pooled leveraging program. Through this financing of majority capital projects will be completed on an expedited basis. Restricted Cash relating to the bonded debt stood at \$120 at the end of the fiscal year, with Capital Project Bond payable of \$225,000 in outstanding debt. A full disclosure of loans payable at September 30, 2009 can be found in Note-18.

**HOUSING AUTHORITY TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The capital budgets for the 2009 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, 2010.

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Roberta Strater, Executive Director, Housing Authority Town of Dover, 215 East Blackwell Street, Dover, NJ 07801, or call (973) 361-9444.

HOUSING AUTHORITY TOWN OF DOVER
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2009 AND 2008

Assets

Current Assets:	September-09	September-08
Cash and Cash Equivalents	\$ 1,287,036	\$ 1,245,262
Accounts Receivables, Net of Allowances	10,999	73,997
Prepaid Expenses	6,196	24,812
Total Current Assets	1,304,231	1,344,071
Noncurrent Assets:		
Capital Assets:		
Land	68,000	68,000
Building	2,712,614	2,247,985
Furniture, Equipment - Dwellings	62,580	62,580
Furniture, Equipment - Administration	104,333	104,333
Construction in Process	50,438	259,560
Total Capital Assets	2,997,965	2,742,458
Less: Accumulated Depreciation	(2,027,303)	(1,862,051)
Net Book Value	970,662	880,407
Other Assets		
Grants Receivable	210,808	220,808
Other Assets	11,284	11,904
Total Other Assets	222,092	232,712
Total Assets	2,496,985	2,457,190

Liabilities and Net Assets

Current Liabilities:		
Accounts Payable	59,523	61,260
Accrued Expenses	5,338	5,626
Tenant Security Deposit Payable	21,928	21,208
Long Term Debt - Current	10,000	5,000
Total Current Liabilities	96,789	93,094
Noncurrent Liabilities:		
Long Term Debt - Non Current	215,000	225,000
Accrued Compensated Absences - Long-Term	7,494	6,105
Noncurrent Liabilities - Other	62,776	52,572
Total Noncurrent Liabilities	285,270	283,677
Total Liabilities	382,059	376,771
Net Assets:		
Investment in Capital Assets, Net of Related Debt	745,662	650,407
Restricted Net Assets	461,774	467,660
Unrestricted Net Assets	907,490	962,352
Total Net Assets	2,114,926	2,080,419
Total of Liabilities and Net Assets	\$ 2,496,985	\$ 2,457,190

See accompanying notes to the financial statements.

HOUSING AUTHORITY TOWN OF DOVER
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

Revenue:	September-09	September-08
Tenant Rental Revenue	\$ 249,117	\$ 244,035
HUD PHA Operating Grants	2,445,944	2,318,257
Fraud Recovery	10,140	13,691
Other Revenue	53,575	49,271
Total Revenue	<u>2,758,776</u>	<u>2,625,254</u>
Operating Expenses:		
Administrative Expenses	226,122	231,998
Tenant Services	103,964	96,487
Utilities Expense	131,583	135,626
Maintenance Expense	70,872	76,050
Protective Services	3,617	2,750
Other Operating Expenses	110,237	95,044
Housing Assistance Payments	1,947,061	1,843,127
Depreciation Expense	165,253	119,028
Total Operating Expenses	<u>2,758,709</u>	<u>2,600,110</u>
Excess Revenue Over Expenses From Operations	<u>67</u>	<u>25,144</u>
Nonoperating Revenue (Expenses)		
Investment Income	9,051	36,073
Extraordinary Maintenance	(3,820)	(16,189)
Total Nonoperating Revenue (Expenses)	<u>5,231</u>	<u>19,884</u>
Revenue Before Contributions and Transfers	5,298	45,028
Capital Grant Contributions	<u>29,209</u>	<u>260,031</u>
Change in Net Assets	34,507	305,059
Beginning Net Assets	<u>2,080,419</u>	<u>1,775,360</u>
Ending Net Assets	<u>\$ 2,114,926</u>	<u>\$ 2,080,419</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY TOWN OF DOVER
STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

	September-09	September-08
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 249,117	\$ 244,035
Receipts from Federal Grants	2,445,944	2,578,288
Receipts from Fraud Recovery	10,140	13,691
Receipts from Misc. Sources	53,575	49,271
Payments to Vendors and Suppliers	(350,752)	(708,366)
Housing Assistance Payments	(1,947,061)	(1,843,127)
Payments to Employees	(135,904)	(153,368)
Payment of Employee Benefits	(79,530)	(83,195)
Net Cash Provided by Operating Activities	<u>245,529</u>	<u>97,229</u>
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	29,209	260,031
Acquisitions and Construction of Capital Assets	(255,507)	(259,560)
Payment of Extraordinary Maintenance	(3,820)	(16,189)
Increase (Payment) in Compensated Absences - Long term	1,389	(244)
Receipt of Noncurrent Liabilities	10,203	20,655
Receipt (Payment) in Capital Project Bonds Receivable	10,000	(220,808)
Receipt of Capital Bonds Payable	-	230,000
Payment of Debt	(5,000)	-
Payment of Other Assets - Non Current	-	(11,904)
Net Cash Provided (Used) by and Related Financing Activities	<u>(213,526)</u>	<u>1,981</u>
Cash Flow From Investing Activities		
Interest Income	9,051	36,073
Receipt (Payment) of Tenant Security Deposit	720	(290)
Net Cash Provided by Investing Activities	<u>9,771</u>	<u>35,783</u>
Net Increase in Cash and Cash Equivalents	41,774	134,993
Beginning Cash	<u>1,245,262</u>	<u>1,110,269</u>
Ending Cash	<u><u>\$ 1,287,036</u></u>	<u><u>\$ 1,245,262</u></u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Excess of Revenue Over Expenses	\$ 67	\$ 25,144
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense	165,253	119,028
Amortization of Other Assets	620	
(Increase) Decrease in:		
Accounts Receivables - Net of Adjustments	62,998	(47,481)
Prepaid Expenses	18,616	(478)
Increase (Decrease) in:		
Accounts Payable	(1,737)	900
Accrued Expenses	(288)	116
Net Cash Provided By Operating Activities	<u><u>\$ 245,529</u></u>	<u><u>\$ 97,229</u></u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements **September 30, 2009**

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

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

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

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

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

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

2. Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting” addresses the applicability of the various FASB’s, and allows several options in the use of the FASB’s. The Authority has elected to use Alternative 2 of GASB-20 which states that “a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements”. Also, the Authority has elected to not follow FASB-106, FASB-112, and FASB-132, which all deal with pension reporting. Instead, the Authority follows GASB-27-“Accounting for Pensions by State and Local Governmental Employers.”

A. Basis of Accounting –

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

2. A – Basis of Accounting - Continued

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

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

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

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

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

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

B. Report Presentation –

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

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

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

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

Net Assets Invested in Capital Assets Net of Related Debt.

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

Restricted Net Assets.

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

Unrestricted Net Assets.

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements **September 30, 2009**

2. B. Report Presentation - Continued

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

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

Other accounting policies are as follows

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

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

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

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

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

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

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

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

Other accounting policies - Continued

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

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

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

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

C. Budgetary and Policy Control –

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements

September 30, 2009

C. Budgetary and Policy Control – Continued

Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Low Rent Housing Program and the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Low Income Public Housing Program found on page 39 the Section Eight Housing Choice Voucher Program on page 40.

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

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

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

- 6. Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:
1. The ability of the Board to exercise supervision of a component unit's financial independence.
 2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
 3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
 4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
 5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

NOTE 2 – ESTIMATES

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements **September 30, 2009**

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

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

NOTE 4 - CASH, CASH EQUIVALENTS

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

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Collateral for Deposits

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

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

The bank balances at September 30, 2009 were \$1,287,036. The bank balances at September 30, 2008 were \$1,245,262 which were either insured or collateralized with securities held by the pledging financial institutions in the Authority's name as discussed below:

	<u>September-09</u>	<u>September-08</u>
Bank of America	\$ 1,170,567	\$ 1,125,772
The Provident	116,299	113,848
Wells Fargo	120	5,592
Petty Cash	50	50
Total	<u>\$ 1,287,036</u>	<u>\$ 1,245,262</u>

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

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>September-09</u>	<u>September-08</u>
Insured	\$ 366,469	\$ 205,642
Collateralized held by pledging bank's trust department in the Authority's name	920,567	1,039,620
Total	<u>\$ 1,287,036</u>	<u>\$ 1,245,262</u>

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 5 – TENANT SECURITY DEPOSIT

The authority has restricted cash at September 30, 2009 in the amount of \$21,928. The Authority has restricted cash at September 30, 2008 in the amount of \$21,208. Both of these amounts were accounted for in cash and cash equivalents in Note 4. This amount is held as security deposits for the tenants of the Low Income Housing in an interest bearing account at Bank of America.

NOTE 6 – RESTRICTED CASH

The Authority also has restricted cash in the amount of \$120 and \$5,593 for September 30, 2009 and 2008, respectively and was also accounted for in cash and cash equivalents in Note 4. It is held in trust at the Wells Fargo Bank with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Wells Fargo Bank are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project which the Authority is under taking.

NOTE 7 - ACCOUNTS RECEIVABLE

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

Accounts Receivable at September 30, 2009 and 2008 consisted of the following:

	<u>September-09</u>	<u>September-08</u>
Morris County Receivable	\$ -	\$ 2,174
HUD Receivable	10,629	71,823
Miscellaneous Receivable	370	-
Total	<u>\$ 10,999</u>	<u>\$ 73,997</u>

These funds were received in October 2009 and 2008 respectively and the Authority's management elected not to make an allowance for doubtful account.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 8 – PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at September 30, 2009 and 2008 consisted of prepaid insurance in the amount of \$6,196 and \$24,812, respectively.

NOTE 9 – INTERFUND ACTIVITY

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

NOTE 10 - FIXED ASSETS

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

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

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

The carrying value of long-live assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority does not have any impairment at September 30, 2009.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 10 - FIXED ASSETS (CONTINUED)

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2009 and 2008:

	September-07	Additions	Transfers	September-08
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	2,226,737		21,248	2,247,985
Furniture, Equipment - Dwelling	26,102		36,478	62,580
Furniture, Equipment - Administration	104,333			104,333
Construction in Process	57,726	259,560	(57,726)	259,560
Total Fixed Assets	2,482,898	\$ 259,560	\$ -	2,742,458
Accumulated Depreciation	(1,743,023)	\$ (119,028)	\$ -	(1,862,051)
Net Book Value	<u>\$ 739,875</u>			<u>\$ 880,407</u>

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

Construction in Process

There are several construction projects in progress at September 30, 2009 which include repair of the exterior façade of the Authority's building. HUD funded these projects through requests that are periodically submitted as costs are incurred. The total construction cost at September 30, 2009 totaled \$95,703, which included soft cost of \$45,265.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements

September 30, 2009

NOTE 11- GRANTS RECEIVABLE – NON CURRENT

The Authority participated on August 2, 2007 with other New Jersey Housing Authorities in the issuance of \$18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is \$10,000,000. The Authority received a net amount of \$235,000. The funds received were deposited with the Wells Fargo Bank which is acting as the Trustee. All funds must be expended within a four year period. The Trustee must receive copies of all invoices prior to release of funds. The Trustee may only draw funds from HUD E-LOCCS for repayment of debt and related interest. The amount of HUD future CFP State Leveraging Program funds receivable at September 30, 2009 and 2008 are as follows:

	September-09	September-08
HUD CFP Future Funds Receivable	\$ 220,808	\$ 225,808
Less Current Receivable	(10,000)	(5,000)
Net of Current Receivalbe	<u>\$ 210,808</u>	<u>\$ 220,808</u>

NOTE 12- OTHER ASSETS – NON CURRENT

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

	September-09	September-08
Capital Fund Leveraging - Underwriter's Cost	\$ 11,904	\$ 12,937
Less Amortization - Underwriter's Cost	(620)	(1,033)
Net Book Value - Underwriter's Cost	<u>\$ 11,284</u>	<u>\$ 11,904</u>

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 13 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its balance sheet as of September 30, 2009 and 2008. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. Accounts payable at September 30, 2009 and 2008 in the amount of \$59,523 and long term debt – current portion of \$10,000 and \$61,260 and long term debt- current portion of \$5,000, respectively consist of the following:

	September-09	September-08
Accounts Payable Vendors	\$ 49,734	\$ 38,543
Accounts Payable - Other Government	9,789	22,717
Accounts Payable - Current Portion of Long Term Del	10,000	5,000
Total Accounts Payable	<u>\$ 69,523</u>	<u>\$ 66,260</u>

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

Under Federal, State and local law, the Authority's programs are exempt form income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Dover. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes.

	September-09	September-08
Pilot Expense September 2008	\$ 22,717	\$ 22,717
Pilot Expense September 2009	9,789	-
Less: Pilot Payment	(22,717)	
Total P.I.L.O.T. Payable	<u>\$ 9,789</u>	<u>\$ 22,717</u>

NOTE 15 – ACCRUED EXPENSES

The Authority reported accrued expenses on its balance sheet in the amount of \$5,338 for September 30, 2009 and \$5,626 for September 30, 2008. Accrued expenses are liabilities covering expenses incurred on or before September 30, and are payable at some future date. Accrued liabilities at September 30, 2009 and 2008 consist of the following:

	September-09	September-08
Compensated Absences - Current Portion	\$ 832	\$ 679
Accrued Payroll Taxes	131	492
Accrued Interest Payable	4,375	4,455
Total Accrued Liabilities	<u>\$ 5,338</u>	<u>\$ 5,626</u>

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 16 – ACCRUED COMPENSATED ABSENCES

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

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

For September 30, 2009 and 2008, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

	September-09	September-08
Accumulated Sick Time	\$ 2,873	\$ 869
Accumulated Vacation Time	4,862	5,350
Accrued Payroll Taxes	591	565
Total	8,326	6,784
Compensated Absences - Current Portion	(832)	(679)
Total Compensated Absences - Noncurrent	\$ 7,494	\$ 6,105

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

NOTE 17 – LONG TERM DEBT

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

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

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 17 – LONG TERM DEBT - CONTINUED

The transaction between the Authority and HUD is similar to HUD giving funds to the Authority to operate and the funds are a capital contribution. HUD has essentially made an investment in the Authority. Therefore, the liability was reclassified as a capital contribution. Since HUD is paying the obligations directly, the outstanding Long Term Debt balance at September 30, 2009 and 2008 could not be readily determined.

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

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

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

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

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

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

The Authority is required to obligate the funds within two years from the date of August 4, 2007 and expend the full amount within four years ending on August 4, 2011 or be subject to recapture.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

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

The interest paid on the Bonds thru September 30, 2009 was \$22,574 which will be capitalized under construction in process cost. The interest payable for November 1, 2009 is \$5,250 and May 1, 2010 is \$4,375

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

September 30, 2010	\$ 10,000
September 30, 2011	10,000
September 30, 2012	10,000
September 30, 2013	10,000
September 30, 2014	10,000
Sub Total	<u>50,000</u>
Next Five Years Ending September, 2019	50,000
Next Five Years Ending September, 2024	75,000
Till Maturity September, 2027	50,000
Total Capital Project Bonds	<u><u>\$ 225,000</u></u>

NOTE 19 – NON CURRENT LIABILITY - FSS ESCROW PAYABLE

The Authority under the Section 8 Housing Choice Voucher program is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the PHA for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the PHA during the term of the FSS contract. The PHA may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education. If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the PHA terminates the FSS contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited. The bank account balance at September 30, 2009 is \$62,776. The bank account balance at September 30, 2008 is \$52,572.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 20 – RESTRICTED NET ASSETS

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

	HAP Reserve
September 30, 2005 HAP Reserves	\$ -
September 30, 2006 HAP Reserves	948
September 30, 2007 HAP Reserves	194,048
September 30, 2008 HAP Reserves	272,664
September 30, 2009 HAP Reserves	(5,886)
Balance September 30, 2009	<u>\$ 461,774</u>

Housing Choice Voucher Program - Reserves

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

NOTE 21 – UNRESTRICTED NET ASSETS

The Authority Unrestricted Net Assets account balance at September 30, 2009 is \$907,440 and \$962,352 for 2008. The detail of the account balance is as follows:

	LIH Program	Housing Choice Voucher Program		
	Reserves	HAP Payments	Reserves	Total
Balance September 30, 2007	\$ 255,687	\$ 194,996	\$ 584,802	\$ 1,035,485
Increase During the Year	62,531	272,664	59,332	394,527
Transfer Reserves	-	(467,660)	-	(467,660)
Balance September 30, 2008	318,218	-	644,134	962,352
Increase During the Year	-	-	85,770	85,770
Decrease During the Year	(140,632)	-	-	(140,632)
Balance September 30, 2009	<u>\$ 177,586</u>	<u>\$ -</u>	<u>\$ 729,904</u>	<u>\$ 907,490</u>

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements

September 30, 2009

NOTE 21 – UNRESTRICTED NET ASSETS - CONTINUED

Housing Choice Voucher Program - Reserves

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

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

In June 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. All of the Authority's retirees continue their life insurance and continue to receive health insurance benefits at various percentages of the Authority's cost. In prior years, the Authority financed OPEB on a pay-as-you-go basis with expenditures recorded in the General Fund. Accounting for OPEB under GASB No. 45 will result in the Authorities reporting a significant actuarially-based liability for benefits. The Authority will be implementing GASB No. 45 in the fiscal year beginning October 1, 2009.

NOTE 23 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended September 30, 2009 and 2008, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its senior building for the purpose of determining potential liability issues.

During the year ended September 30, 2009, the Authority did not reduce insurance coverage's from coverage levels in place as of September 30, 2008. No settlements have exceeded coverage levels in place during 2007, 2008, and 2009.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 24 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended September 30, 2009 and 2008 were \$ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended September 30, 2009 and 2008 were \$170,400 and \$143,164, respectively.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. The Authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. . HUD contributions for the Housing Choice Voucher for September 30, 2009 and 2008 were \$2,254,652 and \$2,098,324, respectively.

NOTE 25 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD for the year ending September 30, 2009 and 2008 were \$2,411,756 and \$2,502,919, respectively.

HOUSING AUTHORITY TOWN OF DOVER

Notes to Financial Statements September 30, 2009

NOTE 26 - CONTINGENCIES

Litigation – At September 30, 2009, the Authority was not involved in any threatened litigation.

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

HOUSING AUTHORITY TOWN OF DOVER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

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

	<u>CFDA#</u>	<u>Expenditures</u>
<u>PHA Owned Housing</u>		
Low Rent Public Housing	14.850a	\$ 170,400
Public Housing Capital Fund Program	14.872	50,101
Subtotal		<u>220,501</u>
 Rental Assistance Housing Programs		
Housing Choice Vouchers	14.871	2,254,652
Subtotal		<u>2,254,652</u>
 Total Awards		<u><u>\$ 2,475,153</u></u>

Note 1. Presentation:

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

Note 2. Loans Outstanding:

Housing Authority Town of Dover had Capital Project Bonds payable in the amount of \$225,000, outstanding at September 30, 2009. See Note 18 on page 33 of this report for full detail.

Note 3. Sub recipients:

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

HOUSING AUTHORITY TOWN OF DOVER
BUDGETARY COMPARISON SCHEDULE
LOW INCOME HOUSING PROGRAM
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue:			
Tenant Rental Revenue	\$ 249,117	\$ 245,400	\$ 3,717
HUD PHA Operating Grants	191,292	162,500	28,792
Other Revenue	29,291	33,586	(4,295)
Total Revenue	469,700	441,486	28,214
Operating Expenses:			
Administration:			
Administrative Salaries	52,381	48,181	(4,200)
Audit Fee's	4,898	4,250	(648)
Compensated Absences	1,047	1,000	(47)
Employee Benefit Contributions	31,118	37,046	5,928
Other Operating Administrative Expenses	39,996	50,245	10,249
Total Administrative Expenses	129,440	140,722	11,282
Tenant Services:			
Tenant Services Other	4,121	1,500	(2,621)
Total Tenant Services	4,121	1,500	(2,621)
Utilities:			
Water	8,918	11,700	2,782
Electricity	122,665	112,000	(10,665)
Total Utilities	131,583	123,700	(7,883)
Maintenance:			
Maintenance Labor	7,505	7,706	201
Materials	4,758	7,000	2,242
Maintenance Contract Cost	54,108	32,450	(21,658)
Employee Benefit Contributions	4,501	5,924	1,423
Total Maintenance	70,872	53,080	(17,792)
Protective Services:			
Protective Services - Other Cost	3,617	2,000	(1,617)
Total Protective Services	3,617	2,000	(1,617)
Other Operating Expenses:			
Insurance	29,068	29,560	492
Extraordinary Maintenance	3,820	80,000	76,180
Payment in Lieu of Taxes	9,789	12,666	2,877
Other General Expenses	499	-	-
Total Other Operating Expenses	43,176	122,226	79,549
Total Operating Expenses	382,809	443,228	60,918
Excess Revenue Over Expenses From Operations	86,891	(1,742)	88,633
Other Income and (Expenses):			
Investment Income - Unrestricted	5,044	3,000	2,044
Transfer Out	(232,567)	-	(232,567)
Total Other Income and (Expenses)	(227,523)	3,000	(230,523)
Excess Revenue over Expenses (Loss)	\$ (140,632)	\$ 1,258	\$ (141,890)

See accompanying notes to the financial statements.

**HOUSING AUTHORITY TOWN OF DOVER
BUDGETARY COMPARISON SCHEDULE
HOUSING CHOICE VOUCHER PROGRAM
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue - Annual Contribution Required			
Housing Assistance Payments	\$ 1,940,084	\$ 1,848,540	\$ 91,544
Ongoing Administrative Fees Earned	314,568	301,305	13,263
Fraud Recovery	9,780	-	9,780
Other Income	24,644	-	24,644
Total Revenue	2,289,076	2,149,845	139,231
Operating Expenses:			
Administration:			
Administrative Salaries	12,621	35,199	22,578
Audit Fee's	4,153	4,250	97
Compensated Absences	496	-	(496)
Employee Benefit Contributions	7,465	22,541	15,076
Other Operating Administrative Expenses	71,947	105,935	33,988
Total Administrative Expenses	96,682	167,925	71,243
Tenant Services:			
Tenant Services Salaries	63,397	37,493	(25,904)
Employee Benefit Contributions	36,446	24,011	(12,435)
Total Tenant Services	99,843	61,504	(38,339)
Other Operating Expenses:			
Other General Expenses	63,727	-	(63,727)
Housing Assistance Payments	1,947,061	1,848,540	(98,521)
Total Other Operating Expenses	2,010,788	1,848,540	(162,248)
Total Operating Expenses	2,207,313	2,077,969	(129,344)
Excess Revenue Over Expenses From Operations	81,763	71,876	9,887
Other Income and (Expenses):			
Investment Income	4,007	-	4,007
Total Other Income and (Expenses)	4,007	-	4,007
Excess Revenue over Expenses (Loss)	\$ 85,770	\$ 71,876	\$ 13,894

See accompanying notes to the financial statements.

**HOUSING AUTHORITY TOWN OF DOVER
CAPITAL PROJECT LEVERAGING PROGRESS REPORT
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2009**

CAPITAL PROJECT WORK ITEM	PROJECTED COST	FUNDS OBLIGATED	FUNDS EXPENDED
Bond Leveraging Fees	\$ 12,937	\$ 12,937	\$ 12,937
Administration	-	-	-
A & E Fee's	7,875	7,875	7,875
Moderization Cost	214,188	214,188	224,024
Total Capital Project	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 244,836</u>

Reconciliation of Debt Service Account

Balance September 30, 2007	\$ -
Bond Proceeds Received	226,353
Plus Interest Earned Thru September 30, 2009	<u>5,666</u>
Total Funds Available	\$ 232,019
Less Disbursement Made during the Year	<u>(231,899)</u>
Balance September 30, 2009	<u>\$ 120</u>

See accompanying notes to the financial statements.

Entity Wide Balance Sheet Summary

NJ068

09/30/2009

Audited/A-133

	LIH	14.871	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 202,383	\$ 765,894	\$ 968,277		\$ 968,277
112 Cash - Restricted - Modernization and Development	\$ 120		\$ 120		\$ 120
113 Cash - Other Restricted		\$ 296,711	\$ 296,711		\$ 296,711
114 Cash - Tenant Security Deposits	\$ 21,928		\$ 21,928		\$ 21,928
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$ 224,431	\$ 1,062,605	\$ 1,287,036		\$ 1,287,036
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$ 10,629		\$ 10,629		\$ 10,629
124 Accounts Receivable - Other Government		\$ 370	\$ 370		\$ 370
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -		\$ -
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 10,629	\$ 370	\$ 10,999		\$ 10,999
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$ 6,196		\$ 6,196		\$ 6,196
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$ 16,725		\$ 16,725	\$ (16,725)	\$ -
145 Assets Held for Sale					
150 Total Current Assets	\$ 257,981	\$ 1,062,975	\$ 1,320,956	\$ (16,725)	\$ 1,304,231
161 Land	\$ 68,000		\$ 68,000		\$ 68,000
162 Buildings	\$ 2,712,614		\$ 2,712,614		\$ 2,712,614
163 Furniture, Equipment & Machinery - Dwellings	\$ 62,580		\$ 62,580		\$ 62,580
164 Furniture, Equipment & Machinery - Administration	\$ 102,467	\$ 1,866	\$ 104,333		\$ 104,333
165 Leasehold Improvements					
166 Accumulated Depreciation	\$ (2,025,437)	\$ (1,866)	\$ (2,027,303)		\$ (2,027,303)
167 Construction in Progress	\$ 50,438		\$ 50,438		\$ 50,438
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 970,662	\$ -	\$ 970,662		\$ 970,662
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current	\$ 210,808		\$ 210,808		\$ 210,808
174 Other Assets	\$ 11,284		\$ 11,284		\$ 11,284
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$ 1,192,754	\$ -	\$ 1,192,754		\$ 1,192,754
190 Total Assets	\$ 1,450,735	\$ 1,062,975	\$ 2,513,710		\$ 2,496,985

See accompanying notes to the financial statements.

Entity Wide Balance Sheet Summary

NJ068

09/30/2009

Audited/A-133

	LIH	14.871	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$ 33,443	\$ 16,291	\$ 49,734		\$ 49,734
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$ 131		\$ 131		\$ 131
322 Accrued Compensated Absences - Current Portion	\$ 498	\$ 334	\$ 832		\$ 832
324 Accrued Contingency Liability					
325 Accrued Interest Payable	\$ 4,375		\$ 4,375		\$ 4,375
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$ 9,789		\$ 9,789		\$ 9,789
341 Tenant Security Deposits	\$ 21,928		\$ 21,928		\$ 21,928
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$ 10,000		\$ 10,000		\$ 10,000
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$ 16,725	\$ 16,725	\$ (16,725)	\$ -
348 Loan Liability - Current					
310 Total Current Liabilities	\$ 80,164	\$ 33,350	\$ 113,514	\$ (16,725)	\$ 96,789
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ 215,000		\$ 215,000		\$ 215,000
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	\$ 3,882	\$ 58,914	\$ 62,776		\$ 62,776
354 Accrued Compensated Absences - Non Current	\$ 4,484	\$ 3,010	\$ 7,494		\$ 7,494
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$ 223,346	\$ 61,924	\$ 285,270		\$ 285,270
300 Total Liabilities	\$ 303,510	\$ 95,274	\$ 398,784		\$ 382,059
508.1 Invested in Capital Assets, Net of Related Debt	\$ 745,662	\$ -	\$ 745,662		\$ 745,662
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$ 223,977	\$ 237,797	\$ 461,774		\$ 461,774
512.1 Unrestricted Net Assets	\$ 177,586	\$ 729,804	\$ 907,490		\$ 907,490
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$ 1,147,225	\$ 967,701	\$ 2,114,926		\$ 2,114,926
600 Total Liabilities and Equity/Net Assets	\$ 1,450,735	\$ 1,062,975	\$ 2,513,710		\$ 2,496,985

See accompanying notes to the financial statements.

Entity Wide Revenue and Expense Summary

NJ068

09/30/2009

Audited/A-133

70300	Net Tenant Rental Revenue	\$	244,259	\$	244,259	\$	244,259	\$	244,259
70400	Tenant Revenue - Other	\$	4,858	\$	4,858	\$	4,858	\$	4,858
70500	Total Tenant Revenue	\$	249,117	\$	249,117	\$	249,117	\$	249,117
70600	HUD PHA Operating Grants	\$	191,292	\$	2,254,652	\$	2,445,944	\$	2,445,944
70610	Capital Grants	\$	29,209	\$	29,209	\$	29,209	\$	29,209
70710	Management Fee								
70720	Asset Management Fee								
70730	Book Keeping Fee								
70740	Front Line Service Fee								
70750	Other Fees								
70700	Total Fee Revenue								
70800	Other Government Grants								
71100	Investment Income - Unrestricted	\$	4,948	\$	2,925	\$	7,873	\$	7,873
71200	Mortgage Interest Income								
71300	Proceeds from Disposition of Assets Held for Sale								
71310	Cost of Sale of Assets								
71400	Fraud Recovery	\$	360	\$	9,780	\$	10,140	\$	10,140
71500	Other Revenue	\$	28,931	\$	24,644	\$	53,575	\$	53,575
71600	Gain or Loss on Sale of Capital Assets								
72000	Investment Income - Restricted	\$	96	\$	1,082	\$	1,178	\$	1,178
70000	Total Revenue	\$	503,953	\$	2,293,083	\$	2,797,036	\$	2,797,036
91100	Administrative Salaries	\$	52,381	\$	12,621	\$	65,002	\$	65,002
91200	Auditing Fees	\$	4,898	\$	4,153	\$	9,051	\$	9,051
91300	Management Fee								
91310	Book-keeping Fee								
91400	Advertising and Marketing								
91500	Employee Benefit Contributions - Administrative	\$	31,118	\$	7,465	\$	38,583	\$	38,583
91600	Office Expenses	\$	31,866	\$	31,866	\$	31,866	\$	31,866
91700	Legal Expense	\$	2,844	\$	3,656	\$	6,500	\$	6,500
91800	Travel	\$	633	\$	633	\$	1,266	\$	1,266
91810	Allocated Overhead								
91900	Other	\$	5,700	\$	68,154	\$	73,854	\$	73,854
91000	Total Operating - Administrative	\$	129,440	\$	96,682	\$	226,122	\$	226,122
92000	Asset Management Fee								
92100	Tenant Services - Salaries	\$	63,397	\$	63,397	\$	63,397	\$	63,397
92200	Relocation Costs								
92300	Employee Benefit Contributions - Tenant Services	\$	36,446	\$	36,446	\$	36,446	\$	36,446
92400	Tenant Services - Other	\$	4,121	\$	4,121	\$	4,121	\$	4,121
92500	Total Tenant Services	\$	4,121	\$	99,843	\$	103,964	\$	103,964
93100	Water	\$	8,918	\$	8,918	\$	8,918	\$	8,918
93200	Electricity	\$	122,665	\$	122,665	\$	122,665	\$	122,665
93300	Gas								
93400	Fuel								
93500	Labor								
93600	Sewer								
93700	Employee Benefit Contributions - Utilities								
93800	Other Utilities Expense								
93000	Total Utilities	\$	131,583	\$	-	\$	131,583	\$	131,583
94100	Ordinary Maintenance and Operations - Labor	\$	7,505	\$	7,505	\$	7,505	\$	7,505
94200	Ordinary Maintenance and Operations - Materials and Other	\$	4,758	\$	4,758	\$	4,758	\$	4,758

See accompanying notes to the financial statements.

Entity Wide Revenue and Expense Summary

NJ068

09/30/2009

Audited/A-133

	Lih	14.871	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	\$ 54,108		\$ 54,108		\$ 54,108
94500 Employee Benefit Contributions - Ordinary Maintenance	\$ 4,501		\$ 4,501		\$ 4,501
94000 Total Maintenance	\$ 70,872	\$ -	\$ 70,872		\$ 70,872
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$ 3,617		\$ 3,617		\$ 3,617
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$ 3,617	\$ -	\$ 3,617		\$ 3,617
96110 Property Insurance	\$ 9,342		\$ 9,342		\$ 9,342
96120 Liability Insurance	\$ 6,898		\$ 6,898		\$ 6,898
96130 Workmen's Compensation	\$ 8,793		\$ 8,793		\$ 8,793
96140 All Other Insurance	\$ 4,035		\$ 4,035		\$ 4,035
96100 Total insurance Premiums	\$ 29,068	\$ -	\$ 29,068		\$ 29,068
96200 Other General Expenses	\$ 499	\$ 58,320	\$ 58,819		\$ 58,819
96210 Compensated Absences	\$ 1,047	\$ 496	\$ 1,543		\$ 1,543
96300 Payments in Lieu of Taxes	\$ 9,789		\$ 9,789		\$ 9,789
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$ 11,335	\$ 58,816	\$ 70,151		\$ 70,151
96710 Interest of Mortgage (or Bonds) Payable	\$ 10,398		\$ 10,398		\$ 10,398
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs	\$ 620		\$ 620		\$ 620
96700 Total Interest Expense and Amortization Cost	\$ 11,018	\$ -	\$ 11,018		\$ 11,018
96900 Total Operating Expenses	\$ 391,054	\$ 255,341	\$ 646,395		\$ 646,395
97000 Excess of Operating Revenue over Operating Expenses	\$ 112,899	\$ 2,037,742	\$ 2,150,641		\$ 2,150,641
97100 Extraordinary Maintenance	\$ 3,820		\$ 3,820		\$ 3,820
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$ 1,941,145	\$ 1,941,145		\$ 1,941,145
97350 HAP Portability-In		\$ 5,916	\$ 5,916		\$ 5,916
97400 Depreciation Expense	\$ 165,253		\$ 165,253		\$ 165,253
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$ 560,127	\$ 2,202,402	\$ 2,762,529		\$ 2,762,529
10010 Operating Transfer In					
10020 Operating transfer Out					
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					

See accompanying notes to the financial statements.

Entity Wide Revenue and Expense Summary

NJ068

09/30/2009

Audited/A-133

	Lih	14.871	Subtotal	ELIM	Total
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -		\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (56,174)	\$ 90,681	\$ 34,507		\$ 34,507
11020 Required Annual Debt Principal Payments					
11030 Beginning Equity	\$ 1,203,399	\$ 877,020	\$ 2,080,419		\$ 2,080,419
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$ -	\$ -		\$ -
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$ 729,904	\$ 729,904		\$ 729,904
11180 Housing Assistance Payments Equity		\$ 237,797	\$ 237,797		\$ 237,797
11190 Unit Months Available	708	2,976	3,684		3,684
11210 Number of Unit Months Leased	708	2,949	3,655		3,655
11270 Excess Cash	\$ 139,722		\$ 139,722		\$ 139,722
11610 Land Purchases	\$ -		\$ -		\$ -
11620 Building Purchases	\$ 51,507		\$ 51,507		\$ 51,507
11630 Furniture & Equipment - Dwelling Purchases	\$ -		\$ -		\$ -
11640 Furniture & Equipment - Administrative Purchases	\$ -		\$ -		\$ -
11650 Leasehold Improvements Purchases	\$ -		\$ -		\$ -
11660 Infrastructure Purchases	\$ -		\$ -		\$ -
13510 CFFP Debt Service Payments	\$ 11,192		\$ 11,192		\$ 11,192
13901 Replacement Housing Factor Funds	\$ -		\$ -		\$ -

See accompanying notes to the financial statements.

**HOUSING AUTHORITY TOWN OF DOVER
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF SEPTEMBER 30, 2009**

	NJ39068501-05		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 5,000	\$ 5,000	\$ -
Management Improvements	4,900	4,900	-
Administration	2,500	2,500	-
Fees and Cost	3,600	3,600	-
Dwelling Equipment	14,152	14,152	-
Nondwelling Structures	15,342	15,342	-
Collateralization or Debt Service	21,000	21,000	-
Total	<u>\$ 66,494</u>	<u>\$ 66,494</u>	<u>\$ -</u>
Funds Advanced	\$ 66,494		
Funds Expended	66,494		
Excess of Funds Advanced	<u>\$ -</u>		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-05 was completed on November 12, 2008
4. There were no budget overruns noted.

See accompanying notes to the financial statements.



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

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

We have audited the financial statements of Housing Authority Town of Dover as of and for the year ended September 30, 2009 and have issued our report thereon dated January 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority Town of Dover's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority Town of Dover's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Hymanson, Parnes & Giampaolo

Date: January 25, 2010



Hymanson, Parnes & Giampaolo

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**INDEPENDENT AUDITORS REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Unqualified Opinion on Compliance, No Material Weaknesses and
No Reportable Conditions Identified)**

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

Compliance

We have audited the compliance of Housing Authority Town of Dover with the types of compliance requirements described in the U.S. Office of Management and Budgets (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. Authority's major federal programs are identified in the summary of the auditors result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, Housing Authority Town of Dover complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended September 30, 2009. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned cost.

Internal Control Over Compliance

The management of the Housing Authority Town of Dover is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control deficiency* in Housing Authority Town of Dover internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of the federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not prevent or detect by the Authority's internal control.

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

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

Hymanson, Parnes & Giampaolo

Date: January 25, 2010

HOUSING AUTHORITY TOWN OF DOVER

Schedule of Findings and Questioned Cost Year Ended September 30, 2009

Prior Audit Findings

None reported

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statement of Housing Authority Town of Dover.
2. No significant deficiencies relating to the audit of the financial statements are reported in the REPORT ON INTERNAL CONTROL COMBINED REPORT APPLICABLE TO INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER COMPLIANCE FOR HUD-ASSISTED PROGRAMS
3. No instances of noncompliance material to the financial statements of Housing Authority Town of Dover were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the REPORT ON INTERNAL CONTROL COMBINED REPORT APPLICABLE TO INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL OVER COMPLIANCE FOR HUD-ASSISTED PROGRAMS.
5. The auditor's report on compliance for the Housing Choice Voucher Program expressed a Unqualified opinion.
6. No Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.
7. The program tested as major program were Housing Choice Voucher Program, CFDA#14.871 with expenditures of \$2,254,652.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Housing Authority Town of Dover qualify as a low risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



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Independent Accountant's Report on Agreed-Upon Procedures

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

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

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

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Housing Authority as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated January 25, 2010. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated September 30, 2009, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

Hymanson, Parnes & Giampaolo

Date: January 25, 2010

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

<u>Firm Name</u>	<u>Hymanson Parnes & Giampaolo</u>
<u>Employer Identification Number</u>	<u>22-3554220</u>
<u>Date</u>	<u>January 25, 2010</u>
<u>UII#</u>	<u>#66170</u>
<u>Contact First Name</u>	<u>Anthony</u>
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