

MILLVILLE HOUSING AUTHORITY
Millville, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended
September 30, 2010 and 2009

Millville Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

As management of the Millville Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of September 30, 2010 by \$15,716,667 (net assets).
- The Authority's cash balance as of September 30, 2010 was \$1,878,087 representing a decrease of \$401,405 from September 30, 2009.
- The Authority had intergovernmental revenues of \$3,783,111 in operating grants and \$791,722 of capital grants for the year ended September 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- Statement of Net Assets - reports the Authority's current financial resources (short-term spendable resources with capital assets and long-term debt obligations).
- Statement of Revenue, Expenses, and Changes in Net Assets - reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows - reports the Authority's net cash from operating, investing, and capital and related financing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

Total assets decreased by \$898,784 or 4.56 percent. Specifically, capital assets decreased by \$551,639, or 3.27 percent, due primarily to the Authority recording depreciation expense of \$1,139,925 in accordance with generally accepting accounting principles, and the sale of assets with a book value of \$343,930 at the time of disposition. These decreases are offset by capital expenditures of \$932,216.

Total liabilities decreased by \$380,242, or 10.96 percent. Specifically, accounts payable decreased by \$157,942 and debt of \$162,001 was retired..

Millville Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED - UNAUDITED

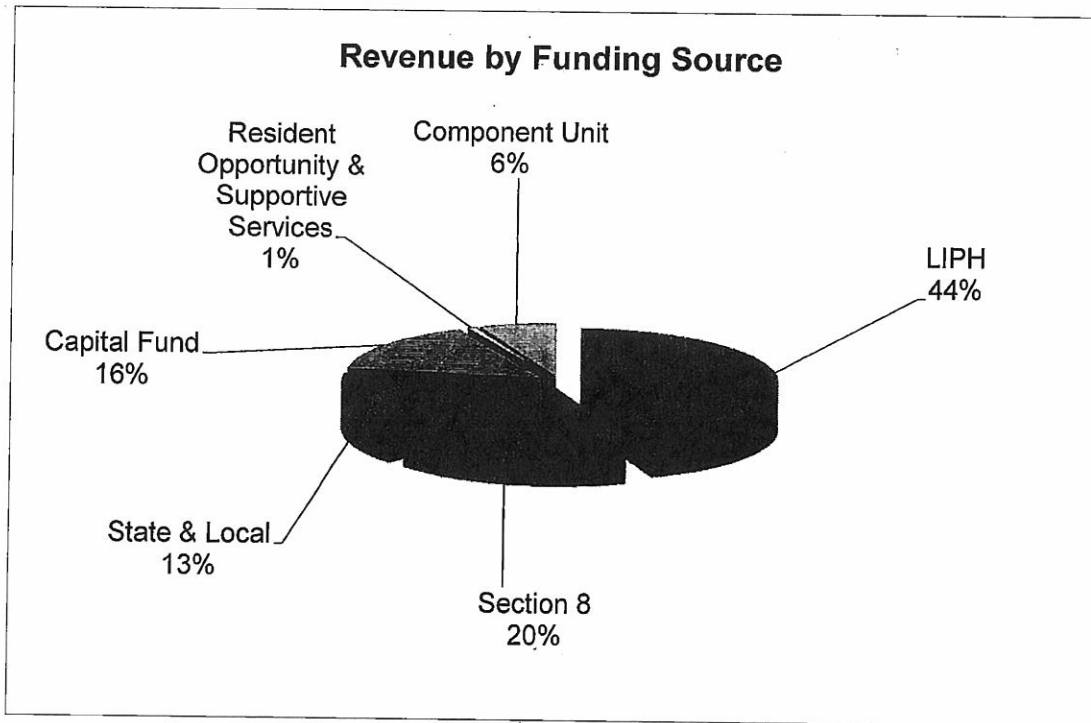
September 30, 2010

The following table summarizes the changes in net assets between September 30, 2010 and 2009 for the Authority as a whole, including its component unit:

ENTITY-WIDE

	<u>2010</u>	<u>2009</u>	<u>Net Change</u>	<u>Variance</u>
Cash	1,878,087	2,279,492	(401,405)	-17.61%
Other Assets	602,558	548,298	54,260	9.90%
Capital Assets	16,325,407	16,877,046	(551,639)	-3.27%
TOTAL ASSETS	<u>18,806,052</u>	<u>19,704,836</u>	<u>(898,784)</u>	<u>-4.56%</u>
Current Liabilities	605,798	882,259	(276,461)	-31.34%
Noncurrent Liabilities	2,483,587	2,587,368	(103,781)	-4.01%
TOTAL LIABILITIES	<u>3,089,385</u>	<u>3,469,627</u>	<u>(380,242)</u>	<u>-10.96%</u>
Invested in Capital Assets, Net of Debt	13,831,542	14,221,180	(389,638)	-2.74%
Restricted Net Assets	423,494	422,011	1,483	0.35%
Unrestricted Net Assets	1,461,631	1,592,018	(130,387)	-8.19%
TOTAL NET ASSETS	<u>15,716,667</u>	<u>16,235,209</u>	<u>(518,542)</u>	<u>-3.19%</u>

Comparatively, FYE 2010 revenues exceeded FYE 2009 revenue by \$184,780 or 2.37 percent. Capital grants increased by \$724,240 and HUD operating grants decreased by \$40,155, or 1.05%. Other Revenue decreased by \$350,446, or 15.18%, due primarily to a decrease in developer fees received by the Component Unit of \$156,250. The revenue for the specific programs is as follows:



Millville Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED - UNAUDITED

September 30, 2010

The following table summarizes the changes in operating income between FYE 2010 and 2009 for the Authority as a whole:

	<u>2010</u>	<u>2009</u>	<u>Net Change</u>	<u>Variance</u>
REVENUES:				
Tenant Rental Revenue	\$ 1,479,894	\$ 1,443,682	\$ 36,212	2.51%
HUD PHA Operating Grants (including soft cost)	3,783,111	3,823,266	(40,155)	-1.05%
Capital Grants (excluding soft costs)	791,722	67,482	724,240	1073.23%
Other Government Grants	157,268	158,439	(1,171)	-0.74%
Investment Income	8,528	7,516	1,012	13.46%
Other Revenue	1,958,838	2,309,284	(350,446)	-15.18%
Gain or loss on sale of capital assets	<u>(209,886)</u>	<u>(24,974)</u>	<u>(184,912)</u>	<u>740.42%</u>
TOTAL REVENUES	7,969,475	7,784,695	184,780	2.37%
EXPENSES:				
Administrative	1,809,269	1,914,248	(104,979)	-5.48%
Tenant Services	1,079,029	1,086,169	(7,140)	-0.66%
Utilities	1,034,559	973,834	60,725	6.24%
Housing Assistance Payments	1,404,672	1,407,494	(2,822)	-0.20%
Maintenance	1,279,178	1,110,798	168,380	15.16%
Protective Services	124,764	132,245	(7,481)	-5.66%
Insurance Premiums	235,717	223,240	12,477	5.59%
General Expenses	264,793	293,319	(28,526)	-9.73%
Depreciation Expense	1,139,925	1,257,162	(117,237)	-9.33%
Interest Expense	<u>116,113</u>	<u>116,393</u>	<u>(280)</u>	<u>-0.24%</u>
TOTAL EXPENSES	8,488,019	8,514,902	(26,883)	-0.32%
CHANGES IN NET ASSETS	\$ (518,544)	\$ (730,207)	\$ 211,663	-28.99%

HUD PHA operating grants decreased by \$40,155 from the prior year, due primarily to a slight decrease in funding approved by HUD.

Capital grants increased from the prior year in the amount of \$724,240, due primarily to the receipt of \$678,671 of stimulus under the American Recovery and Reinvestment Act of 2009. These funds were utilized to make capital improvements to the Authority's housing stock.

Revenue from other governmental grants decrease from the prior year in the amount of \$1,171 due to minor budget cuts in the government programs providing funding to the Authority.

Investment Income increased from the prior year in the amount of \$1,012, due primarily to the capital fund program revenue bonds, 2004 series A being spent before the expiration of the Bond. The Authority acquired a \$2,875,000 Series A bond with the State of NJ.

Other revenue decreased from the prior year in the amount of \$350,446. This was due primarily to the component unit earning developer fees in the amount of \$156,250 in 2009, while no developer fees were earned in 2010.

The loss from the sale of capital assets increased from the prior year by \$184,912. The losses are due to the sale of homes in the MONI Program.

Administrative expenses decreased from the prior year in the amount of \$104,979 as a result of the Authority being in compliance with project-based accounting. Changes were made in the accounting for programs owned by others for which the housing authority provides management services for.

Utility expense decreased from the prior year in the amount of \$60,725, or 6.4%, due primarily to rate increases.