



Chairman  
Charles Duzy

# TOWN OF LEDYARD CONNECTICUT

## Housing Authority

### ~ AGENDA ~

60 Kings Highway  
Kings Corner Manor  
Gales Ferry, Connecticut 06335

Regular Meeting

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**Monday, October 3, 2022**

**7:00 PM**

**Kings Corner Manor**

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**I. CALL TO ORDER**

**II. ROLL CALL**

**III. OPENING AND CLOSING FLOOR TO TENANTS**

**IV. BOARD MEMBER COMMENTS**

**V. REPORTS**

1. Motion to accept the Payments of Bills and Financial Report
2. Reports of the Executive Director
3. Reports of the Chairman

**VI. APPROVAL OF MINUTES**

1. MOTION to approve the Regular Meeting Minutes of August 2022

**Attachments:** [Housing Authority - MINUTES -2022-08-01](#)

**VII. OLD BUSINESS**

1. CDBG Small Cities Grant
2. Any Old Business to come before the Board

**VIII. NEW BUSINESS**

1. Suggestion Box
2. Motion to accept 2020 and 2021 audit reports prepared by Hoyt, Filippetti & Malaghan LLC

**Attachments:** [Signature Page 2021](#)  
[Signature Page 2020](#)  
[Management Representation Letter](#)  
[Governance Letter](#)  
[Ledyard Housing 2020 Draft](#)  
[Ledyard Housing 2021 Draft](#)

3. Any New Business to come before the Board

**IX. TENANT REPRESENTATIVE COMMENTS**

**X. ADJOURNMENT**

DISCLAIMER: Although we try to be timely and accurate these are not official records of the Town.



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-369

**Agenda Date:** 10/3/2022

**Agenda #:** 1.

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## REPORT

**Report:**

Motion to accept the Payments of Bills and Financial Report



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-370

**Agenda Date:** 10/3/2022

**Agenda #:** 2.

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## REPORT

**Report:**

Reports of the Executive Director



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-372

**Agenda Date:** 10/3/2022

**Agenda #:** 3.

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## REPORT

**Report:**

Reports of the Chairman



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-373

**Agenda Date:** 10/3/2022

**Agenda #:** 1.

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## MINUTES

**Minutes:**

MOTION to approve the Regular Meeting Minutes of August 2022



TOWN OF LEDYARD  
CONNECTICUT  
HOUSING AUTHORITY

60 Kings Corner  
Kings Corner Manor  
Gales Ferry, Connecticut 06355

Chairman Charles Duzy

REGULAR MEETING

~ MINUTES ~

Monday, August 1, 2022

6:00 PM

Kings Corner Manor

**DRAFT**

**I. CALL TO ORDER**

**II. ROLL CALL**

**Present** Board Member Dayna Waterhouse  
Board Member Hilary Evans  
Board Member Paula Crocker  
Chair Charles Duzy  
**Absent** Board Member Thomas Cassabria

In addition, the following were also in attendance:

Colleen Lauer - Housing Director

Mary McGratten - Town Council Liason

Tenants Present/Apartment 16, 9, 24, 14, 26, 25

**III. OPENING AND CLOSING OF FLOOR TO TENANTS**

#25 when will renovations begin? There will be an informational meeting with contractor when we have more information and dates

#24 request comments be done at the end of the meeting. This has been brought up several times and will remain the same.

**IV. BOARD MEMBER COMMENTS**

Thank you Peter for watering.

Could use help in weeding the garden.

**V. REPORTS**

**1. Motion to accept the Payment of Bills and Financial report**

**RESULT:** RECEIVED AND FILED

**MOVER:** Charles Duzy

**SECONDER:** Hilary Evans

**AYE:** 4 Waterhouse, Evans, Crocker, and Duzy

**ABSENT:** 1 Cassabria

**2. Reports of the Executive Director**

- Ledyard Social Services renewals were due July 31, Contact Kristen if you need to renew

- Renters rebate ongoing, contact Karen if you need to apply
- Garden is doing great and everything was by donation
- Stairs are almost completed with handrails and will plant grass in the fall and add a bench
- Reminder to use the correct form that is in the hallway for work orders, concerns and renovation questions
- We have an intern working with us from New London Youth Affairs as part of their youth employment training program

3. Reports of the Chairman

No Report

**VI. APPROVAL OF MINUTES**

1. MOTION to approve the Regular Meeting Minutes of May, Special Meeting Minutes of May & June

**RESULT:** APPROVED AND SO DECLARED

**MOVER:** Charles Duzy

**SECONDER:** Hilary Evans

**AYE:** 4 Waterhouse, Evans, Crocker, and Duzy

**ABSENT:** 1 Cassabria

**VII. OLD BUSINESS**

1. CDBG Small Cities Grant

- BRD building permit issued
- No tentative scheduled start date yet
- The contractor should be ordering materials
- CHFA has contract to approve
- Information will be given at an information meeting with the contractor hopefully in August

**RESULT:** CONTINUE

Any Old Business proper to come before the Committee

None

**VIII. NEW BUSINESS**

1. Suggestion Box

None

**RESULT:** CONTINUE

2. Motion and possible action to adopt Tenant Commissioner Election Procedure and supporting

documents.

**RESULT:** APPROVED AND SO DECLARED

**MOVER:** Paula Crocker

**SECONDER:** Dayna Waterhouse

**AYE:** 4 Waterhouse, Evans, Crocker, and Duzy

**ABSENT:** 1 Cassabria

3. Motion and possible action to adopt a Yard Policy and supporting documents.

**RESULT:** APPROVED AND SO DECLARED

**MOVER:** Charles Duzy

**SECONDER:** Hilary Evans

**AYE:** 4 Waterhouse, Evans, Crocker, and Duzy

**ABSENT:** 1 Cassabria

Any New Business proper to come before the Committee

None

## **IX. TENANT REPRESENTATIVE COMMENTS**

None

## **X. ADJOURNMENT**

Motion to adjourn @7:34

Motion by Hillary Evans, Seconded by Paula Crocker, Dana Waterhouse

AYE, Charles Duzy AYE

Motion carried

Respectively Submitted,

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Chairman Duzy  
Ledyard Housing Authority



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-156

**Agenda Date:** 10/3/2022

**Agenda #:** 1.

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AGENDA REQUEST  
GENERAL DISCUSSION ITEM

**Subject:**

CDBG Small Cities Grant

**Background:**

(type text here)

**Department Comment/Recommendation:**

(type text here)



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-540

**Agenda Date:** 10/3/2022

**Agenda #:** 2.

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AGENDA REQUEST  
GENERAL DISCUSSION ITEM

**Subject:**

Any Old Business to come before the Board

**Background:**

(type text here)

**Department Comment/Recommendation:**

(type text here)



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-157

**Agenda Date:** 10/3/2022

**Agenda #:** 1.

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AGENDA REQUEST  
GENERAL DISCUSSION ITEM

**Subject:**

Suggestion Box

**Background:**

(type text here)

**Department Comment/Recommendation:**

(type text here)



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-543

**Agenda Date:** 10/3/2022

**Agenda #:** 2.

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## REPORT

**Staff/Committee Report:**

Motion to accept 2020 and 2021 audit reports prepared by Hoyt, Filippetti & Malaghan LLC

**Connecticut Housing Finance Authority  
State Housing Portfolio**

**Affidavit for Audited Financial Statements**

Sponsor/Authority Name: The Housing Authority of the Town of Ledyard, Connecticut

Project Name: Kings Corner Manor Project #: 072-E-169

For the Period Ending: 12/31/2021

**OWNER / SPONSORS' CERTIFICATION**

We hereby certify that we have examined the accompanying Audited Financial Statements and supplemental data of The Housing Authority of the Town of Ledyard, CT, and, to the best of our knowledge and belief, the same is complete and accurate.

Signed By: \_\_\_\_\_  
President/Chairman Duly Authorized

Date: \_\_\_\_\_

Employer Identification Number (EIN): \_\_\_\_\_

**MANAGEMENT AGENT'S CERTIFICATION**

We hereby certify that we have examined the accompanying Audited Financial Statements and supplemental data of \_\_\_\_\_, and, to the best of our knowledge and belief, the same is complete and accurate.

Signed By: \_\_\_\_\_  
Management Agent Duly Authorized

Date: \_\_\_\_\_

Employer Identification Number (EIN): \_\_\_\_\_

**Connecticut Housing Finance Authority  
State Housing Portfolio**

**Affidavit for Audited Financial Statements**

Sponsor/Authority Name: The Housing Authority of the Town of Ledyard, Connecticut

Project Name: Kings Corner Manor Project #: 072-E-169

For the Period Ending: 12/31/2020

**OWNER / SPONSORS' CERTIFICATION**

We hereby certify that we have examined the accompanying Audited Financial Statements and supplemental data of The Housing Authority of the Town of Ledyard, CT, and, to the best of our knowledge and belief, the same is complete and accurate.

Signed By: \_\_\_\_\_  
President/Chairman Duly Authorized

Date: \_\_\_\_\_

Employer Identification Number (EIN): \_\_\_\_\_

**MANAGEMENT AGENT'S CERTIFICATION**

We hereby certify that we have examined the accompanying Audited Financial Statements and supplemental data of \_\_\_\_\_, and, to the best of our knowledge and belief, the same is complete and accurate.

Signed By: \_\_\_\_\_  
Management Agent Duly Authorized

Date: \_\_\_\_\_

Employer Identification Number (EIN): \_\_\_\_\_

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

## **MANAGEMENT REPRESENTATION LETTER**

September 26, 2022

Hoyt, Filippetti & Malaghan, LLC  
1041 Poquonnock Road  
Groton, Connecticut 06340

Dear Hoyt, Filippetti & Malaghan, LLC:

This representation letter is provided in connection with your audits of the financial statements of The Housing Authority of The Town of Ledyard, Connecticut (the Authority) as of December 31, 2021 and 2020, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, the changes in its financial position, and its cash flows in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 26, 2022:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 17, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification™ (ASC) 450, Contingencies), and we have not consulted a lawyer concerning litigation, claims, or assessments. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

- With respect to the nonattest services as outlined in the audit engagement letter dated May 17, 2022, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.
- With respect to the required supplementary information, as outlined in the audit engagement letter dated May 17, 2022, accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with US GAAP.
  - We believe the required supplementary information including its form and content, is measured and fairly presented in accordance with US GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior year.
- With respect to the supplementary information, as outlined in the audit engagement letter dated May 17, 2022, accompanying the financial statements:
  - We acknowledge our responsibility for the presentation of the supplementary information in accordance with US GAAP.
  - We believe the supplementary information including its form and content, is measured and fairly presented in accordance with US GAAP.
  - The methods of measurement or presentation have not changed from those used in the prior year.
  - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditors' report thereon.
  - We acknowledge our responsibility to include the auditors' report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
  - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Authority of the supplementary information and the auditors' report thereon.

## **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,<sup>7</sup> and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;

- A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditors' report.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have expended less than \$750,000 in federal awards and are therefore not subject to a federal single audit.
- We have expended less than \$300,000 in state assistance and are therefore not subject to a state single audit.

Signature	Title	Date
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Signature	Title	Date
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September 26, 2022

Board of Commissioners of  
The Housing Authority of the Town of Ledyard, Connecticut  
60 Kings Highway  
Gales Ferry, CT 06335

Dear Board of Commissioners of The Housing Authority of the Town of Ledyard, Connecticut:

We have audited the financial statements of The Housing Authority of the Town of Ledyard, Connecticut (the Authority) as of and for the years ended December 31, 2021 and 2020, and have issued our reports thereon dated September 26, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated May 17, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weaknesses noted during our audit in a separate letter to you dated September 26, 2022.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Management of the Authority will oversee and take responsibility for the nonattest services as outlined in our engagement letter dated May 17, 2022 to reduce threatened to independence to an acceptable level.

## **Significant Risks Identified**

We have identified the following significant risk:

- Calculations of accounts receivable, unearned revenues, and tenant revenues

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in *Note 1* to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021 or 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

- Management's estimate of the useful lives of capital assets is based on past experience with similar assets. We evaluated key factors and assumptions used to develop the estimated useful lives of property and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to: revenue recognition and capital assets.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified during our audit.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has been provided a listing of the material misstatements that we identified as a result of our audit procedures which were brought to the attention of, and corrected by, management. These adjustments are discussed in the schedule of findings and questioned costs.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances occurred during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated September 26, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended solely for the information and use of the Board of Commissioners, and management of The Housing Authority of the Town of Ledyard, Connecticut and is not intended to be and should not be used by anyone other than these specified parties.

*Hoyt, Filippetti & Malaghan, LLC*

September 26, 2022

**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**  
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## **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	474,988	434,642	40,346
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)
<b>OPERATING REVENUES</b>			
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	130,338	115,537	14,801
<b>OPERATING EXPENSES</b>			
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	123,267	104,206	19,061
Operating income	7,071	11,331	(4,260)
<b>NON-OPERATING REVENUES</b>			
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	33,275	2,722	(1,942)
<b>NON-OPERATING EXPENSES</b>			
Bad debt expense - sundry	-	44,196	(44,196)
Total non-operating expenses	-	44,196	(44,196)
Change in net position	40,346	(30,143)	70,489
Net position,			
Beginning of year	434,642	464,785	(30,143)
End of year	\$ 474,988	\$ 434,642	\$ 40,346

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	<u>106,141</u>

**NONCURRENT ASSETS**

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

Total assets	<u><u>\$ 490,735</u></u>
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**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	<u>15,747</u>
Total liabilities	<u>15,747</u>

**NET POSITION**

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

Total liabilities and net position	<u><u>\$ 490,735</u></u>
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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, 2020**

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

*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	<u>(35,865)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income received on cash and cash equivalents	<u>780</u>
Net cash provided by investing activities	<u>780</u>

Net decrease in cash and cash equivalents	(17,888)
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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	<u>3,979</u>

Net cash provided by operating activities	<u><u>\$ 17,197</u></u>
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*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
Connecticut Short Term Investment Fund	30,729
Total cash and cash equivalents	<u>\$ 69,806</u>

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	<u>\$ 1,740,426</u>	<u>\$ 35,865</u>	<u>\$ -</u>	<u>\$ 1,776,291</u>
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	<u>\$ 353,398</u>	<u>\$ 31,196</u>	<u>\$ -</u>	<u>\$ 384,594</u>

**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		\$ -	
	<b>Total Rent Revenue (GPI @ 100% Occupancy)</b>	<b>5100T</b>			\$ 129,252
Vacancies 5200	Apartments- Vacancy	5220	3240	\$ 3,112	
	Stores & Commercial- Vacancy	5240		\$ -	
	Rental Concessions	5250		\$ -	
	Garage & Parking- Vacancy	5270		\$ -	
	Miscellaneous** (other vacancy)	5290		\$ -	
	<b>Total Vacancies</b>	<b>5200T</b>			\$ 3,112
	<b>Net Rental Revenue Rent Revenue Less Vacancy</b>	<b>5125N</b>			\$ 126,140
	Elderly & Congregate Service Income (attach schedule)	5300			\$ 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	
	<b>Total Financial Revenue</b>	<b>5400T</b>			\$ 780
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) ** food pantry grant	5990	6100	\$ 1,202	
	<b>Total Other Revenue</b>	<b>5900T</b>			\$ 36,693
	<b>Total Revenue</b>	<b>5000T</b>			\$ 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	
	<b>Total Administrative Expenses</b>	<b>6263T</b>			\$ 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	\$ -	
	<b>Total Utilities Expense</b>	6400T			\$ 9,531
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	\$ -	
	<b>Total Operating &amp; Maintenance Expenses</b>	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		\$ -	
	<b>Total Taxes &amp; Insurance</b>	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		\$ -	
	<b>Total Financial Expenses</b>	6800T			\$ 0
	Elderly & Congregate Services Exp. (attach schedule)	6900			\$ 0
	<b>Total Cost of Operations before Depreciation &amp; Int.</b>	6000T			\$ 118,598
	<b>Profit (Loss) before Depreciation &amp; Int.</b>	5060T			\$ 45,015
	Depreciation Expenses	6600		\$ 4,669	
	Amortization Expense	6610		\$ -	
	<b>Total Depreciation &amp; Amortization Expense</b>				\$ 4,669
	<b>Operating Profit (Loss) after Depreciation &amp; Int.</b>	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		\$ -	
	<b>Net Entity Expenses</b>	7100T			\$ 0
	<b>Net Profit (Loss)</b>	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		\$ -	
	Damages & Cleaning Fees	5930		\$ -	
	Forfeited Tenant Security Deposits	5940		\$ -	
	<b>Tenant Charges</b>	5920			\$ 0
Office 6311	Office Supplies	6315	4151	\$ 344	
	Telephone and Answering Service	6360		\$ 1,720	
	<b>Office Expenses</b>	6311			\$ 2,064
Payroll 6510	Janitor and Cleaning Payroll	6511		\$ -	
	Grounds Payroll	6535		\$ 25,772	
	Repairs Payroll	6540		\$ -	
	<b>Payroll</b>	6510			\$ 25,772
Supplies 6515	Janitor and Cleaning Supplies	6516		\$ 49	
	Exterminating Supplies	6522		\$ -	
	Ground Supplies	6536		\$ -	
	Repairs Material	6541		\$ 5,638	
	Decorating Supplies	6561		\$ -	
	<b>Supplies</b>	6515	4420		\$ 5,687
Contracts 6520	Janitor and Cleaning Contracts	6517		\$ -	
	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		\$ -	
	<b>Contracts</b>	6520	4430		\$ 10,534
Misc. 6790	Miscellaneous Taxes, Licenses, Permits	6719		\$ -	
	Other Insurance	6729		\$ -	
	<b>Miscellaneous Taxes, Permits &amp; Insurance</b>	6790			\$ 0

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

**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	\$ -
<b>Equals: Adjusted Net Operating Income (NOI)</b>		<b>\$ 44,235</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, 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

**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.

**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

**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**

DRAFT

## 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

# 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)
OPERATING REVENUES			
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	161,395	130,338	31,057
OPERATING EXPENSES			
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	134,850	123,267	11,583
Operating income	26,545	7,071	19,474
NON-OPERATING REVENUES			
Capital grants	29,880	32,495	(2,615)
Interest income	1,104	780	324
Total non-operating revenues	30,984	33,275	324
Change in net position	57,529	40,346	17,183
Net position,			
Beginning of year	474,988	434,642	40,346
End of year	\$ 532,517	\$ 474,988	\$ 57,529

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**

DRAFT

**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	<u>135,832</u>

**NONCURRENT ASSETS**

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

Total assets	<u><u>\$ 545,516</u></u>
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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	<u>12,999</u>
Total liabilities	12,999

**NET POSITION**

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

Total liabilities and net position	<u><u>\$ 545,516</u></u>
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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	<u>161,395</u>
OPERATING EXPENSES	
Administrative	33,733
Utilities	10,447
Maintenance	62,743
Taxes and insurance	23,137
Depreciation	4,790
Total operating expenses	<u>134,850</u>
Operating income	26,545
NON-OPERATING REVENUES	
Capital grants	29,880
Interest income	1,104
Total non-operating revenues	<u>30,984</u>
Change in net position	57,529
NET POSITION, beginning of year	<u>474,988</u>
NET POSITION, end of year	<u>\$ 532,517</u>

*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**

**CASH FLOWS FROM OPERATING ACTIVITIES**

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>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Cash receipts from capital grants	53,029
Purchase of capital assets	<u>(29,880)</u>
Net cash used in capital and related financing activities	23,149

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income received on cash and cash equivalents	<u>1,104</u>
Net cash provided by investing activities	1,104

Net increase in cash and cash equivalents	51,081
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CASH AND CASH EQUIVALENTS, beginning of year	69,806
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 120,887</u></u>

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES**

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	<u>(3,979)</u>

Net cash provided by operating activities	<u><u>\$ 26,828</u></u>
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*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
Connecticut Short Term Investment Fund	37,562
Total cash and cash equivalents	<u>\$ 120,887</u>

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	<u>\$ 1,776,291</u>	<u>\$ 29,880</u>	<u>\$ -</u>	<u>\$ 1,806,171</u>
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	<u>\$ 384,594</u>	<u>\$ 25,090</u>	<u>\$ -</u>	<u>\$ 409,684</u>

**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</b> (GPI @ 100% Occupancy)	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</b> Rent Revenue Less Vacancy	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)	\$ -	
	(A) Total Cash (Add Lines 1, 2, and 3)		\$ 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) Less: Total Current Obligations (Add Lines 4 through 13)		\$ 6,545
	(C) Surplus Cash (Deficiency)(Line (A) minus Line (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: Kings Corner Manor Fiscal Year-End: December 31, 2021  
CHFA Number: 072-E-169/86004D Beginning Date: January 1, 2021  
HUD Number: N/A Mortgagor: N/A

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

	Account #	
A. Profit (Loss) before Depreciation	5060T	\$ 62,319
B. Less: Revenue from Investments - Residual Receipts	5430	\$ -
C. Less: Revenue from Investments - Replacement Reserves	5440	\$ 33
D. Less: Revenue from Investments - Miscellaneous (Restricted Accounts Only)	5490	\$ 1,071
E. Plus: Total Financial Expenses	6800T	\$ -
F. Less: Replacement Reserve Deposits	Part II #2	\$ -
G. Net Operating Income (NOI)		\$ 61,215

**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:
- \$ -
- \$ -
- \$ -
- \$ -
- 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	\$ 61,215
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	\$ -
<b>Equals: Adjusted Net Operating Income (NOI)</b>		<b>\$ 61,215</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

**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.

**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



# TOWN OF LEDYARD

741 Colonel Ledyard  
Highway  
Ledyard, CT 06339-1511

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**File #:** 22-541

**Agenda Date:** 10/3/2022

**Agenda #:** 3.

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AGENDA REQUEST  
GENERAL DISCUSSION ITEM

**Subject:**

Any New Business to come before the Board

**Background:**

(type text here)

**Department Comment/Recommendation:**

(type text here)