

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

**LEDYARD, CONNECTICUT**

**CHFA PROJECT NO. 072-E-169**

**BASIC FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2021**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT,**

**SUPPLEMENTARY INFORMATION,**

**AND**

**GOVERNMENTAL AUDITING  
STANDARDS REPORT**

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT**  
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**DECEMBER 31, 2021**

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**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Housing Authority of the Town of Ledyard, Connecticut as of December 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Housing Authority of the Town of Ledyard, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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

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# THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021. Please review it in conjunction with the Authority's basic financial statements, which begin on page 8.

## FINANCIAL HIGHLIGHTS

- At December 31, 2021, the assets of the Authority *exceeded* its liabilities by \$532,517. Of this amount \$122,833 may be used to meet the Authority's ongoing obligations to citizens and creditors. The remaining \$409,684 was invested in capital assets.
- Total net position *increased* by \$57,529 from \$474,988 at December 31, 2020 to \$532,517 at December 31, 2021.
- Net position invested in capital assets *increased* by \$25,090. This is the net of a *decrease* of \$4,790 for depreciation expense and an *increase* of 29,880 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 8-10) 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, 2021**

**FINANCIAL ANALYSIS (Continued)**

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

	2021	2020	Increase (Decrease)
Current and other assets	\$ 135,832	\$ 106,141	\$ 29,691
Capital assets, net	409,684	384,594	25,090
Total assets	<u>\$ 545,516</u>	<u>\$ 490,735</u>	<u>\$ 54,781</u>
Current liabilities	\$ 12,999	\$ 15,747	\$ (2,748)
Total liabilities	12,999	15,747	(2,748)
Net position			
Invested in capital assets	409,684	384,594	25,090
Unrestricted	122,833	90,394	32,439
Total net position	<u>532,517</u>	<u>474,988</u>	<u>57,529</u>
Total liabilities and net position	<u>\$ 545,516</u>	<u>\$ 490,735</u>	<u>\$ 54,781</u>

Total assets *increased* during the year ended December 31, 2021 as a result of an *increase* in cash and cash equivalents and an *increase* in capital assets, net. Current liabilities *decreased* as a result of a *decrease* 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, 2021**

**FINANCIAL ANALYSIS (Continued)**

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

	2021	2020	Increase (Decrease)
<b>OPERATING REVENUES</b>			
Net rental income	\$ 139,249	\$ 126,140	\$ 13,109
Laundry income	2,658	2,996	(338)
Other income	19,488	1,202	18,286
Total operating revenues	<u>161,395</u>	<u>130,338</u>	<u>31,057</u>
<b>OPERATING EXPENSES</b>			
Administrative	33,733	35,435	(1,702)
Utilities	10,447	9,531	916
Maintenance	62,743	45,485	17,258
Taxes and insurance	23,137	28,147	(5,010)
Depreciation	4,790	4,669	121
Total operating expenses	<u>134,850</u>	<u>123,267</u>	<u>11,583</u>
Operating income	26,545	7,071	19,474
<b>NON-OPERATING REVENUES</b>			
Capital grants	29,880	32,495	(2,615)
Interest income	1,104	780	324
Total non-operating revenues	<u>30,984</u>	<u>33,275</u>	<u>324</u>
Change in net position	57,529	40,346	17,183
<b>Net position,</b>			
Beginning of year	474,988	434,642	40,346
End of year	<u>\$ 532,517</u>	<u>\$ 474,988</u>	<u>\$ 57,529</u>

The primary source of revenue for the Authority is rental income. Net rental income *increased* 10.39% for the year ended December 31, 2021 due to an *increase* in rental rates for 2021. Other income *increased* due to funds received for the purchase of new refrigerators for all apartments in the Authority, and accordingly, maintenance expense *increased* due to the purchase of the new refrigerators. The *decrease* in taxes and insurance was due to a *decreased* PILOT rate adopted 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.

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At December 31, 2021, the Authority had over \$1.8 million invested in various capital assets as listed below:

Land	\$ 315,926
Construction in progress	62,375
Buildings	1,350,917
Furniture & Equipment	76,953
Total	<u>\$ 1,806,171</u>

Current year additions consist of additional construction in progress of \$29,880 related to the federal small cities grant.

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, 2021, 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, 2022, the Authority has adopted a balanced budget that is \$15,613 or 11.31% higher than the budget for the year ended December 31, 2021.
- 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**

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**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT**  
**PROJECT NO. 072-E-169**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 120,887
Cash - tenant security deposits held in trust	800
Grants receivable	9,346
Prepaid expenses	4,799
Total current assets	135,832

**NONCURRENT ASSETS**

Capital assets, non-depreciable	378,301
Capital assets, net of accumulated depreciation	31,383
Total noncurrent assets	409,684

Total assets	\$ 545,516
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**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable	\$ 2,238
Accrued expenses	7,439
Prepaid tenant rents	2,522
Tenant security deposits	800
Total current liabilities	12,999
Total liabilities	12,999

**NET POSITION**

Net investment in capital assets	409,684
Unrestricted	122,833
Total net position	532,517

Total liabilities and net position	\$ 545,516
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*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, 2021**

OPERATING REVENUES	
Net rental income	\$ 139,249
Laundry income	2,658
Other income	19,488
Total operating revenues	161,395
OPERATING EXPENSES	
Administrative	33,733
Utilities	10,447
Maintenance	62,743
Taxes and insurance	23,137
Depreciation	4,790
Total operating expenses	134,850
Operating income	26,545
NON-OPERATING REVENUES	
Capital grants	29,880
Interest income	1,104
Total non-operating revenues	30,984
Change in net position	57,529
NET POSITION, beginning of year	474,988
NET POSITION, end of year	\$ 532,517

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*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, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from tenants and others for rent	\$ 138,402
Cash paid to vendors	(76,726)
Cash paid to employees for services	(53,015)
Other receipts	18,167
Net cash provided by operating activities	<u>26,828</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Cash receipts from capital grants	53,029
Purchase of capital assets	(29,880)
Net cash used in capital and related financing activities	<u>23,149</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income received on cash and cash equivalents	1,104
Net cash provided by investing activities	<u>1,104</u>
Net increase in cash and cash equivalents	51,081
CASH AND CASH EQUIVALENTS, beginning of year	69,806
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 120,887</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 26,545
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,790
Increase in tenant security deposits held in trust - funded	(800)
Increase in prepaid expenses	(959)
Increase in accounts payable	22
Increase in accrued expenses	1,256
Decrease in prepaid tenant rents	(847)
Increase in tenant security deposits liability	800
Decrease in unearned revenue	(3,979)
Net cash provided by operating activities	<u>\$ 26,828</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, 2021**

**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, 2021**

**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, 2021**

**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, 2021, the Authority’s cash and cash equivalents were as follows:

	Carrying Amount
Deposit accounts	\$ 83,325
Conencticut Short Term Investment Fund	37,562
Total cash and cash equivalents	\$ 120,887

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, 2021, the carrying amount of the Authority’s deposits with financial institutions was \$83,325 and the bank balance was \$80,830 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 \$9,346 for funds spent during the year, not reimbursed as of December 31, 2021 in accordance with the grant.

**THE HOUSING AUTHORITY OF THE TOWN OF LEDYARD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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	29,880	-	62,375
Total nondepreciable assets	348,421	29,880	-	378,301
Depreciable assets:				
Buildings	1,350,917	-	-	1,350,917
Furniture and equipment	76,953	-	-	76,953
Total depreciable assets	1,427,870	-	-	1,427,870
Totals at historical cost	\$ 1,776,291	\$ 29,880	\$ -	\$ 1,806,171
Less accumulated depreciation				
Buildings	\$ 1,340,992	\$ 863	\$ -	\$ 1,341,855
Furniture and equipment	50,705	3,927	-	54,632
Total accumulated depreciation	1,391,697	4,790	-	1,396,487
Capital assets, net	\$ 384,594	\$ 25,090	\$ -	\$ 409,684

**Construction in Progress**

During 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 an additional \$29,880 during the year ended December 31, 2021, bringing the predevelopment cost to \$62,375 at year end.

**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 7% 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, 2021**

**NOTE 7 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2021 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 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).

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).

**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, 2021</u>
CHFA Number: <u>072-E-169/86004D</u>	Beginning Date: <u>January 1, 2021</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	\$ 68,569		
	Rental Income-Excess of Base	5120.1	3100.1	\$ 72,780		
	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		\$ -		
	<b>Total Rent Revenue (GPI @ 100% Occupancy)</b>	5100T			\$ 141,349	
Vacancies 5200	Apartments- Vacancy	5220	3210	\$ 2,100		
	Stores & Commercial- Vacancy	5240		\$ -		
	Rental Concessions	5250		\$ -		
	Garage & Parking- Vacancy	5270		\$ -		
	Miscellaneous** (other vacancy)	5290		\$ -		
		<b>Total Vacancies</b>	5200T			\$ 2,100
	<b>Net Rental Revenue Rent Revenue Less Vacancy</b>	5125N			\$ 139,249	
	Elderly & Congregate Service Income (attach schedule)	5300		\$ -		
Financial Revenue 5400	Financial Revenue - Project Operations	5410	3610	\$ -		
	Revenue from Investments - Residual Receipts	5430		\$ -		
	Revenue from Investments - Replacement Reserves	5440		\$ 33		
	Revenue from Investments - Miscellaneous **	5490		\$ 1,071		
		<b>Total Financial Revenue</b>	5400T			\$ 1,104
Other Revenue 5900	Laundry & Vending Revenue	5910	3620	\$ 2,658		
	Tenant Charges	5920		\$ -		
	Sales & Service to Tenants (including Cable TV fees)	5943	3510	\$ -		
	Interest Reduction Payments	5945		\$ -		
	Grant Income - Capital Grant - Unrestricted	5980		\$ 29,880		
	Grant Income - Capital Grant - Temporarily Restricted	5981		\$ -		
	Miscellaneous Revenue (Specify) **	5990	6100	\$ 19,488		
		<b>Food Pantry Grant \$2,000, Refrigerators incentives \$17,298</b>				
		<b>Total Other Revenue</b>	5900T			\$ 52,026
		<b>Total Revenue</b>	5000T			\$ 192,379
Administrative Expenses 6200/6300	Conventions & Meetings	6203	4153	\$ 965		
	Management Consultants	6204		\$ -		
	Advertising & Marketing	6210		\$ 25		
	Apartment Resale Expenses (Coops)	6235		\$ -		
	Other Renting Expenses	6250	4152	\$ -		
	Office Salaries	6310	4120	\$ 26,175		
	Salaries - RSC	6310.1		\$ -		
	Office Expenses	6311		\$ 2,271		
	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	\$ 630		
	Audit Expense	6350		\$ -		
	Bookkeeping Fees/Accounting Services	6351	4131	\$ 1,365		
	Bad Debts	6370	4820	\$ -		
	State Service Charge - Administrative	6380	4716	\$ -		
Miscellaneous Administrative Expenses **	6390		\$ 2,302			
	<b>Total Administrative Expenses</b>	6263T			\$ 33,733	

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	\$ 3,901	
	Water	6451	4310	\$ 6,546	
	Gas	6452	4330	\$ -	
	Sewer	6453	4360	\$ -	
	Cable Television	6454	4350	\$ -	
	<b>Total Utilities Expense</b>	6400T			\$ 10,447
Operating & Maintenance Expenses 6500	Payroll	6510	4410	\$ 26,840	
	Compensated Absences - Maintenance Wages	6510.1	4410.1	\$ -	
	Supplies	6515	4420	\$ 19,515	
	Contracts	6520	4430	\$ 8,099	
	Operating & Maintenance Rent Free Unit	6521		\$ -	
	Garbage & Trash Removal	6525	4710	\$ 2,646	
	Security Payroll/ Contracts	6530		\$ -	
	Security Rent Free Unit	6531		\$ -	
	Heating/Cooling Repairs & Maintenance	6546		\$ -	
	Snow Removal	6548		\$ 5,000	
	Vehicle & Maintenance Equip. Operation & Repair	6570	4440	\$ 643	
	Miscellaneous Operating & Maintenance **	6590	6200	\$ -	
<b>Total Operating &amp; Maintenance Expenses</b>	6500T			\$ 62,743	
Taxes & Insurance 6700	Real Estate Tax	6710	4715	\$ 9,016	
	Payroll Taxes (project share)	6711	4161	\$ 4,491	
	Property & Liability Insurance	6720	4711	\$ 5,626	
	Fidelity Bond Insurance	6721		\$ 755	
	Workmen's Compensation	6722		\$ 3,249	
	Health Insurance & Other Employee Benefits	6723	4160	\$ -	
	Pension Expense	6724		\$ -	
	Other Post-Employment Benefits Expense	6725		\$ -	
	Misc. Taxes, Licenses, Permits & Insurance **	6790		\$ -	
	<b>Total Taxes &amp; Insurance</b>	6700T			\$ 23,137
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		\$ -	
<b>Total Financial Expenses</b>	6800T			\$ -	
	<b>Elderly &amp; Congregate Services Exp. (attach schedule)</b>	6900		\$ -	
	<b>Total Cost of Operations before Depreciation &amp; Amortization</b>	6000T		\$ 130,060	
	<b>Profit (Loss) before Depreciation &amp; Amortization</b>	5080T		\$ 62,319	
	Depreciation Expenses	6600		\$ 4,790	
	Amortization Expense	6610		\$ -	
	<b>Total Depreciation &amp; Amortization Expense</b>			\$ 4,790	
	<b>Operating Profit (Loss) after Depreciation &amp; Amortization</b>	5060N		\$ 57,529	
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		\$ -	
	<b>Net Entity Expenses</b>	7100T		\$ -	
	<b>Net Profit (Loss)</b>	3250		\$ 57,529	

\* 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.	\$	-
2 Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.	\$	-
3 Replacement or Painting Reserve releases which are included as expense items on the Income Statement.	\$	-
4 Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Income Statement.	\$	-

Part III- Income & Expense Sub-Accounts

	Description of Account	HUD Acct. #	SHP Acct. #	Amount*	
Tenant Charges 5920	NSF & Late Charges	5915		\$ -	
	Damages & Cleaning Fees	5930		\$ -	
	Forfeited Tenant Security Deposits	5940		\$ -	
	<b>Tenant Charges</b>	5920			\$ -
Office 6311	Office Supplies	6315	4151	\$ 137	
	Telephone and Answering Service	6360		\$ 2,134	
	<b>Office Expenses</b>	6311			\$ 2,271
Payroll 6510	Janitor and Cleaning Payroll	6511		\$ -	
	Grounds Payroll	6535		\$ 26,840	
	Repairs Payroll	6540		\$ -	
	<b>Payroll</b>	6510			\$ 26,840
Supplies 6515	Janitor and Cleaning Supplies	6516		\$ 129	
	Exterminating Supplies	6522		\$ -	
	Ground Supplies	6536		\$ -	
	Repairs Material	6541		\$ 19,386	
	Decorating Supplies	6561		\$ -	
	<b>Supplies</b>	6515	4420		\$ 19,515
Contracts 6520	Janitor and Cleaning Contracts	6517		\$ -	
	Exterminating Contracts	6519		\$ 900	
	Grounds Contracts	6537		\$ 750	
	Repairs Contracts	6542		\$ 6,449	
	Elevator Maintenance Contract	6545		\$ -	
	Swimming Pool Maintenance Contract	6547		\$ -	
	Decorating (Painting) Contract/Payroll	6560		\$ -	
	<b>Contracts</b>	6520	4430		\$ 8,099
Misc. 6790	Miscellaneous Taxes, Licenses, Permits	6719		\$ -	
	Other Insurance	6729		\$ -	
	<b>Miscellaneous Taxes, Permits &amp; Insurance</b>	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 6-51A (Rev. 12/2014)

Project Name: <u>Kings Corner Manor</u>	Fiscal Year-End: <u>December 31, 2021</u>
CHFA Number: <u>072-E-169/86004D</u>	Beginning Date: <u>January 1, 2021</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)	\$	54,427		
	2. Tenant Subsidy vouchers due for period covered by financial statement	\$	-		
	3. Other (describe)	\$	-		
	<b>(A) Total Cash (Add Lines 1, 2, and 3)</b>			\$	54,427
CURRENT OBLIGATIONS	4. Accrued mortgage interest payable	\$	-		
	5. Delinquent mortgage principal payments	\$	-		
	6. Delinquent deposits to reserve for replacements	\$	-		
	7. Accounts payable (due within 30 days)	\$	2,238		
	8. Loans and notes payable (due within 30 days, if allowed under CHFA loan documents)	\$	-		
	9. Deficient Tax Insurance or MIP Escrow Deposits	\$	-		
	10. Accrued expenses (not escrowed)	\$	985		
	11. Prepaid Rents (Account 2210)	\$	2,522		
	12. Tenant security deposits liability (Account 2191)	\$	800		
	13. Other (Describe)	\$	-		
	<b>(B) Less: Total Current Obligations (Add Lines 4 through 13)</b>			\$	6,545
	<b>(C) Surplus Cash (Deficiency)(Line (A) minus Line (B))</b>			\$	47,882

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

	1a. Surplus Cash (From Line (C))		\$	47,882
	1b. Less: Additional Interest Due CHFA, if applicable		\$	-
	1c. Surplus Cash Available for Distribution		\$	47,882
LIMITED DIVIDEND PROJECTS	2a. Annual Distribution Earned During Fiscal Period Covered by Statement	\$	-	
	2b. Distribution Accrued and Unpaid as of the End of the Fiscal Period	\$	-	
	2c. Distributions Paid During Fiscal Period Covered by Statement	\$	-	
	3. Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$	-	
	4. Amount Available for Distribution During Next Fiscal Period		\$	-
	5. Deposits Due Residual Receipts (Must be deposited with Mortgagee within 60 days after Fiscal Period ends)		\$	-

*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, 2021</u>
CHFA Number: <u>072-E-169/86004D</u>	Beginning Date: <u>January 1, 2021</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	\$ <u>62,319</u>
B. Less: Revenue from Investments - Residual Receipts	5430	\$ <u>-</u>
C. Less: Revenue from Investments - Replacement Reserves	5440	\$ <u>33</u>
D. Less: Revenue from Investments - Miscellaneous (Restricted Accounts Only)	5490	\$ <u>1,071</u>
E. Plus: Total Financial Expenses	6800T	\$ <u>-</u>
F. Less: Replacement Reserve Deposits	Part II #2	\$ <u>-</u>
<b>G. Net Operating Income (NOI)</b>		<b>\$ <u>61,215</u></b>

**Part II - IDENTIFY SPECIAL FINANCIAL CONDITIONS FOR ADJUSTMENT**

**A. Replacement Reserves**

1) Disbursements from replacement reserve during period covered by the statement \$ -

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 \$ -

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:

	\$ <u>-</u>

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:

	\$ <u>-</u>
	\$ <u>-</u>

\$ -

**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	\$ <u>61,215</u>
Plus: Replacement Reserve releases included as expenses in Statement of Operations	Part II - A1	\$ <u>-</u>
Less/Plus: Extraordinary or one-time income / expense(s)	Part II - A3	\$ <u>-</u>
Plus: Other Restricted Reserve Accounts	Part II - B2	\$ <u>-</u>
Plus: Interest Reduction Payments	Part II - C2	\$ <u>-</u>
<b>Equals: Adjusted Net Operating Income (NOI)</b>		<b>\$ <u>61,215</u></b>

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, 2021, 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.

**REPORT ON 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.

## REPORT ON 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 AUTHORITY'S RESPONSE TO FINDINGS

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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, 2021**

**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) Unrestricted 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, 2021**

**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, 2021**

**PRIOR YEAR AUDIT FINDINGS CORRECTED**

None

**PRIOR YEAR AUDIT FINDINGS REPEATED**

MW-18-1 financial statement adjustments  
MW-17-1 internal control over financial reporting

DRAFT