

Report On Audit

**HOUSING AUTHORITY OF
THE TOWN OF DOVER**

**For the Year Ended
September 30, 2014**

Housing Authority of the Town of Dover

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Town of Dover (a governmental public corporation) in Dover, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of September 30, 2014 and 2013, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Dover as of September 30, 2014 and 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 16 and pages 51-52 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The other financial and statistical information have not been subjected to the auditing procedures in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated February 23, 2015 on our consideration of the Housing Authority of the Town of Dover's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: February 23, 2015

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

As Management of the Housing Authority of the Town of Dover (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 17 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

Net position of the Authority's enterprise fund was \$1,642,781 greater than the liabilities, a decrease in the financial position of \$106,961 or 6% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$1,642,781 as of September 30, 2014. Of this amount, the unrestricted net position is \$959,199 representing a decrease of \$45,016 or 4% percent from the previous year. The net investment in capital assets increased \$6,145 or 1% percent for an ending balance of \$485,675. The restricted net position decreased \$68,090 from the previous year for an ending balance of \$197,907. Additional information on the Authority's restricted and unrestricted net positions can be found in Note 18 & Note 19 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at September 30, 2014 is \$970,476 representing a decrease of \$62,989 or 6% percent from the prior year. Total restricted cash decreased \$87,088 or 52% percent for an ending balance of \$80,371. The full detail of these amounts can be found in the Statement of Cash Flow on pages 20-21 of this report.

The Authority's total assets are \$1,938,768 of which capital assets net book value is \$660,674, other assets in the amount of \$160,808, leaving total current assets at \$1,117,286. Total current assets decreased from the previous year by \$145,473 or 12% percent. Unrestricted cash and cash equivalents decreased by \$62,989, restricted cash and cash equivalents decreased \$87,088, accounts receivables increased by \$4,714; and prepaid expenses decreased by \$110.

Capital assets reported a decreased in the net book value of the capital assets in the amount of \$3,855 or 1% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$105,875, less the recording of depreciation expense in the amount of \$109,730. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 9 Fixed Assets.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority note receivable – noncurrent decreased \$10,000 or 6% percent as compared to the previous fiscal year for an ending balance of \$160,808. The amount consists of future grants receivable for the payment of the debt of the capital leveraging program.

The Authority's total liabilities are reported at \$295,987, of which noncurrent liabilities are stated at \$229,311. Total liabilities decreased during the year as compared to the prior year in the amount of \$52,367, or 15% percent. Total current liabilities decreased during the year by \$19,442, leaving non-current liabilities for a decrease of \$32,925 as compared to the previous year.

Total current liabilities decreased from the previous year by \$19,442 or 23% percent. Accounts payables decreased by \$19,513, accrued liabilities increased by \$89, tenant security deposit payable decreased by \$18, and current portion of long term debt remained the same.

Total noncurrent liabilities decreased by \$32,925 or 13% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$20,093, with no offsetting assets, increased \$2,142 from the previous year. Long-term debt (capital bonds) decreased \$10,000 for an ending balance of \$165,000, other noncurrent liabilities decreased \$28,807 from the prior year, and accrued other post-employment benefits (OPEB) liabilities increased \$3,740 or 33% percent. Additional information on the Authority's accrued OPEB liabilities as of September 30, 2014 can be found in Note 17 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$2,750,301 as compared to \$2,602,881 from the prior year for an increase of \$147,420 or 6% percent. The Authority had total operating expenses of \$2,931,634 as compared to \$2,869,747 from the previous year for an increase of \$61,887 or 2% percent, resulting in a deficiency of revenue from operations in the amount of \$181,333 for the current year as compared to excess expenses over revenue from operations in the amount of \$266,866 for a decrease in expenses over revenue of \$85,533 or 32% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$94,671 as compared to \$9,724 from the previous year for an increase of \$84,947.

The Authority had capital outlays in the amount of \$105,875 for the fiscal year. These expenditures were funded by a grant received from the U.S. Department of Housing and Urban Development in the amount of \$94,671 with the excess funded from management's operating reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 9 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$2,509,930 for the fiscal year 2014 as compared to \$2,293,339 for the previous fiscal year 2013 for an increase of \$216,591 or 9% percent.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

USING THIS ANNUAL REPORT

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flow
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 17 through 21.

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

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 22 through 49.

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

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on page 50 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Town of Dover are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended September 30, 2014. Type B programs for the Housing Authority of the Town of Dover are those which are less than \$300,000 in expenditures for the fiscal year ended September 30, 2014.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The budget comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program can be found on page 51 the Section Eight Housing Choice Voucher Program on page 52.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between September 30, 2014 and September 30, 2013:

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase
	<u>September-14</u>	<u>September-13</u>	<u>(Decrease)</u>
Cash	\$ 1,050,847	\$ 1,200,924	\$ (150,077)
Other Current Assets	66,439	61,835	4,604
Capital Assets - Net	660,674	664,529	(3,855)
Other Assets	160,808	170,808	(10,000)
Total Assets	1,938,768	2,098,096	(159,328)
Less: Current Liabilities	(66,676)	(86,118)	19,442
Less: Non Current Liabilities	(229,311)	(262,236)	32,925
Total Net Position	<u>\$ 1,642,781</u>	<u>\$ 1,749,742</u>	<u>\$ (106,961)</u>
Net Investment in Capital Assets	\$ 485,675	\$ 479,530	\$ 6,145
Restricted Net Position	197,907	265,997	(68,090)
Unrestricted Net Position	959,199	1,004,215	(45,016)
Total Net Position	<u>\$ 1,642,781</u>	<u>\$ 1,749,742</u>	<u>\$ (106,961)</u>

Cash decreased by \$150,077 or 12% percent. Net cash used by operating activities was \$95,631, net cash used for capital and related financing activities was \$57,723, and net cash provided by investing activities was \$3,277. The full detail of this amount can be found in the Statement of Cash Flow on pages 20-21 of this audit report.

Other current assets increased \$4,604. Account receivable increased \$4,714 and prepaid expenses decreased \$110.

Capital assets reported a decreased in the net book value of the capital assets in the amount of \$3,855 or 1% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$105,875, less the recording of depreciation expense in the amount of \$109,730. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 9 Fixed Assets.

The Authority note receivable – noncurrent decreased \$10,000 or 6% percent as compared to the previous fiscal year for an ending balance of \$160,808.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Total current liabilities decreased from the previous year by \$19,442 or 23% percent. Accounts payables decreased by \$19,513, accrued liabilities increased by \$89, tenant security deposit payable decreased by \$18, and current portion of long term debt remained the same.

Total noncurrent liabilities decreased by \$32,925 or 13% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$20,093, with no offsetting assets, increased \$2,142 from the previous year. Long-term debt (capital bonds) decreased \$10,000 for an ending balance of \$165,000, other noncurrent liabilities decreased \$28,807 from the prior year, and accrued other post-employment benefits (OPEB) liabilities increased \$3,740 or 33% percent.

The Authority's reported net position of \$1,642,781 is made up of three categories. The net investment in capital assets in the amount of \$485,675 represents 30% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2013	\$ 479,530
Acquisition in Fixed Assets	105,875
Depreciation Expense	(109,730)
Payment of Debt	10,000
Balance September 30, 2014	<u>\$ 485,675</u>

The Housing Authority of the Town of Dover operating results for September 30, 2014 reported a decrease in unrestricted net position of \$45,016 or 41% percent for an ending balance of \$959,199. The Authority reported restricted net position in the amount of \$197,907 which decreased \$68,090 or 26% percent compared to the prior fiscal year. A full detail of these accounts can be found in the Notes to the Financial Statements section Notes – 18 & 19.

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

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between September 30, 2014 and September 30, 2013:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		<u>Increase</u>
	<u>September-14</u>	<u>September-13</u>	<u>(Decrease)</u>
<u>Revenues</u>			
Tenant Revenues	\$ 224,247	\$ 222,926	\$ 1,321
HUD Operating Grants	2,415,259	2,283,615	131,644
Fraud Recovery	7,799	2,875	4,924
Other Revenues	102,996	93,465	9,531
Total Operating Income	<u>2,750,301</u>	<u>2,602,881</u>	<u>147,420</u>
<u>Expenses</u>			
Operating Expenses	2,821,904	2,707,877	114,027
Depreciation Expense	109,730	161,870	(52,140)
Total Operating Expenses	<u>2,931,634</u>	<u>2,869,747</u>	<u>61,887</u>
Operating (Deficit)			
Before Capital Grants	(181,333)	(266,866)	85,533
Interest Income	3,295	5,192	(1,897)
Extraordinary Maintenance	(23,594)	(8,007)	(15,587)
HUD Capital Grants	<u>94,671</u>	<u>9,724</u>	<u>84,947</u>
Change in Net Position	(106,961)	(259,957)	152,996
Prior Period Adjustment	-	(6,207)	6,207
Net Position Prior Year	<u>1,749,742</u>	<u>2,015,906</u>	<u>(266,164)</u>
Total Net Position	<u>\$ 1,642,781</u>	<u>\$ 1,749,742</u>	<u>\$ (106,961)</u>

Approximately 88% percent of the Authority's total revenue was provided by HUD operating subsidy, while 8% percent resulted from tenant revenue. Charges for various services and fraud recovery provided for the remaining 4% percent of the total operating income.

The Housing Authority of the Town of Dover received capital fund improvement grant money during the year in the amount of \$94,671 as compared to \$9,724 for the previous year. There were capital expenditures in the amount of \$105,875, was used primarily for upgrade of apartment kitchen cabinets and replacement of office furniture.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

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% percent of total operating expenses. Administrative expenses accounted for 12% percent, tenant services accounted 1% percent, utilities expense accounted for 4% percent, maintenance expense accounted for 3% percent, other operating expenses accounted for 4% percent, and depreciation accounted for the remaining 5% of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficiency of revenue from operations in the amount of \$181,333 from operations as compared to excess expenses over revenue from operations of \$266,866 for the previous year. The key element for the decrease in deficit in comparison to the prior year is as follow:

- The Authority experienced an increase in HUD operating grants in the amount of \$131,644, or 6% percent, mainly due to an increase in the operating subsidy for the Housing Choice Voucher program in the amount of \$129,382.
- Other revenue increased \$9,531 or 10% percent and fraud recovery increased \$4,924 or 171% percent.
- Administrative expenses increased \$18,853 or 6%. Housing assistance payments increased \$69,140 or 3% percent.
- Depreciation expense decreased \$52,140 or 32% percent during the year.

Total net cash used by operating activities during the year was \$95,631. A full detail of this amount can be found on the Statement of Cash Flow on pages 20-21 of this report.

Overall the Authority reported a decrease in unrestricted net position of \$45,016 or a decrease of 4% percent for an ending balance of \$959,199. Additional information on the Authority's unrestricted net position can be found in Note 19 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four year period of time ending on September 30, 2014:

	<u>September-14</u>	<u>September-13</u>	<u>September-12</u>	<u>September-11</u>
Significant Income				
Total Tenant Revenue	\$ 224,247	\$ 222,296	\$ 230,690	\$ 244,972
HUD Operating Grants	2,415,259	2,283,615	2,450,851	2,517,113
HUD Capital Grants	94,671	9,724	74,846	10,575
Investment Income	3,295	5,192	5,507	7,924
Other Revenue	110,795	96,340	82,058	50,568
Total	<u>\$ 2,848,267</u>	<u>\$ 2,617,167</u>	<u>\$ 2,843,952</u>	<u>\$ 2,831,152</u>
Payroll Expense				
Administrative Salaries	\$ 100,231	\$ 98,040	\$ 93,792	\$ 92,791
Tenant Services Salaries	20,000	20,000	15,000	35,000
Maintenance Labor	8,346	8,209	8,447	7,982
Employee Benefits Expense	103,988	102,425	98,380	87,604
Total Payroll Expense	<u>\$ 232,565</u>	<u>\$ 228,674</u>	<u>\$ 215,619</u>	<u>\$ 223,377</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 163,900	\$ 148,390	\$ 178,159	\$ 144,496
Utilities Expense	129,258	127,364	115,378	134,163
Maintenance Contract Cost	76,460	54,721	51,335	61,571
Insurance Premiums	26,675	26,675	27,048	27,366
Housing Assistance Payments	2,090,535	2,020,624	2,067,708	2,036,762
Total	<u>\$ 2,486,828</u>	<u>\$ 2,377,774</u>	<u>\$ 2,439,628</u>	<u>\$ 2,404,358</u>
Total Operating Expenses	<u>\$ 2,931,634</u>	<u>\$ 2,869,747</u>	<u>\$ 2,934,411</u>	<u>\$ 2,906,737</u>
Total of Federal Awards	<u>\$ 2,509,930</u>	<u>\$ 2,293,339</u>	<u>\$ 2,525,697</u>	<u>\$ 2,527,688</u>

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were not sufficient to cover all expenses excluding depreciation expense. The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

The Authority net investment in capital assets consist of, land, buildings, equipment, and construction in progress. The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Net Investment in Capital Assets" and are not available for future spending. The unrestricted position of the Authority is available for future use to provide program services.

THE HOUSING AUTHORITY OF THE TOWN OF DOVER PROGRAMS

Public Housing Program:

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

Housing Choice Voucher Program:

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

Capital Fund Program:

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

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2014, 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 51 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 52 of this report.

NEW INITIATIVES

For the fiscal year 2014 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 88% percent of its revenue from the Department of Housing and Urban Development, (2013 was 88% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

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

For 2014 due to budget cuts once again by Congress, HUD prorated everyone's eligibility for operating funds at 88.79%. For calendar year 2014 the Authority was eligible for \$195,944, after the proration the Authority was only able to receive \$173,979, which is a decrease in funding of \$21,965.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's investment in capital assets as of September 30, 2014 was \$660,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$3,855 or 1% percent. Major capital expenditures of \$105,875 were made during the year. Major capital assets events during the fiscal year included the following:

- Replacement of Apartment Kitchen Cabinets
- Replacement of Office furniture

	September-14	September-13	Increase (Decrease)
Land	\$ 68,000	\$ 68,000	\$ -
Building	3,081,918	3,081,918	-
Furniture, Equipment - Dwelling	78,309	78,309	-
Furniture, Equipment - Administration	124,838	104,333	20,505
Construction in Process	85,370	-	85,370
Total Fixed Assets	3,438,435	3,332,560	105,875
Accumulated Depreciation	(2,777,761)	(2,668,031)	(109,730)
Net Book Value	<u>\$ 660,674</u>	<u>\$ 664,529</u>	<u>\$ (3,855)</u>

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

2 - Debt Administration

The Authority in 2007 participated in the New Jersey Pooled Leveraging Program. Through this financing of majority capital projects will be completed on an expedited basis. Restricted Cash relating to the bonded debt stood at \$180 at the end of the fiscal year, with Capital Project Bond payable of \$175,000 in outstanding debt. A full disclosure of loans payable at September 30, 2014 can be found in Note-15.

**HOUSING AUTHORITY OF THE TOWN OF DOVER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT SEPTEMBER 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of Town of Dover is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, the need for Congress to fund the Departments of Defense and Homeland Security due to the war on terrorism and other impending military activities will probably result in reduced appropriations for all other domestic program spending.

The capital budgets for the 2014 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, 2015.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013

	September 30,	
	2014	2013
Assets		
Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$ 970,476	\$ 1,033,465
Cash and Cash Equivalents - Restricted	80,371	167,459
Accounts Receivables, Net of Allowances	30,207	25,493
Prepaid Expenses	36,232	36,342
Total Current Assets	<u>1,117,286</u>	<u>1,262,759</u>
Noncurrent Assets		
Capital Assets		
Land	68,000	68,000
Building	3,081,918	3,081,918
Furniture, Equipment - Dwelling	78,309	78,309
Furniture, Equipment - Administration	124,838	104,333
Construction in Process	85,370	-
Total Capital Assets	<u>3,438,435</u>	<u>3,332,560</u>
Less: Accumulated Depreciation	<u>(2,777,761)</u>	<u>(2,668,031)</u>
Net Book Value	<u>660,674</u>	<u>664,529</u>
Grants Receivable - Noncurrent	<u>160,808</u>	<u>170,808</u>
Total Other Assets	<u>160,808</u>	<u>170,808</u>
Total Assets	<u>1,938,768</u>	<u>2,098,096</u>
Deferred Outflow of Resources		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,938,768</u>	<u>\$ 2,098,096</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013

	September 30, 2014	2013
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 30,270	\$ 49,783
Accrued Liabilities	5,931	5,842
Tenant Security Deposit Payable	20,475	20,493
Long Term Debt - Current	10,000	10,000
Total Current Liabilities	<u>66,676</u>	<u>86,118</u>
Noncurrent Liabilities		
Long Term Debt - Noncurrent	165,000	175,000
Accrued Compensated Absences - Long-Term	20,093	17,951
Noncurrent Liabilities - Other	29,258	58,065
Accrued Other-Post Employment Benefits (OPEB) Liabilities	14,960	11,220
Total Noncurrent Liabilities	<u>229,311</u>	<u>262,236</u>
 Total Liabilities	 <u>295,987</u>	 <u>348,354</u>
Deferred Inflow of Resources		
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	485,675	479,530
Restricted	197,907	265,997
Unrestricted	959,199	1,004,215
Total Net Position	<u>1,642,781</u>	<u>1,749,742</u>
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 <u><u>\$ 1,938,768</u></u>	 <u><u>\$ 2,098,096</u></u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	September 30,	
	2014	2013
Revenue:		
Tenant Rental Revenue	\$ 224,247	\$ 222,926
HUD PHA Operating Grants	2,415,259	2,283,615
Fraud Recovery	7,799	2,875
Other Revenue	102,996	93,465
Total Revenue	<u>2,750,301</u>	<u>2,602,881</u>
Operating Expenses:		
Administrative Expense	345,520	326,667
Tenant Services	40,268	37,634
Utilities Expense	129,258	127,364
Maintenance Expense	95,645	75,627
Other Operating Expenses	120,678	119,961
Housing Assistance Payments	2,090,535	2,020,624
Depreciations Expense	109,730	161,870
Total Operating Expenses	<u>2,931,634</u>	<u>2,869,747</u>
Excess Expenses Over Revenue From Operations	<u>(181,333)</u>	<u>(266,866)</u>
Non Operating Income and (Expenses):		
Investment Income	3,295	5,192
Extraordinary Maintenance	(23,594)	(8,007)
Total Non Operating (Expenses)	<u>(20,299)</u>	<u>(2,815)</u>
(Deficit) Before Capital Grant Contributions	(201,632)	(269,681)
Capital Grant Contributions	<u>94,671</u>	<u>9,724</u>
Change in Net Position	(106,961)	(259,957)
Beginning Net Position	1,749,742	2,015,906
Prior period Adjustment	-	(6,207)
Beginning Net Position - Restated	<u>1,749,742</u>	<u>2,009,699</u>
Ending Net Position	<u>\$ 1,642,781</u>	<u>\$ 1,749,742</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENT OF CASH FLOW - 1
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	September 30,	
	2014	2013
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 224,247	\$ 222,926
Receipts from Federal Grants	2,415,259	2,283,615
Receipts from Fraud Recovery	7,799	2,875
Receipts from Misc. Sources	102,996	93,465
Payments to Vendors and Suppliers	(522,832)	(505,884)
Housing Assistance Payments	(2,090,535)	(2,020,624)
Payments to Employees	(128,577)	(126,249)
Payment of Employee Benefits	(103,988)	(102,425)
Net Cash (Used) by Operating Activities	<u>(95,631)</u>	<u>(152,301)</u>
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	94,671	9,724
Acquisitions and Construction of Capital Assets	(105,875)	(13,306)
Payment of Extraordinary Maintenance	(23,594)	(8,007)
Increase in Compensated Absences - Long Term	2,142	3,953
(Decrease) of Noncurrent Liabilities (FSS accounts)	(28,807)	(29,884)
Receipt in Capital Project Bonds Receivable	10,000	10,000
Payment of Debt	(10,000)	(10,000)
Increase in Accrued OPEB Liabilities	3,740	3,740
Prior Period Adjustment	-	(6,207)
Net Cash (Used) by Capital and Related Financing Activities	<u>(57,723)</u>	<u>(39,987)</u>
Cash Flow From Investing Activities		
Interest Income	3,295	5,192
Increase of Tenant Security Deposit	(18)	449
Net Cash Provided by Investing Activities	<u>3,277</u>	<u>5,641</u>
Net (Decrease) in Cash and Cash Equivalents	(150,077)	(186,647)
Beginning Cash	<u>1,200,924</u>	<u>1,387,571</u>
Ending Cash	<u><u>\$ 1,050,847</u></u>	<u><u>\$ 1,200,924</u></u>
Reconciliation of Cash Balances:		
Cash and Cash Equivalents - Unrestricted	\$ 970,476	\$ 1,033,465
Tenant Security Deposit	20,475	20,493
HAP Reserve - Restricted	30,458	88,722
FSS Escrow Deposits	29,258	58,065
Leveraging Deposits	180	179
Total Ending Cash	<u><u>\$ 1,050,847</u></u>	<u><u>\$ 1,200,924</u></u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
STATEMENT OF CASH FLOW - 2
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	September 30, 2014	2013
Reconciliation of Operating Income to Net Cash		
(Used) by Operating Activities		
Excess of Expenses Over Revenue	\$ (181,333)	\$ (266,866)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense, net of adjustments	109,730	161,871
Amortization of Other Assets	-	9,425
(Increase) Decrease in:		
Accounts Receivables - Net of Adjustments	(4,714)	1,483
Prepaid Expenses	110	1,898
Increase (Decrease) in:		
Accounts Payable	(19,513)	(60,396)
Accrued Expenses	89	284
Net Cash (Used) By Operating Activities	<u>\$ (95,631)</u>	<u>\$ (152,301)</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

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

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

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in the Town of Dover. Operating and modernization subsidies are provided to the Authority by the federal government.

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

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

2. Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting” addresses the applicability of the various FASB’s, and allows several options in the use of the FASB’s. The Authority has elected to use Alternative 2 of GASB-20 which states that “a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Authority follows GASB-45-“Accounting for Pensions by State and Local Governmental Employers.”

New Accounting Standards Adopted

Statement No. 63 of the Government Accounting Standards Board (“GASB 63”) *Financial Reporting of deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* was issued in June 2013. This Statement results in a change in the presentation of the Authority’s Statement of Net Assets to what is now referred to as the Statements of Net Position and the term “net assets” is changed to “net position” throughout the financial statements.

Statement No. 65 of the Government Accounting Standards Board (“GASB 65”) *Items Previously Reported as Assets and Liabilities* was issued in March 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

Basis of Accounting –

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

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

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

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

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

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program contributions are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

Basis of Accounting – Continued

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract.

Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

Other revenue is income composed primarily of miscellaneous services fees and residents late charges. The revenue is recorded as earned since it is measurable and available.

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

Report Presentation -

The Authority's basic financial statements are presented on an entity-wide basis consisting of various housing programs. The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis. The Authority has implemented the general provisions of GASB Statement No. 34.

Also the Authority adopted the provisions of Statement No. 37 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" Statement No.38 "Certain Financial Statement Note Disclosures", and Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" which supplements GASB Statement No. 34.

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

GASB Statement No. 63 requires the classification of "net assets" into "net position" which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

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

Net Investment in Capital Assets.

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

Restricted.

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

Unrestricted.

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

Other accounting policies are as follows

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

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

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

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

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

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

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

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

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

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

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

Other accounting policies - Continued

11-Continued - proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

12- Advertising cost is charged to expense when incurred.

13- 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.

14- 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.

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

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

Budgetary and Policy Control –

The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. The Authority submits its annual operating subsidy and capital budget to U.S. Department of Housing and Urban Development. Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Low Rent Housing Program and the Housing Choice Voucher Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Low Income Public Housing Program found on page 51 the Section Eight Housing Choice Voucher Program on page 52.

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

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

A. Low Rent Public Housing Program

The low rent public housing program is designed to provide low-cost housing within the Town of Dover. Funding is provided by eligible residents who are charged monthly rent based on family size, family income and other determinants, as well as by subsidies provided by HUD.

B. Capital Fund Programs

Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. These programs are financed by HUD subsidies. The capital fund programs are now merged into the low rent public housing program.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements

September 30, 2014

Activities - Continued

C. Housing Choice Vouchers 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.

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

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

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements

September 30, 2014

NOTE 2 – ESTIMATES

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

NOTE 3 - PENSION PLAN

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

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

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

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2014divisioncombined.pdf>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 3 - PENSION PLAN -CONTINUED

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 6.64% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2014 and 2013 amounted to \$34,786 and \$33,924.

Post Employment Retirement Benefits

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

NOTE 4 – CASH, CASH EQUIVALENTS

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 4 – CASH, CASH EQUIVALENTS - CONTINUED

Collateral for Deposits

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

Cash and cash equivalents at September 30, 2014 and 2013 of \$1,050,847 and \$1,200,924 respectively, which were either insured or collateralized with securities held by pledging financial institutions in the Authority's name as discussed below:

	<u>September-14</u>	<u>September-13</u>
Bank of America	\$ 931,866	\$ 1,082,181
The Provident	118,751	118,514
Wells Fargo	180	179
Petty Cash	50	50
Total Cash, Cash Equivalents	<u>\$ 1,050,847</u>	<u>\$ 1,200,924</u>

Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At September 30, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 4 – CASH, CASH EQUIVALENTS - CONTINUED

The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>Bank Balances</u>	
	<u>September-14</u>	<u>September-13</u>
Insured	\$ 368,981	\$ 368,693
Collateralized held by pledging bank's trust department in the Authority's name	681,866	832,231
Total Cash, Cash Equivalents	<u>\$ 1,050,847</u>	<u>\$ 1,200,924</u>

NOTE 5 – RESTRICTED CASH

The Authority has total restricted cash at September 30, 2014 and 2013 in the amount of \$80,371 and \$167,459, respectively, which was accounted for in Note 4 and consists of the following:

	<u>September-14</u>	<u>September-13</u>
CFP Leveraging	\$ 180	\$ 179
Security Deposit	20,475	20,493
HAP Reserves	30,458	88,722
FSS Escrow	29,258	58,065
Total Restricted Cash	<u>\$ 80,371</u>	<u>\$ 167,459</u>

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 6 - ACCOUNTS RECEIVABLE

The Housing Authority of the Town of Dover carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write off's, collections, and current credit conditions. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations. Accounts Receivable at September 30, 2014 and 2013 consisted of the following:

	<u>September-14</u>	<u>September-13</u>
Morris County Receivable	\$ 5,977	\$ 13,673
Municipal Alliance Receivable	-	1,820
HUD Operating Subsidy Receivable	14,230	-
Debt Leveraging Receivable	10,000	10,000
Total Accounts Receivable	<u>\$ 30,207</u>	<u>\$ 25,493</u>

NOTE 7 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at September 30, 2014 and 2013 consisted of the following:

	<u>September-14</u>	<u>September-13</u>
Prepaid Insurance	\$ 25,432	\$ 24,342
Prepaid Expense - Software	10,800	12,000
Total Prepaid Expenses	<u>\$ 36,232</u>	<u>\$ 36,342</u>

NOTE 8 - INTERFUND ACTIVITY

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at September 30, 2014 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements

September 30, 2014

NOTE 9 - FIXED ASSETS

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

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

Expenditures are capitalized when they meet the Capitalization Policy requirements.

Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred.

Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

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

The Housing Authority of the Town of Dover has given consideration to GASBS #42, Accounting for the Impairment or Disposal of Long-Lived Assets, in the preparation of these financial statements.

The carrying value of long-live assets in accordance with GASBS #42, when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority has not recognized any impairment in the carry value of its fixed assets at September 30, 2014.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 9 - FIXED ASSETS - CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2014 and 2013:

	September-13	Additions	Transfers	September-14
Land	\$ 68,000	\$ -	\$ -	\$ 68,000
Building	3,081,918	-	-	3,081,918
Furniture, Equipment - Dwelling	78,309	-	-	78,309
Furniture, Equipment - Administration	104,333	20,505	-	124,838
Construction in Process	-	85,370	-	85,370
Total Fixed Assets	3,332,560	105,875	\$ -	3,438,435
Accumulated Depreciation	(2,668,031)	(109,730)	-	(2,777,761)
Net Book Value	\$ 664,529	\$ (3,855)	\$ -	\$ 660,674

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

<u>Net Book Value of Fixed Assets</u>	<u>September-14</u>
Land	\$ 68,000
Building	482,309
Furniture, Equipment - Dwelling	-
Furniture, Equipment - Administration	24,995
Construction in Process	85,370
Net Book Value	<u>\$ 660,674</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 10 – GRANTS RECEIVABLE – NON CURRENT

The Authority participated on August 2, 2007 with other New Jersey Housing Authorities in the issuance of \$18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is \$10,000,000. The Authority received a net amount of \$235,000. The funds received were deposited with the Wells Fargo Bank which is acting as the Trustee. All funds must be expended within a four year period. The Trustee must receive copies of all invoices prior to release of funds. The Trustee may only draw funds from HUD E-LOCCS for repayment of debt and related interest. The amount of HUD future CFP State Leveraging Program funds receivable at September 30, 2014 and 2013 are as follows:

	<u>September-14</u>	<u>September-13</u>
HUD CFP Future Funds Receivable	\$ 170,808	\$ 180,808
Less Current Receivable	(10,000)	(10,000)
Net of Current Receivable	<u>\$ 160,808</u>	<u>\$ 170,808</u>

NOTE 11 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of September 30, 2014 and 2013. Accounts payable vendors are amount owing to creditors as a result of delivered goods and completed services. The Authority accounts payable at September 30, 2014 and consist of the following:

	<u>September-14</u>	<u>September-13</u>
Accounts Payable Vendors	\$ 20,571	\$ 40,227
Accounts Payable - Other Government	9,699	9,556
Total Accounts Payable	<u>\$ 30,270</u>	<u>\$ 49,783</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 12 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Dover. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes. PILOT payable at September 30, 2014 and 2013 consist of the following:

PILOT Payable 9-30-2012	\$	34,063
PILOT Expense		9,556
Less: Payments		<u>(34,063)</u>
PILOT Payable 9-30-2013		9,556
PILOT Expense		9,699
Less: Payments		<u>(9,556)</u>
PILOT Payable 9-30-2014	\$	<u>9,699</u>

NOTE 13 – ACCRUED EXPENSES

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities covering expenses incurred on or before September 30. Accrued expenses at September 30, 2014 and 2013 consisted of the following:

	<u>September-14</u>	<u>September-13</u>
Compensated Absences - Current Portion	\$ 2,233	\$ 1,995
Accrued Payroll Taxes	158	135
Accrued Interest Payable	<u>3,540</u>	<u>3,712</u>
Total Accrued Liabilities	<u>\$ 5,931</u>	<u>\$ 5,842</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 14 – 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, 2014 and 2013, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

	<u>September-14</u>	<u>September-13</u>
Accumulated Sick Time	\$ 10,380	\$ 8,434
Accumulated Vacation Time	10,359	10,094
Accrued Payroll Taxes	<u>1,587</u>	<u>1,418</u>
Total	22,326	19,946
Compensated Absences - Current Portion	<u>(2,233)</u>	<u>(1,995)</u>
Total Compensated Absences - Noncurrent	<u>\$ 20,093</u>	<u>\$ 17,951</u>

NOTE 15 – LONG TERM DEBT

At September 30, 1999, the Authority's Long Term Debt (guaranteed by HUD), in accordance with HUD's GAAP Conversion Guide, the Long Term Debt and related debt service accounts were written off. GASB Interpretation No. 2, "Disclosure of Conduit Debt Obligations," provided guidance as to the proper GAAP treatment of this HUD-guaranteed debt.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements

September 30, 2014

NOTE 15 – LONG TERM DEBT- CONTINUED **STATE LEVERAGING CAPITAL PROJECT BOND**

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

The faith and credit of the Housing Authority of the Town of Dover was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program. Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2008. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month. The interest payable for November 1, 2014 is \$4,248 and May 1, 2015 is \$4,248.

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

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

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

September 30, 2015	\$	10,000
September 30, 2016		10,000
September 30, 2017		10,000
September 30, 2018		10,000
September 30, 2019		10,000
Sub Total		<u>50,000</u>
Next Five Years Ending September, 2024		60,000
Next Four Years Till Maturity		<u>65,000</u>
Total Capital Project Bonds	\$	<u><u>175,000</u></u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 16 – 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, 2014 is \$29,258. The bank account balance at September 30, 2013 is \$58,065.

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

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

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

	September-14	September-13
Annual Required Contribution	\$ 10,763	\$ 13,078
Amortization of Initial Unfunded Accrued Liability	24,586	24,586
Annual OPEB cost (expense)	35,349	37,664
Contributions made	(31,609)	(33,924)
Increase in net OPEB obligation	3,740	3,740
Net OPEB Obligation – beginning of year	11,220	7,480
Net OPEB Obligation – end of year	<u>\$ 14,960</u>	<u>\$ 11,220</u>

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2014 fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September-11	\$ 35,349	89%	\$ 3,740
September-12	\$ 35,349	89%	\$ 3,740
September-13	\$ 37,664	90%	\$ 3,740
September-14	\$ 35,349	89%	\$ 3,740

FUNDED STATUS AND FUNDING PROGRESS

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

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

EFFECT OF A 1% CHANGE IN HEALTHCARE TREND RATES

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements

September 30, 2014

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED
ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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

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

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

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

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 18 – RESTRICTED NET POSITION

The Authority restricted net position account balance at September 30, 2014 and 2013 are as follows:

	<u>September-14</u>	<u>September-13</u>
State Leveraging Funds Receivable	\$ 170,808	\$ 180,808
Restricted State Leveraging Funds - Cash	180	179
Less: Accrued Interest Payable	<u>(3,540)</u>	<u>(3,712)</u>
Total Restricted Net Assets LIH Program	167,448	177,275
HCV Program Restricted Net Assets	<u>30,458</u>	<u>88,722</u>
Total Restricted Net Assets	<u>\$ 197,906</u>	<u>\$ 265,997</u>

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

HAP Reserve September 30, 2012	\$ 198,676
Decrease During the Year	<u>(109,954)</u>
HAP Reserve September 30, 2013	88,722
Decrease During the Year	<u>(58,264)</u>
HAP Reserve September 30, 2014	<u>\$ 30,458</u>

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net position.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 19 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance at September 30, 2014 and 2013 is \$959,199 and \$1,004,215, respectively. The detail of the account balance is as follows:

	LIH Program Reserves	HCV Admin Reserves	Total
Balance September 30, 2012	\$ 175,679	\$ 830,113	\$ 1,005,792
Decrease During the Year	(6,319)	-	(6,319)
Transfer Reserves	-	4,742	4,742
Balance September 30, 2013	169,360	834,855	1,004,215
Decrease For the Year	(58,823)	-	(58,823)
Increase for the Year	-	13,807	13,807
Balance September 30, 2014	<u>\$ 110,537</u>	<u>\$ 848,662</u>	<u>\$ 959,199</u>

Below is a detail of the HCV Administrative Reserves:

	September-14
Pre - 2004 Administrative Fee Reserve	\$ 456,637
Post - 2003 Administrative Fee Reserve	392,025
Balance September 30, 2014	<u>\$ 848,662</u>

NOTE 20 – 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, 2014, 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.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 21 - 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, 2014 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, 2014 and 2013 were \$169,216 and \$162,954, respectively.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The programs provide for such payment with respect to existing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for September 30, 2014 and 2013 were \$2,246,043 and \$2,116,661, respectively.

NOTE 22 - 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.

Governmental Accounting Standards Boards Statements (GASBS) requires disclosure in financial statements of a situation where one entity provides more than 10% percent of the audited entity's revenues. Total financial support by HUD was \$2,509,930 to the Authority which represents approximately 88% percent of the Authority's total revenue for the fiscal year June 30, 2014 and \$2,293,339 which represents approximately 88% percent for 2013.

HOUSING AUTHORITY OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 22 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS - CONTINUED

Total financial support by HUD for the year ending at September 30, 2014 and 2013 are detailed per below:

		September 30,	
		2014	2013
	<u>CFDA #'s</u>	<u>Expenditures</u>	<u>Expenditures</u>
<u>PHA Owned Housing</u>			
Low Rent Public Housing	14.850	\$ 169,216	\$ 162,954
Public Housing Capital Fund Program	14.872	94,671	13,724
Subtotal		<u>263,887</u>	<u>176,678</u>
 <u>Rental Assistance Housing Programs</u>			
Housing Choice Vouchers	14.871	<u>2,246,043</u>	<u>2,116,661</u>
Subtotal		<u>2,246,043</u>	<u>2,116,661</u>
 Total Awards		<u>\$ 2,509,930</u>	<u>\$ 2,293,339</u>

NOTE 23 - CONTINGENCIES

Litigation – At September 30, 2014, 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 OF THE TOWN OF DOVER

Notes to Financial Statements September 30, 2014

NOTE 24 – PRIOR PERIOD ADJUSTMENT

For September 30, 2013

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

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

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

NOTE 25 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the Statement of Net Position date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru February 23, 2015; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF DOVER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014

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

	<u>CFDA#</u>	<u>Expenditures</u>
<u>PHA Owned Housing</u>		
Low Rent Public Housing	14.850	\$ 169,216
Public Housing Capital Fund Program	14.872	94,671
Subtotal		<u>263,887</u>
<u>Rental Assistance Housing Programs</u>		
Housing Choice Vouchers	14.871	2,246,043
Subtotal		<u>2,246,043</u>
 Total Awards		 <u><u>\$ 2,509,930</u></u>

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of the Town of Dover. The information in this schedule is presented in accordance with those requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Housing Authority of the Town of Dover, it is not intended to and does not present the financial position, change in net position, or cash flow of the Housing Authority of the Town of Dover.

Note 2. Summary of Significant Accounting Policies:

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

Note 3. Loans Outstanding:

Housing Authority Town of Dover had Capital Project Bonds payable in the amount of \$175,000, outstanding at September 30, 2014. See Note 15 on page 41 of this report for full detail.

Note 4. Sub recipients:

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

**HOUSING AUTHORITY TOWN OF DOVER
BUDGETARY COMPARISON SCHEDULE
LOW INCOME HOUSING PROGRAM
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue:			
Tenant Rental Revenue	\$ 224,247	\$ 225,036	\$ (789)
HUD PHA Operating Grants	169,216	160,900	8,316
Other Revenue	37,946	36,286	1,660
Total Revenue	431,409	422,222	9,187
Operating Expenses:			
Administration:			
Administrative Salaries	65,150	57,470	(7,680)
Audit Fee's	4,275	5,240	965
Compensated Absences	1,390	1,000	(390)
Employee Benefit Contributions	51,142	52,586	1,444
Other Operating Administrative Expenses	57,375	61,814	4,439
Total Administrative Expenses	179,332	178,110	(1,222)
Tenant Services:			
Tenant Services Other	3,990	5,000	1,010
Total Tenant Services	3,990	5,000	1,010
Utilities:			
Water	20,934	16,700	(4,234)
Electricity	108,324	129,050	20,726
Total Utilities	129,258	145,750	16,492
Maintenance:			
Maintenance Labor	8,346	8,301	(45)
Materials	4,516	8,500	3,984
Maintenance Contract Cost	76,460	63,500	(12,960)
Employee Benefit Contributions	6,321	6,160	(161)
Total Maintenance	95,643	86,461	(9,182)
Protective Services:			
Protective Services - Other Cost	4,347	2,000	(2,347)
Total Protective Services	4,347	2,000	(2,347)
Other Operating Expenses:			
Insurance	26,675	27,950	1,275
Other General Expenses	390	-	(390)
Payment in Lieu of Taxes	9,556	7,929	(1,627)
Total Other Operating Expenses	36,621	35,879	(742)
Total Operating Expenses	449,191	453,200	4,009
Excess Revenue Over Expenses From Operations	(17,782)	(30,978)	13,196
Other Income and (Expenses):			
Investment Income - Unrestricted	3,058	5,120	(2,062)
Extraordinary Maintenance	(23,594)	(61,200)	37,606
Equipment Purchases	(20,505)	-	(20,505)
Total Other Income and (Expenses)	(41,041)	(56,080)	(2,062)
Excess Expenses over Revenue	\$ (58,823)	\$ (87,058)	\$ 28,235

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, 2014**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue - Annual Contribution Required			
Housing Assistance Payments	\$ 1,984,274	\$ 1,885,572	\$ 98,702
Ongoing Administrative Fees Earned	261,769	234,940	26,829
Fraud Recovery	7,799	-	65,050
Other Income	65,050	-	2,318,892
Total Revenue	2,318,892	2,120,512	2,509,473
Operating Expenses:			
Administration:			
Administrative Salaries	35,081	40,918	5,837
Audit Fee's	4,750	5,240	490
Employee Benefit Contributions	30,247	36,219	5,972
Other Operating Administrative Expenses	97,255	71,186	(26,069)
Total Administrative Expenses	167,333	153,563	(13,770)
Tenant Services:			
Tenant Services Salaries	20,000	20,000	-
Employee Benefit Contributions	16,278	11,846	(4,432)
Total Tenant Services	36,278	31,846	(4,432)
Other Operating Expenses:			
Other General Expenses	68,451	-	(68,451)
Compensated Absences	989	-	(989)
Housing Assistance Payments	2,090,535	2,038,467	(52,068)
Total Other Operating Expenses	2,159,975	2,038,467	(121,508)
Total Operating Expenses	2,363,586	2,223,876	(139,710)
Excess Expenses Over Revenue From Operations	(44,694)	(103,364)	58,670
Other Income and (Expenses):			
Investment Income	237	-	237
Transfer From Restricted HAP Reserves	58,264	-	58,264
Total Other Income and (Expenses)	58,501	-	58,501
Excess Revenue over Expenses (Loss)	\$ 13,807	\$ (103,364)	\$ 117,171

See accompanying notes to the financial statements.

Entity Wide Balance Sheet Summary

Submission Type:

Audited/A-133

Fiscal Year End:

09/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$107,661	\$862,815	\$970,476	\$970,476
112 Cash - Restricted - Modernization and Development	\$180		\$180	\$180
113 Cash - Other Restricted		\$59,716	\$59,716	\$59,716
114 Cash - Tenant Security Deposits	\$20,475		\$20,475	\$20,475
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$128,316	\$922,531	\$1,050,847	\$1,050,847
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$14,230		\$14,230	\$14,230
124 Accounts Receivable - Other Government		\$5,977	\$5,977	\$5,977
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$10,000		\$10,000	\$10,000
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful	\$24,230	\$5,977	\$30,207	\$30,207
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$36,232		\$36,232	\$36,232
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$188,778	\$928,508	\$1,117,286	\$1,117,286
161 Land	\$68,000		\$68,000	\$68,000
162 Buildings	\$3,081,918		\$3,081,918	\$3,081,918
163 Furniture, Equipment & Machinery - Dwellings	\$78,309		\$78,309	\$78,309
164 Furniture, Equipment & Machinery - Administration	\$122,972	\$1,866	\$124,838	\$124,838
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$2,775,895	-\$1,866	-\$2,777,761	-\$2,777,761
167 Construction in Progress	\$85,370		\$85,370	\$85,370
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$660,674	\$0	\$660,674	\$660,674
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current -				
173 Grants Receivable - Non Current	\$160,808		\$160,808	\$160,808
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$821,482	\$0	\$821,482	\$821,482
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$1,010,260	\$928,508	\$1,938,768	\$1,938,768
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$15,026	\$5,545	\$20,571	\$20,571

See accompanying notes to the financial statements

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

Submission Type:

Audited/A-133

Fiscal Year End:

09/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$158		\$158	\$158
322 Accrued Compensated Absences - Current Portion	\$1,298	\$935	\$2,233	\$2,233
324 Accrued Contingency Liability				
325 Accrued Interest Payable	\$3,540		\$3,540	\$3,540
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$9,699		\$9,699	\$9,699
341 Tenant Security Deposits	\$20,475		\$20,475	\$20,475
342 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital	\$10,000		\$10,000	\$10,000
344 Current Portion of Long-term Debt - Operating				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$60,196	\$6,480	\$66,676	\$66,676
351 Long-term Debt, Net of Current - Capital	\$165,000		\$165,000	\$165,000
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other		\$29,258	\$29,258	\$29,258
354 Accrued Compensated Absences - Non Current	\$11,679	\$8,414	\$20,093	\$20,093
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$9,724	\$5,236	\$14,960	\$14,960
350 Total Non-Current Liabilities	\$186,403	\$42,908	\$229,311	\$229,311
300 Total Liabilities	\$246,599	\$49,388	\$295,987	\$295,987
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$485,675	\$0	\$485,675	\$485,675
511.4 Restricted Net Position	\$167,449	\$30,458	\$227,165	\$227,165
512.4 Unrestricted Net Position	\$110,537	\$848,662	\$929,941	\$929,941
513 Total Equity - Net Assets / Position	\$763,661	\$879,120	\$1,642,781	\$1,642,781
600 Total Liabilities, Deferred Inflows of Resources and	\$1,010,260	\$928,508	\$1,938,768	\$1,938,768

See accompanying notes to the financial statements

Entity Wide Revenue and Expense Summary

Submission Type:

Audited/A-133

Fiscal Year End:

09/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$219,375		\$219,375	\$219,375
70400 Tenant Revenue - Other	\$4,872		\$4,872	\$4,872
70500 Total Tenant Revenue	\$224,247	\$0	\$224,247	\$224,247
70600 HUD PHA Operating Grants	\$169,216	\$2,246,043	\$2,415,259	\$2,415,259
70610 Capital Grants	\$94,671		\$94,671	\$94,671
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	\$3,058	\$237	\$3,295	\$3,295
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$7,799	\$7,799	\$7,799
71500 Other Revenue	\$37,946	\$65,050	\$102,996	\$102,996
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$529,138	\$2,319,129	\$2,848,267	\$2,848,267
91100 Administrative Salaries	\$65,150	\$35,081	\$100,231	\$100,231
91200 Auditing Fees	\$4,275	\$4,750	\$9,025	\$9,025
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$51,142	\$30,247	\$81,389	\$81,389
91600 Office Expenses	\$54,199		\$54,199	\$54,199
91700 Legal Expense	\$2,800	\$5,200	\$8,000	\$8,000
91800 Travel	\$621	\$88	\$709	\$709
91810 Allocated Overhead				
91900 Other		\$91,967	\$91,967	\$91,967
91000 Total Operating - Administrative	\$178,187	\$167,333	\$345,520	\$345,520
92000 Asset Management Fee				
92100 Tenant Services - Salaries		\$20,000	\$20,000	\$20,000
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$16,278	\$16,278	\$16,278
92400 Tenant Services - Other	\$3,990		\$3,990	\$3,990
92500 Total Tenant Services	\$3,990	\$36,278	\$40,268	\$40,268
93100 Water	\$20,934		\$20,934	\$20,934
93200 Electricity	\$108,324		\$108,324	\$108,324
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				

See accompanying notes to the financial statements

Entity Wide Revenue and Expense Summary

Submission Type:

Audited/A-133

Fiscal Year End:

09/30/2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$129,258	\$0	\$129,258	\$129,258
94100 Ordinary Maintenance and Operations - Labor	\$8,346		\$8,346	\$8,346
94200 Ordinary Maintenance and Operations - Materials and	\$4,518		\$4,518	\$4,518
94300 Ordinary Maintenance and Operations Contracts	\$76,460		\$76,460	\$76,460
94500 Employee Benefit Contributions - Ordinary	\$6,321		\$6,321	\$6,321
94000 Total Maintenance	\$95,645	\$0	\$95,645	\$95,645
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$4,347		\$4,347	\$4,347
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$4,347	\$0	\$4,347	\$4,347
96110 Property Insurance	\$9,452		\$9,452	\$9,452
96120 Liability Insurance	\$4,640		\$4,640	\$4,640
96130 Workmen's Compensation	\$6,453		\$6,453	\$6,453
96140 All Other Insurance	\$6,130		\$6,130	\$6,130
96100 Total Insurance Premiums	\$26,675	\$0	\$26,675	\$26,675
96200 Other General Expenses	\$390	\$68,451	\$68,841	\$68,841
96210 Compensated Absences	\$1,390	\$989	\$2,379	\$2,379
96300 Payments in Lieu of Taxes	\$9,699		\$9,699	\$9,699
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$11,479	\$69,440	\$80,919	\$80,919
96710 Interest of Mortgage (or Bonds) Payable	\$8,737		\$8,737	\$8,737
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$8,737	\$0	\$8,737	\$8,737
96900 Total Operating Expenses	\$458,318	\$273,051	\$731,369	\$731,369
97000 Excess of Operating Revenue over Operating	\$70,820	\$2,046,078	\$2,116,898	\$2,116,898
97100 Extraordinary Maintenance	\$23,594		\$23,594	\$23,594
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$2,084,188	\$2,084,188	\$2,084,188
97350 HAP Portability-In		\$6,347	\$6,347	\$6,347
97400 Depreciation Expense	\$109,730		\$109,730	\$109,730
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$591,642	\$2,363,586	\$2,955,228	\$2,955,228

See accompanying notes to the financial statements

Entity Wide Revenue and Expense Summary

Submission Type:

Audited/A-133

Fiscal Year End:

09/30/2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
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				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	-\$62,504	-\$44,457	-\$106,961	-\$106,961
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$826,165	\$923,577	\$1,749,742	\$1,749,742
11040 Prior Period Adjustments, Equity Transfers and				
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 -				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$848,662	\$848,662	\$848,662
11180 Housing Assistance Payments Equity		\$30,458	\$30,458	\$30,458
11190 Unit Months Available	708	2976	3684	3684
11210 Number of Unit Months Leased	705	2979	3684	3684
11270 Excess Cash	\$53,977		\$53,977	\$53,977
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$85,370		\$85,370	\$85,370
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$9,301		\$9,301	\$9,301
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

**HOUSING AUTHORITY TOWN OF DOVER
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF SEPTEMBER 30, 2014**

	NJ39068501-10		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 3,500	\$ 3,500	\$ -
Management Improvement	4,500	4,500	-
Administration	3,500	3,500	-
Fees & Costs	2,500	2,500	-
Dwelling Structures	31,089	31,089	-
Bond Debt Obligation	19,513	19,513	-
Total	<u>\$ 64,602</u>	<u>\$ 64,602</u>	<u>\$ -</u>
Funds Advanced	\$ 64,602		
Funds Expended	64,602		
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 501-10 was completed on February 19, 2014
4. There were no budget overruns noted.

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, 2014**

NJ39068501-11

	Approved Budget	Actual Cost	Overrun
Operations	\$ 2,000	\$ 2,000	\$ -
Fees & Costs	2,000	2,000	-
Dwelling Structures	30,592	30,592	-
Bond Debt Obligation	19,084	19,084	-
Total	<u>\$ 53,676</u>	<u>\$ 53,676</u>	<u>\$ -</u>
Funds Advanced	\$ 53,676		
Funds Expended	53,676		
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 501-11 was completed on January 20, 2015
4. There were no budget overruns noted.

See accompanying notes to the financial statements.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Town of Dover (hereafter referred to as the Authority), which comprise the statement of net position as of September 30, 2014 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: February 23, 2015



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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**(Unmodified Opinion on Compliance for Each Major Program:
No Material Weakness or Significant Deficiencies
in Internal Control Over Compliance Identified)**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance

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

Management's Responsibility for Compliance

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Town of Dover complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the Housing Authority of the Town of Dover is responsible for establishing and maintaining effective internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: February 23, 2015

HOUSING AUTHORITY OF THE TOWN OF DOVER

Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

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

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133 _____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Housing Choice Voucher Program	\$ 2,246,043

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 300,000

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedure described in the second paragraph of this report, which was agreed to by Housing Authority of the Town of Dover and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Circular A-133 reporting package. Housing Authority of the Town of Dover is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, by Housing Authority of the Town of Dover as of and for the year ended September 30, 2014, and have issued our reports thereon dated February 23, 2015. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated September 30, 2014, was expressed in relation to the basic financial statements of Housing Authority of the Town of Dover 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 Housing Authority of the Town of Dover. 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, PIH-REAC.

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey
February 23, 2015

ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURE

UFRS Rule Information	Hard Copy Document(s)	Findings
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Supplementary Information with Financial Statement Data	Agrees
Surplus Cash (S1300 series of accounts)	Computation of Surplus Cash, Distributions and Residual Receipts (Annual)	Agrees
Footnotes (S3100 series of accounts)	Notes to the audited Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor Reports (S3400, S3500, and S3600 series of accounts)	Auditor's Reports on the Financial Statements, Compliance, and Internal Control	Agrees
Type of Opinion on Supplemental Data (account S3400-100)	Auditor's Report on Supplementary Information	Agrees
Audit Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700, and S3800 series of accounts)	Schedule of Findings and Questioned Costs and OMB Data Collection Form	Agrees