

**THE HOUSING AUTHORITY
OF THE TOWN OF LEDYARD,
CONNECTICUT**

LEDYARD, CONNECTICUT

CHFA PROJECT NO. 072-E-169

**BASIC FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020**

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT,

SUPPLEMENTARY INFORMATION,

AND

**GOVERNMENTAL AUDITING
STANDARDS REPORT**

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
TABLE OF CONTENTS
DECEMBER 31, 2020**

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION & ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Fund Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10
SUPPLEMENTARY INFORMATION	
Supplemental Data Required by CHFA	16
GOVERNMENTAL AUDITING STANDARDS REPORT	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Schedule of Findings and Questioned Costs	23
Summary Schedule of the Status of Prior Year Audit Findings	25

INDEPENDENT AUDITORS' REPORT

DRAFT

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
The Housing Authority of the Town of Ledyard, Connecticut
Ledyard, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of The Housing Authority of the Town of Ledyard, Connecticut (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 financial position of The Housing Authority of the Town of Ledyard, Connecticut as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in conformity 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 on pages 3 - 6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise The Housing Authority of the Town of Ledyard, Connecticut's basic financial statements. The CHFA Supplemental HM Forms, as required by the Connecticut Housing Finance Authority are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The CHFA Supplemental HM Forms are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit on the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the CHFA Supplemental HM Forms are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022 on our consideration of The Housing Authority of the Town of Ledyard, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Housing Authority of the Town of Ledyard, Connecticut's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
September 26, 2022

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Our discussion and analysis of The Housing Authority of the Town of Ledyard, Connecticut's (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2020. Please review it in conjunction with the Authority's basic financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- At December 31, 2020, the assets of the Authority *exceeded* its liabilities by \$474,988. Of this amount \$90,394 may be used to meet the Authority's ongoing obligations to citizens and creditors. The remaining \$384,594 was invested in capital assets.
- Total net position *increased* by \$40,346 from \$434,642 at December 31, 2019 to \$474,988 at December 31, 2020.
- Net position invested in capital assets *increased* by \$31,196. This is the net of a *decrease* of \$4,669 for depreciation expense and an *increase* of \$35,865 from expenditures for capital asset additions..

OVERVIEW OF THE FINANCIAL STATEMENTS

All financial activity is reported using the economic resources measurement focus and accrual basis of accounting. This is the same measurement focus and basis of accounting used for private-sector business enterprises.

This annual report consists of the basic financial statements of The Housing Authority of the Town of Ledyard, Connecticut. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows (on pages 7-9) provide information about the activities of the Authority as a whole and present a long-term view of the Authority's finances.

FINANCIAL ANALYSIS

CONDENSED STATEMENTS OF NET POSITION AND CHANGES IN FUND NET POSITION

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position provide information about the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting that is used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when received or paid.

These two statements report the Authority's net position and changes in them. The difference between assets and liabilities, or net position, is one way to measure the Authority's financial health. Over time, increases or decreases in the net position are one indicator of whether its financial position is improving or deteriorating.

The higher the net position figure is, generally, the better the financial position. However, this information does not reflect ongoing fluctuations in the economic climate, regulatory changes, or other external forces that impact an entity's financial position, but which may not be quantifiable as of the financial statement date.

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

FINANCIAL ANALYSIS (Continued)

**CONDENSED STATEMENTS OF NET POSITION AND CHANGES IN FUND NET POSITION
(Continued)**

	2020	2019	Increase (Decrease)
Current and other assets	\$ 106,141	\$ 90,677	\$ 15,464
Capital assets, net	384,594	353,398	31,196
Total assets	<u>\$ 490,735</u>	<u>\$ 444,075</u>	<u>\$ 46,660</u>
Current liabilities	\$ 15,747	\$ 9,433	\$ 6,314
Total liabilities	15,747	9,433	6,314
Net position			
Invested in capital assets	384,594	353,398	31,196
Unrestricted	90,394	81,244	9,150
Total net position	<u>474,988</u>	<u>434,642</u>	<u>40,346</u>
Total liabilities and net position	<u>\$ 490,735</u>	<u>\$ 444,075</u>	<u>\$ 46,660</u>

Total assets *increased* during the year ended December 31, 2020 as a result of an *increase* in grants receivable and an *increase* in capital assets, net. Current liabilities *increased* as a result of an *increase* in prepaid tenant rents and an *increase* in unearned revenue.

Significant capital outlays are being recorded as The Authority's capital assets and are being depreciated over their estimated useful lives. Capital assets presented here are shown net of their accumulated depreciation.

Net position has been separated into two categories on the Authority's financial statements: 1) Invested in capital assets and 2) Unrestricted net position. Because capital assets are not very liquid (i.e. easily converted to cash), the Authority's equity in these assets has been separated and labeled as such. Unrestricted net position, however, represents the liquid portion of the Authority's net position that can be used to finance daily operations without constraints.

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

FINANCIAL ANALYSIS (Continued)

**CONDENSED STATEMENTS OF NET POSITION AND CHANGES IN FUND NET POSITION
(Continued)**

	2020	2019	Increase (Decrease)
OPERATING REVENUES			
Net rental income	\$ 126,140	\$ 112,789	\$ 13,351
Laundry income	2,996	2,431	565
Other income	1,202	317	885
Total operating revenues	<u>130,338</u>	<u>115,537</u>	<u>14,801</u>
OPERATING EXPENSES			
Administrative	35,435	21,670	13,765
Utilities	9,531	11,321	(1,790)
Maintenance	45,485	45,371	114
Taxes and insurance	28,147	20,769	7,378
Depreciation	4,669	5,075	(406)
Total operating expenses	<u>123,267</u>	<u>104,206</u>	<u>19,061</u>
Operating income	7,071	11,331	(4,260)
NON-OPERATING REVENUES			
Capital grants	32,495	-	32,495
Interest income	780	1,409	(629)
Gain on sale of capital assets	-	1,313	(1,313)
Total non-operating revenues	<u>33,275</u>	<u>2,722</u>	<u>(1,942)</u>
NON-OPERATING EXPENSES			
Bad debt expense - sundry	-	44,196	(44,196)
Total non-operating expenses	<u>-</u>	<u>44,196</u>	<u>(44,196)</u>
Change in net position	40,346	(30,143)	70,489
Net position,			
Beginning of year	<u>434,642</u>	<u>464,785</u>	<u>(30,143)</u>
End of year	<u>\$ 474,988</u>	<u>\$ 434,642</u>	<u>\$ 40,346</u>

The primary source of revenue for the Authority is rental income. Net rental income *increased* 11.84% for the year ended December 31, 2020 due to an *increase* in rental rates for 2020. The *increase* in administrative expenses was due to *increased* salaries and professional fees for the current year. The *increase* in taxes and insurance was due to *increased* payroll taxes relative to greater salaries and additional PILOT expense due to *increased* net rental income.

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

FINANCIAL ANALYSIS (Continued)

**CONDENSED STATEMENTS OF NET POSITION AND CHANGES IN FUND NET POSITION
(Continued)**

During the year ended December 31, 2020 the Authority was awarded a federal small cities capital grant by the Town of Ledyard, Connecticut to cover renovations to be made to the Authority’s rental property. Revenues in the amount of \$32,495 have been recognized in the current year.

The supplemental financial information beginning on page 16 presents a more detailed picture of the activity and the balances of the various programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the Authority had over \$1.7 million invested in various capital assets as listed below:

Land	\$ 315,926
Construction in progress	32,495
Buildings	1,350,917
Furniture & Equipment	76,953
Total	<u>\$ 1,776,291</u>

Current year additions include a new lawn mower for the Authority and \$32,495 of construction in progress related to the federal small cities grant as discussed in *Note 4* to the financial statements.

More detailed information regarding the Authority’s capital assets can be found in *Note 4* to the financial statements.

Long-term Debt

At December 31, 2020, the Authority had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Significant economic factors affecting the Authority are as follows:

- For the year ended December 31, 2021, the Authority has adopted a balanced budget that is \$20,155 or 17.09% higher than the budget for the year ended December 31, 2020.
- CHFA’s proposed rent stratification project for sustainability seeks to balance the mixture of base rent levels to align with income levels to generate higher income to the property.

CONTACTING THE HOUSING AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority through the Executive Director at the management office, 60 Kings Highway, Ledyard, CT 06335.

FINANCIAL STATEMENTS

DRAFT

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
PROJECT NO. 072-E-169
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 69,806
Grants receivable	32,495
Prepaid expenses	3,840
Total current assets	106,141

NONCURRENT ASSETS

Capital assets, non-depreciable	348,421
Capital assets, net of accumulated depreciation	36,173
Total noncurrent assets	384,594

Total assets	\$ 490,735
--------------	------------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 2,216
Accrued expenses	6,183
Prepaid tenant rents	3,369
Unearned revenue	3,979
Total current liabilities	15,747
Total liabilities	15,747

NET POSITION

Net investment in capital assets	384,594
Unrestricted	90,394
Total net position	474,988

Total liabilities and net position	\$ 490,735
------------------------------------	------------

The accompanying notes are an integral part of these financial statements.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
PROJECT NO. 072-E-169
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING REVENUES	
Net rental income	\$ 126,140
Laundry income	2,996
Other income	1,202
Total operating revenues	130,338
OPERATING EXPENSES	
Administrative	35,435
Utilities	9,531
Maintenance	45,485
Taxes and insurance	28,147
Depreciation	4,669
Total operating expenses	123,267
Operating income	7,071
NON-OPERATING REVENUES	
Capital grants	32,495
Interest income	780
Total non-operating revenues	33,275
Change in net position	40,346
NET POSITION, beginning of year	434,642
NET POSITION, end of year	\$ 474,988

DRAFT

The accompanying notes are an integral part of these financial statements.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
PROJECT NO. 072-E-169
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants and others for rent	\$ 127,693
Cash paid to vendors	(69,407)
Cash paid to employees for services	(49,266)
Other receipts	8,177
Net cash provided by operating activities	<u>17,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(35,865)</u>
Net cash used in capital and related financing activities	(35,865)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income received on cash and cash equivalents	<u>780</u>
Net cash provided by investing activities	780
Net decrease in cash and cash equivalents	(17,888)
CASH AND CASH EQUIVALENTS, beginning of year	<u>87,694</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 69,806</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 7,071
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,669
Increase in prepaid expenses	(857)
Increase in accounts payable	101
Increase in accrued expenses	681
Increase in prepaid tenant rents	1,553
Increase in unearned revenue	3,979
Net cash provided by operating activities	<u><u>\$ 17,197</u></u>

The accompanying notes are an integral part of these financial statements.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Housing Authority of the Town of Ledyard, Connecticut (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Authority are described below.

ORGANIZATION

The Housing Authority of the Town of Ledyard, Connecticut is a special purpose government created pursuant to Section 8-40 of the Connecticut General Statutes to provide low income public housing for qualified individuals in accordance with the rules and regulations prescribed by the Connecticut Housing Finance Authority (CHFA). The Authority has contracted with the CHFA for financial assistance for elderly rental housing projects in the form of capital grants pursuant to Section 8-114a of the Connecticut General Statutes.

SCOPE OF OPERATIONS

The Authority operates Project No. 072-E-169, a thirty (30) unit project known as Kings Corner Manor.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. With this measurement focus, all assets and all liabilities associated with the operation are included on the Statement of Net Position.

Operating revenues and expenses, which are distinguished from non-operating items, generally result from providing safe, affordable rental housing to qualified individuals. The principal operating revenues are derived from rental income recognized on a monthly basis from tenants. Operating expenses include administrative expenses, utilities, taxes and insurance, and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are defined as highly liquid instruments with an original maturity of three months or less.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in *Note 2*.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based on periodic review of the accounts by Management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debt.

Rental payments received in advance are deferred until earned.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical costs. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Depreciation is computed using the straight-line method over a period of 5 to 30 years. Maintenance and repair costs are charged to operations as incurred.

EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in up to three components in the Statement of Net Position.

Net Investment in Capital Assets represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority has no related debt.

Restricted Net Position represents the portion of net position constrained in use as a result of requirements externally imposed by creditors, grantors, contributors, or laws or regulations. The Authority has no funding in this category.

Unrestricted Net Position represents the difference between an entity's assets and its liabilities that do not meet the definition of Restricted Net Position or Net Investment in Capital Assets. Net position is reported as unrestricted when there are no constraints placed on the use of the net assets.

INCOME TAXES

The Authority is a special purpose governmental entity created by Connecticut State Statute and is exempt from federal and state income taxation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for disclosure and/or recognition in the financial statements through September 26, 2022, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS

The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository which has its main place of business in the State of Connecticut.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or in obligations of any state or other tax exempt political subdivision under certain conditions. Funds may also be deposited in the State of Connecticut, Short Term Investment Fund (STIF).

The STIF is a money market investment pool managed by a division of the State of Connecticut’s Treasurer’s Office. Investments must be made in instruments authorized by the State’s CGS using guidelines adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares and investments held by the fund and are stated at amortized cost. STIF is rated by Standard & Poor’s at AAAM, its highest rating for money funds and investment pools.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases. The Authority generally does not invest in any long-term investment obligations.

At December 31, 2020, the Authority’s cash and cash equivalents were as follows:

	Carrying Amount
Deposit accounts	\$ 39,077
Conencticut Short Term Investment Fund	30,729
Total cash and cash equivalents	\$ 69,806

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority maintains cash with FDIC depository banks. At December 31, 2020, the carrying amount of the Authority’s deposits with financial institutions was \$39,077 and the bank balance was \$36,418 of which the entire amount was covered by federal depository insurance. Additional protection against loss is provided for deposits in excess of federally insured amounts by Chapter 656 of the Connecticut General Statutes. The Statutes require that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio. Such amounts are available to the State Banking Commissioner to meet losses in excess of deposit insurance for public deposits made in a qualified public depository.

Concentration of Credit Risk – The Authority does not place a limit on the amount they may invest in any one issuer.

NOTE 3 – GRANTS RECEIVABLE

In December 2020, the Authority was awarded a federal small cities grant by the Town of Ledyard, Connecticut to cover renovations to be made to the Authority’s rental property. The Authority has recorded a receivable in the amount of \$32,495 for funds spent during the year in accordance with the grant.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital asset activity during the year:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets:				
Land	\$ 315,926	\$ -	\$ -	\$ 315,926
Construction in progress	-	32,495	-	32,495
Total nondepreciable assets	315,926	32,495	-	348,421
Depreciable assets:				
Buildings	1,350,917	-	-	1,350,917
Furniture and equipment	73,583	3,370	-	76,953
Total depreciable assets	1,424,500	3,370	-	1,427,870
Totals at historical cost	\$ 1,740,426	\$ 35,865	\$ -	\$ 1,776,291
Less accumulated depreciation				
Buildings	\$ 1,340,129	\$ 863	\$ -	\$ 1,340,992
Furniture and equipment	46,899	3,806	-	50,705
Total accumulated depreciation	1,387,028	4,669	-	1,391,697
Capital assets, net	\$ 353,398	\$ 31,196	\$ -	\$ 384,594

Construction in Progress

In December 2020, the Authority was awarded a federal small cities grant by the Town of Ledyard, Connecticut to cover renovations to be made to the Authority's rental property. The Authority spent \$32,495 in predevelopment costs during the year ended December 31, 2020.

NOTE 5 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes an annual payment in lieu of taxes (PILOT) equal to 10% of rental income charges less utility expenses for its properties constructed with and funded by the State of Connecticut.

NOTE 6 – 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. The Authority has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There are no significant reductions in insurance coverages from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 – UNEARNED REVENUE

Unearned revenue primarily consists of funds received to purchase new refrigerators for all apartments in the Authority.

NOTE 8 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2020 that have effective dates that may impact future financial presentation.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2021 (the Authority's year ending December 31, 2022).

GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (the Authority's year ending December 31, 2021).

GASB Statement 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 (the Authority's year ending December 31, 2022).

GASB Statement 93 - Replacement of Interbank Offered Rates. This statement addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate), the most prevalent being the LIBOR (London Interbank Offered Rate). Provisions of the statement are effective for reporting periods beginning after June 15, 2021 and reporting periods ending after December 31, 2021 (the Authority's year ending December 31, 2022).

GASB Statement 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the Authority's year ending December 31, 2023).

GASB Statement 96 - Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the Authority's year ending December 31, 2023).

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE (*Continued*)

GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14 and 84, and a supersession of GASB Statement 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for certain paragraphs of this statement are effective immediately, while the remainder of the pronouncement is effective for years beginning after June 15, 2021 (the District's year ending December 31, 2022).

DRAFT

STATEMENT OF OPERATIONS

Connecticut Housing Finance Authority
Asset Management - Multifamily Housing

CHFA Form HM 6-50 (Rev. 12/2017--Effective FYE 12/31/2017)

Project Name: <u>Kings Corner Manor</u>	Fiscal Year-End: <u>December 31, 2020</u>
CHFA Number: <u>072-E-169 / 86004D</u>	Beginning Date: <u>January 1, 2020</u>
HUD Number: <u>N/A</u>	Mortgagor: <u>N/A</u>

Part I- P&L	Description of Account	HUD Acct. #	SHP Acct. #	Amount*		
Rental Income 5100	Rent Revenue- Gross Potential (Tenant's Portion)	5120	3100	\$	51,042	
	Rental Income-Excess of Base	5120.1	3100.1	\$	78,210	
	Tenant Assistance Payments (HAP Receipts)	5121		\$	-	
	Tenant Assistance Payments (RAP Receipts)	5121.1	2811	\$	-	
	Tenant Assistance Payments (ERAP Receipts)	5121.2		\$	-	
	Tenant Assistance Payments - Congregate	5121.3		\$	-	
	Rent Revenue- Stores & Commercial	5140		\$	-	
	Rent Revenue- Garage & Parking	5170	3300	\$	-	
	Flexible Subsidy Revenue	5180		\$	-	
	Miscellaneous Rent Revenue**	5190	3120 & 3300	\$	-	
	Excess Rent	5191	3100.1	\$	-	
	Excess Utilities	5191.1	3110	\$	-	
	Rent Revenue- Insurance	5192		\$	-	
	Special Claims Revenue	5193	3220	\$	-	
Retained Excess Income	5194		\$	-		
	Total Rent Revenue (GPI @ 100% Occupancy)	5100T				\$ 129,252
Vacancies 5200	Apartments- Vacancy	5220	3210	\$	3,112	
	Stores & Commercial- Vacancy	5240		\$	-	
	Rental Concessions	5250		\$	-	
	Garage & Parking- Vacancy	5270		\$	-	
	Miscellaneous** (other vacancy)	5290		\$	-	
		Total Vacancies	5200T			
	Net Rental Revenue Rent Revenue Less Vacancy	5125N				\$ 126,140
	Elderly & Congregate Service Income (attach schedule)	5300		\$	0	\$ 0
Financial Revenue 5400	Financial Revenue - Project Operations	5410	3610	\$	-	
	Revenue from Investments - Residual Receipts	5430		\$	-	
	Revenue from Investments - Replacement Reserves	5440		\$	263	
	Revenue from Investments - Miscellaneous **	5490		\$	517	
		Total Financial Revenue	5400T			
Other Revenue 5900	Laundry & Vending Revenue	5910	3620	\$	2,996	
	Tenant Charges	5920		\$	-	
	Sales & Service to Tenants (including Cable TV fees)	5943	3510	\$	-	
	Interest Reduction Payments	5945		\$	-	
	Grant Income - Capital Grant - Unrestricted	5980		\$	32,495	
	Grant Income - Capital Grant - Temporarily Restricted	5981		\$	-	
	Miscellaneous Revenue (Specify) **	5990	6100	\$	1,202	
		food pantry grant				
	Total Other Revenue	5900T				\$ 36,693
	Total Revenue	5000T				\$ 163,613
Administrative Expenses 6200/6300	Conventions & Meetings	6203	4153	\$	610	
	Management Consultants	6204		\$	-	
	Advertising & Marketing	6210		\$	-	
	Apartment Resale Expenses (Coops)	6235		\$	-	
	Other Renting Expenses	6250	4152	\$	-	
	Office Salaries	6310	4120	\$	23,494	
	Salaries - RSC	6310.1		\$	-	
	Office Expenses	6311		\$	2,064	
	Office or Model Apartment Rent	6312		\$	-	
	Compensated Absences - Administrative Salaries	6313	4120.1	\$	-	
	Management Fee	6320	4132	\$	-	
	Manager or Superintendent Salaries	6330		\$	-	
	Administrative Rent Free Unit	6331		\$	-	
	Legal Expense (Project)	6340	4130	\$	-	
	Audit Expense	6350		\$	6,553	
	Bookkeeping Fees/Accounting Services	6351	4131	\$	1,410	
	Bad Debts	6370	4820	\$	-	
State Service Charge - Administrative	6380	4716	\$	-		
Miscellaneous Administrative Expenses **	6390		\$	1,304		
	Total Administrative Expenses	6263T				\$ 35,435

See independent auditors' report

Statement of Operations

Part I- Cont.

	Description of Account	HUD Acct. #	SHP Acct. #	Amount*	
Utilities Expenses 6400	Fuel Oil/ Coal	6420	4340	\$ -	
	Electricity	6450	4320	\$ 3,743	
	Water	6451	4310	\$ 5,788	
	Gas	6452	4330	\$ -	
	Sewer	6453	4360	\$ -	
	Cable Television	6454	4350	\$ -	
	Total Utilities Expense	6400T			
Operating & Maintenance Expenses 6500	Payroll	6510	4410	\$ 25,772	
	Compensated Absences - Maintenance Wages	6510.1	4410.1	\$ -	
	Supplies	6515	4420	\$ 5,687	
	Contracts	6520	4430	\$ 10,534	
	Operating & Maintenance Rent Free Unit	6521		\$ -	
	Garbage & Trash Removal	6525	4710	\$ 2,644	
	Security Payroll/ Contracts	6530		\$ -	
	Security Rent Free Unit	6531		\$ -	
	Heating/Cooling Repairs & Maintenance	6546		\$ -	
	Snow Removal	6548		\$ -	
	Vehicle & Maintenance Equip. Operation & Repair	6570	4440	\$ 848	
	Miscellaneous Operating & Maintenance **	6590	6200	\$ -	
Total Operating & Maintenance Expenses	6500T				\$ 45,485
Taxes & Insurance 6700	Real Estate Tax	6710	4715	\$ 11,661	
	Payroll Taxes (project share)	6711	4161	\$ 3,627	
	Property & Liability Insurance	6720	4711	\$ 3,974	
	Fidelity Bond Insurance	6721		\$ 1,214	
	Workmen's Compensation	6722		\$ 3,711	
	Health Insurance & Other Employee Benefits	6723	4160	\$ 3,960	
	Pension Expense	6724		\$ -	
	Other Post-Employment Benefits Expense	6725		\$ -	
	Misc. Taxes, Licenses, Permits & Insurance **	6790		\$ -	
Total Taxes & Insurance	6700T				\$ 28,147
Financial Expenses 6800	Interest on Mortgage Payable	6820	4717	\$ -	
	Interest on Capital Improvement Loan	6821		\$ -	
	Interest on Other Mortgages	6825		\$ -	
	Interest on Notes Payable (Long Term)	6830		\$ -	
	Interest on Notes Payable (Short Term)	6840		\$ -	
	Mortgage Insurance Premium/ Services Charges	6850		\$ -	
	Miscellaneous Financial Expenses **	6890		\$ -	
	Total Financial Expenses	6800T			
	Elderly & Congregate Services Exp. (attach schedule)	6900		\$ 0	\$ 0
	Total Cost of Operations before Depreciation & Int.	6000T			\$ 118,598
	Profit (Loss) before Depreciation & Int.	5060T			\$ 45,015
	Depreciation Expenses	6600		\$ 4,669	
	Amortization Expense	6610		\$ -	
	Total Depreciation & Amortization Expense				\$ 4,669
	Operating Profit (Loss) after Depreciation & Int.	5060N			\$ 40,346
Entity Expenses 7100	Officer's Salaries	7110		\$ -	
	Legal Expenses	7120		\$ -	
	Federal, State, and Other Income Taxes	7130		\$ -	
	Interest Income	7140		\$ -	
	Interest on Notes Payable	7141		\$ -	
	Interest on Mortgage Payable	7142		\$ -	
	Other Expenses	7190		\$ -	
	Net Entity Expenses	7100T			
	Net Profit (Loss)	3250			\$ 40,346

* All amounts must be rounded to the nearest dollar, \$.50 and over, round up, \$.49 and below, round down.

** If miscellaneous or Other Income and Expense Accounts exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the Income or Expense.

See independent auditors' report

Statement of Operations
Part II- Principal & Reserve

1 Total principal payments required under the mortgage in the audit year (12 monthly payments). This applies to all direct loans and HUD-held and fully insured mortgages. Any HUD approved second mortgages should be included in the figures.	\$	0
2 Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.	\$	0
3 Replacement or Painting Reserve releases which are included as expense items on the Income Statement.	\$	0
4 Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Income Statement.	\$	0

Part III- Income & Expense Sub-Accounts

	Description of Account	HUD Acct. #	SHP Acct. #	Amount*	
Tenant Charges 5920	NSF & Late Charges	5915		\$ -	\$ 0
	Damages & Cleaning Fees	5930		-	
	Forfeited Tenant Security Deposits	5940		-	
	Tenant Charges	5920			
Office 6311	Office Supplies	6315	4151	\$ 344	\$ 2,064
	Telephone and Answering Service	6360		\$ 1,720	
	Office Expenses	6311			
Payroll 6510	Janitor and Cleaning Payroll	6511		\$ -	\$ 25,772
	Grounds Payroll	6535		\$ 25,772	
	Repairs Payroll	6540		-	
	Payroll	6510			
Supplies 6515	Janitor and Cleaning Supplies	6516		\$ 49	\$ 5,687
	Exterminating Supplies	6522		-	
	Ground Supplies	6536		-	
	Repairs Material	6541		\$ 5,638	
	Decorating Supplies	6561		-	
	Supplies	6515	4420		
Contracts 6520	Janitor and Cleaning Contracts	6517		\$ -	\$ 10,534
	Exterminating Contracts	6519		\$ 225	
	Grounds Contracts	6537		\$ 1,325	
	Repairs Contracts	6542		\$ 8,984	
	Elevator Maintenance Contract	6545		-	
	Swimming Pool Maintenance Contract	6547		-	
	Decorating (Painting) Contract/Payroll	6560		-	
Contracts	6520	4430			
Misc. 6790	Miscellaneous Taxes, Licenses, Permits	6719		\$ -	\$ 0
	Other Insurance	6729		-	
	Miscellaneous Taxes, Permits & Insurance	6790			

*** Owner to specify account numbers if not provided

**COMPUTATION OF SURPLUS CASH,
DISTRIBUTIONS, AND RESIDUAL RECEIPTS**

Connecticut Housing Finance Authority
Asset Management - Multifamily Housing

CHFA Form HM 6-51 (Rev. 12/2014)

Project Name: <u>Kings Corner Manor</u>	Fiscal Year-End: <u>December 31, 2020</u>
CHFA Number: <u>072-E-169 / 86004D</u>	Beginning Date: <u>January 1, 2020</u>
HUD Number: <u>N/A</u>	Mortgagor: <u>N/A</u>

Part A - COMPUTE SURPLUS CASH

CASH	1. Cash (Accounts 1110, 1120, 1191, 1192)	\$ 39,077	
	2. Tenant Subsidy vouchers due for period covered by financial statement	\$ 0	
	3. Other (describe)	\$ 0	
	(A) Total Cash (Add Lines 1, 2, and 3)		\$ 39,077
CURRENT OBLIGATIONS	4. Accrued mortgage interest payable	\$ 0	
	5. Delinquent mortgage principal payments	\$ 0	
	6. Delinquent deposits to reserve for replacements	\$ 0	
	7. Accounts payable (due within 30 days)	\$ 2,216	
	8. Loans and notes payable (due within 30 days, if allowed under CHFA loan documents)	\$ 0	
	9. Deficient Tax Insurance or MIP Escrow Deposits	\$ 0	
	10. Accrued expenses (not escrowed)	\$ 323	
	11. Prepaid Rents (Account 2210)	\$ 3,369	
	12. Tenant security deposits liability (Account 2191)	\$ 0	
	13. Other (Describe)	\$ 0	
	(B) Less: Total Current Obligations (Add Lines 4 through 13)		\$ 5,908
	(C) Surplus Cash (Deficiency)(Line (A) minus Line (B))		\$ 33,169

Part B - COMPUTE DISTRIBUTIONS TO OWNERS AND REQUIRED DEPOSIT TO RESIDUAL RECEIPTS

	1a. Surplus Cash (From Line (C))		\$ 33,169
	1b. Less: Additional Interest Due CHFA, if applicable		\$ 0
	1c. Surplus Cash Available for Distribution		\$ 33,169
LIMITED DIVIDEND PROJECTS	2a. Annual Distribution Earned During Fiscal Period Covered by Statement	\$ 0	
	2b. Distribution Accrued and Unpaid as of the End of the Fiscal Period	\$ 0	
	2c. Distributions Paid During Fiscal Period Covered by Statement	\$ 0	
	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$ 0	
	4. Amount Available for Distribution During Next Fiscal Period		\$ 0
	5. Deposits Due Residual Receipts (Must be deposited with Mortgagee within 60 days after Fiscal Period ends)		\$ 0

See independent auditors' report

**COMPUTATION OF
NET OPERATING INCOME**

Connecticut Housing Finance Authority
Asset Management - Multifamily Housing

CHFA Form HM 6-52 (Rev. 12/2014)

Project Name: <u>Kings Corner Manor</u>	Fiscal Year-End: <u>December 31, 2020</u>
CHFA Number: <u>072-E-169 / 86004D</u>	Beginning Date: <u>January 1, 2020</u>
HUD Number: <u>N/A</u>	Mortgagor: <u>N/A</u>

Part I - COMPUTE NET OPERATING INCOME (Source HM 6-50 "Statement of Operations")

	Account #	
A. Profit (Loss) before Depreciation	5060T	\$ 45,015
B. Less: Revenue from Investments - Residual Receipts	5430	\$ -
C. Less: Revenue from Investments - Replacement Reserves	5440	\$ 263
D. Less: Revenue from Investments - Miscellaneous (Restricted Accounts Only)	5490	\$ 517
E. Plus: Total Financial Expenses	6800T	\$ -
F. Less: Replacement Reserve Deposits	Part II #2	\$ -
G. Net Operating Income (NOI)		\$ 44,235

Part II - IDENTIFY SPECIAL FINANCIAL CONDITIONS FOR ADJUSTMENT

A. Replacement Reserves

1) Disbursements from replacement reserve during period covered by the statement \$ 20,000

a) Plus: Pending requests at year-end for the release of funds from the replacement reserve to cover items either expensed or capitalized during the period covered by the statement \$ -

b) Less: Total of funds received from replacement reserve during the period covered by the statement that were expensed or capitalized in prior years \$ -

c) Less: Amount capitalized as increases in fixed assets during the period covered by the statement \$ 20,000

d) Total disbursements from the replacement reserve included as expenses on HM 6-50 \$ -

2) Are there any extraordinary or one-time sources of income and/or expense(s) that are included on the Statement of Operations? (e.g.: Proceeds from Insurance claim not received in the same period as the loss) YES NO

3) If YES, explain reason(s) and amount(s) below:

_____	\$ -
_____	\$ -
_____	\$ -
_____	\$ -

TOTAL Extraordinary or one-time income / expense(s) \$ -

B. Other Restricted Reserves

1) Have all disbursements from other restricted reserve accounts (Operating Reserve, Residual Receipts, etc.) been capitalized as Increases on the Schedule of Fixed Assets? YES NO N/A

2) If NO, what is the amount of other restricted reserve account releases that are represented as expenditures on the Statement of Operations? Explain reason(s) and amount(s) below:

_____	\$ -
_____	\$ -
_____	\$ -

C. Interest Reduction Payments (HUD Section 236 developments only)

1) Are Interest Reduction Payments (IRP) from HUD Section 236 contracts shown as Income in Account #5945 and included in the expense line item Interest on Mortgage Payable in Account #6820? YES NO N/A

2) If NO, what is the annual amount of the IRP paid to CHFA by HUD on the development's behalf not included as income in Account #5945? \$ -

Part III - ADJUSTED NET OPERATING INCOME FROM PART II

	Source	
Net Operating Income	Part I - G	\$ 44,235
Plus: Replacement Reserve releases included as expenses in Statement of Operations	Part II - A1	\$ -
Less/Plus: Extraordinary or one-time income / expense(s)	Part II - A3	\$ -
Plus: Other Restricted Reserve Accounts	Part II - B2	\$ -
Plus: Interest Reduction Payments	Part II - C2	\$ -
Equals: Adjusted Net Operating Income (NOI)		\$ 44,235

See independent auditors' report

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

To the Board of Commissioners
The Housing Authority of the Town of Ledyard, Connecticut
Ledyard, Connecticut

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 Ledyard, Connecticut (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise The Housing Authority of the Town of Ledyard, Connecticut's basic financial statements, and have issued our report thereon dated September 26, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, which are described in the accompanying schedule of findings and questioned costs as MW-18-1 and MW-17-1, that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

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

THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT'S RESPONSE TO FINDINGS

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
September 26, 2022

DRAFT

**SCHEDULE OF FINDINGS
AND
QUESTIONED COSTS**

DRAFT

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

- We issued a report dated September 26, 2022 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standard*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting disclosed the following material weaknesses:

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT AUDITING
STANDARDS***

MW-18-1 FINANCIAL STATEMENT ADJUSTMENTS (*Repeat Finding*)

During our audit, we identified certain material misstatements in the financial statements which required adjustments to the following accounts in order for them to be presented in accordance with accounting principles prescribed by GAAP:

- 1) Cash
- 2) Accounts Receivable
- 3) Grants Receivable
- 4) Prepaid Insurance
- 5) Capital Assets
- 6) Accounts Payable
- 7) Accrued Expenses
- 8) Prepaid Rent
- 9) Unearned Revenue
- 10) Net Position

Recommendation: We recommend that management implement procedures to ensure that all appropriate adjustments are made to the balance sheet accounts at year-end.

Management’s Response: We will have Austin & Macione complete the adjustments to the balance sheet.

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT AUDITING
STANDARDS (Continued)***

MW-17-1 INTERNAL CONTROL OVER FINANCIAL REPORTING (*Repeat Finding*)

Due to the nature and size of the Authority, the entity does not have the financial expertise and internal controls over the preparation of the financial statements that would enable the staff and members charged with governance to prevent or detect a misstatement in those financial statements.

Recommendation: We recommend that management acquire the financial expertise in the area of the preparation of the financial statements and improve internal controls that would permit the Authority with the necessary skills to prevent or detect a misstatement in the preparation of the financial statements.

Management's Response: Management agrees with the finding, but due to limited resources it is not practicable to hire accounting expertise.

DRAFT

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT
SUMMARY SCHEDULE OF THE STATUS OF
PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

PRIOR YEAR AUDIT FINDINGS CORRECTED

MW-18-2 capital asset reporting

PRIOR YEAR AUDIT FINDINGS REPEATED

MW-18-1 financial statement adjustments

MW-17-1 internal control over financial reporting

DRAFT