

HOUSING AUTHORITY OF THE CITY OF ANSONIA

**FINANCIAL STATEMENTS
AND
REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Ansonia

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Ansonia, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Ansonia'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.

Auditor's Responsibility

Our responsibility is to express opinions 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Ansonia, as of December 31, 2012,

and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

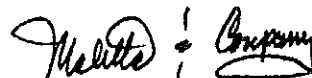
Other Matters

The management's discussion and analysis on pages 1 through 7 is not a required part of the basic financial statements but are supplementary information 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Ansonia's financial statements. The DECD Basis Financial Statements, required by the CT Department of Economic and Community Development, the Financial Data Schedules required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the financial statements. The DECD Basis Financial Statements, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the DECD Basis Financial Statements, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013 on our consideration of the Housing Authority of the City of Ansonia'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Maletta & Company
Certified Public Accountants

Bristol, Connecticut
May 17, 2013

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Management's analysis of the Authority's annual financial report is for the Fiscal Year Ended December 31, 2012 and consists of a discussion of its financial performance. This analysis was designed to provide an overview of the Authority's financial activity and assist in identifying individual issues and concerns.

Management's Discussion and Analysis should be read in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's Net Position increased by \$7,521 during fiscal year 2012 (FY2012). Net Positions were \$7,401,664 and \$7,409,185 for 2011 and 2012, respectively. Total revenue and expenditures decreased by 5% and 2%, respectively, resulting in a loss before capital contributions of \$589,274. Capital contributions from HUD's Capital Fund Program (CFP) of \$596,795 offset the loss.
- Total revenue (operating and non-operating) decreased by \$432,746 during FY2012. Revenues were \$8,150,061 for 2012 and \$8,582,807 for 2011.
- Total expenses (operating and non-operating) for all programs decreased by \$185,864. Total expenses were \$8,739,335 for 2012 and \$8,925,199 for 2011. The redevelopment of Riverside Apartments was primarily responsible for the decrease in total expenses. During 2012, 59 units were approved for demolition and taken offline, resulting in decreased utility, maintenance, insurance and extraordinary costs totaling \$376,027. Conversely, the Section 8 Housing Choice Voucher (HCV) program saw an increase in landlord Housing Assistance Payments (HAP) of \$257,490 as compared to 2011. All other operating and non-operating expenses decreased by \$67,327 for the same period.

THE FINANCIAL STATEMENTS

The Authority's Financial Statements present information using Generally Accepted Accounting Principles (GAAP) similar to those used by private entities (Enterprise Fund).

The Statement of Net Position (Balance Sheet) consists of all the Authority's assets and liabilities, and provides information about the amounts invested in assets and the obligations to Authority's creditors. It also provides a basis to assess the Authority's liquidity and financial flexibility. In addition, increases and decreases in Net Position may provide a useful indicator of the Authority's financial health.

The Statement of Revenues, Expenses and Changes in Net Position accounts for the current year's revenues, expenses and changes in net position, and depicts the operating activity during the year.

The Statement of Cash Flow provides information concerning the Authority's sources and uses of funds during the reporting period. It also reflects net changes in cash as a result of operations.

FINANCIAL ANALYSIS OF THE AUTHORITY

A summary of the Authority's Net Position is presented in Table I. The Statement of Revenues, Expenses and Changes in Net Position (Table II) provides additional detail on the changes in financial position.

The positive change in Net Position of \$7,521 was the result of an agency-wide operating loss of \$586,322, a non-operating loss of \$2,952 and capital contributions of \$596,795.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Depreciation expense for the year was \$492,560, a 58% increase over the prior fiscal year (\$311,534). Depreciation was recognized on open Capital Fund Program grant purchases during FY2012, whereas in past years, depreciation was not recognized until each grant was closed.

Management costs (administrative, tenant services, maintenance, insurance and general), utility expenses, and Housing Assistance Payments represent three of the largest items in the Housing Authority's budget. Management costs totaled \$2,092,932. HAP totaled \$5,557,113 and utility expenses amounted to \$588,240.

Tenant Dwelling Rents and subsidies/grants represent the two major operating revenue funding sources. Tenant Rents totaled \$668,954 and subsidies/grants, primarily from the Federal Government, amounted to \$7,316,147. Other and Interest Income totaled \$164,960.

TABLE I

Combined Statement of Net Position

	2012	2011	Dollar Change	% Change
Current Assets	\$ 2,886,460	\$ 2,998,612	\$ (112,152)	(4%)
Non-current Assets	\$ 5,045,915	\$ 4,885,353	\$ 160,562	3%
Total Assets	<u>\$ 7,932,375</u>	<u>\$ 7,883,965</u>	<u>\$ 48,410</u>	1%
Current Liabilities	\$ 367,018	\$ 265,310	\$ 01,708	38%
Noncurrent Liabilities	<u>\$ 156,172</u>	<u>\$ 216,991</u>	<u>\$ (60,819)</u>	(28%)
Total Liabilities	<u>\$ 523,190</u>	<u>\$ 482,301</u>	<u>\$ 40,889</u>	8%
Invested in Capital				
Assets (net of Related Debt)	\$ 5,041,178	\$ 4,885,353	\$ 155,825	3%
Unrestricted	\$ 1,730,810	\$ 1,633,534	\$ 97,276	6%
Restricted	<u>\$ 637,197</u>	<u>\$ 882,777</u>	<u>\$(245,580)</u>	(28%)
Total Net Position	<u>\$ 7,409,185</u>	<u>\$ 7,401,664</u>	<u>\$ 7,521</u>	0%
Total Liabilities & Net Position	<u>\$ 7,932,375</u>	<u>\$ 7,883,965</u>	<u>\$ 48,410</u>	1%

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

TABLE II

Combined Statement of Revenues and Expenses and Changes in Net Position

	2012	2011	Dollar Change	% Change
Tenant Revenue	\$ 668,954	\$ 719,179	\$ (50,225)	(7%)
Subsidy & Grant Funding	\$ 7,316,147	\$ 7,656,356	\$ (340,209)	(4%)
Other Income (includes interest)	<u>\$ 164,960</u>	<u>\$ 207,272</u>	<u>\$ (42,312)</u>	(20%)
Total Revenue	\$ 8,150,061	\$ 8,582,807	\$ (432,746)	(5%)
Administration	\$ 1,209,689	\$ 1,131,710	\$ 77,979	7%
Tenant & Protective Services	\$ 238,235	\$ 222,168	\$ 16,067	7%
Utilities	\$ 588,240	\$ 643,204	\$ (54,964)	(9%)
Maintenance	\$ 390,702	\$ 640,471	\$ (249,769)	(39%)
Insurance Premiums	\$ 95,423	\$ 131,709	\$ (36,286)	(27%)
General Expense	\$ 158,883	\$ 209,168	\$ (50,285)	(24%)
Housing Assistance Payments	\$ 5,557,113	\$ 5,299,623	\$ 257,490	5%
Extraordinary Maintenance	\$ 8,490	\$ 43,498	\$ (35,008)	(80%)
Disposal of Fixed Assets	\$ 0	\$ 292,114	\$ (292,114)	(100%)
Depreciation	<u>\$ 492,560</u>	<u>\$ 311,534</u>	<u>\$ 181,026</u>	58%
Total Expenses	\$ 8,739,335	\$ 8,925,199	\$ (185,864)	(2%)
Net Income (Loss) Before Capital Contributions	\$ (589,274)	\$ (342,392)	\$ (246,882)	(72%)
Capital Contributions	<u>\$ 596,795</u>	<u>\$ 733,256</u>	<u>\$ (136,461)</u>	(18%)
Change in Net Position	\$ 7,521	\$ 390,864	\$ (383,343)	(98%)
Beginning Net Position	\$ 7,401,664	\$ 7,010,800	\$ 390,864	6%
Prior Year Adjustments	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	0%
Ending Net Position	<u><u>\$ 7,409,185</u></u>	<u><u>\$ 7,401,664</u></u>	<u><u>\$ 7,521</u></u>	0%

REVENUE

Tenant Revenue -- Tenant Revenue represents rent paid by the occupants of the Authority's apartments. The Authority billed \$668,954 during the most recent year.

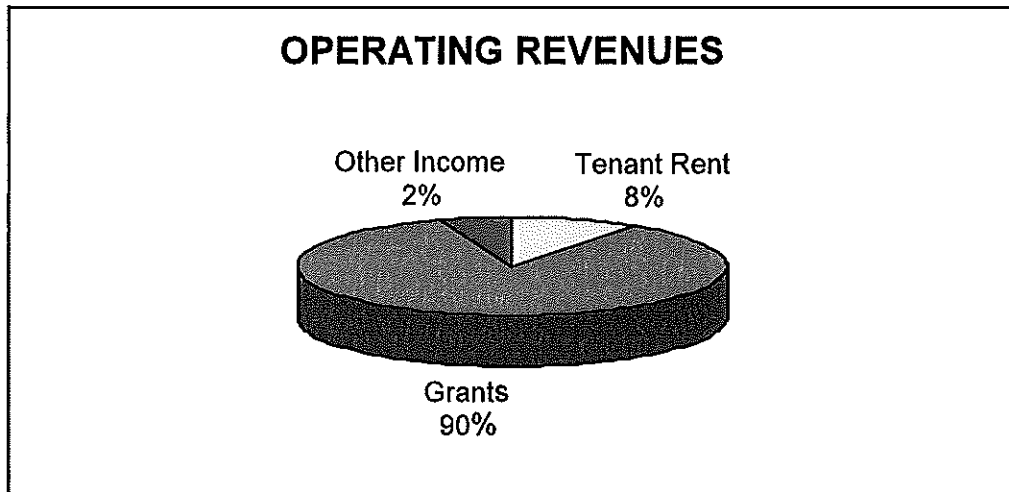
The Authority has maintained a lease up rate in the high 90's (%) as required by the individual providers of subsidies/grants.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Program Grants / Subsidies – Subsidy and Grant Revenues for the year were \$7,316,147. Most grants/subsidies are Federally-funded.

Federal Low Income Program	\$ 1,266,393
Housing Choice Voucher Program	\$ 5,837,475
Capital Fund Program	\$ 43,479
ROSS Grant	\$ 161,212
Resident Services Coordinator Grant	<u>\$ 7,588</u>
Total	\$ 7,316,147

Other Income – Defined as funding from various sources which may or may not provide a steady flow of funds to the Authority in future years.



EXPENDITURES

The Ansonia Housing Authority experienced a decrease in total expenses for the current year of \$185,864.

Administrative – Administrative costs exclude all maintenance, utilities, tenant service costs, landlord payments, insurance and general expenses. Such costs include administrative payroll, legal, auditing, training, the cost of supplies, telephone, etc. During the year, administrative costs increased over the prior year by 7% or \$77,979. The Authority continues to explore new opportunities for savings and is currently engaged in collective bargaining negotiations.

Maintenance – All costs to maintain the public housing units of the Authority fall into this category. It consists of maintenance payroll, supplies and contracts. As part of the Riverside Apartments redevelopment, units were removed from inventory, resulting in decreased maintenance costs of \$249,769, or 39%, versus the prior year.

Insurance Premiums – All insurance costs (property, auto, liability, worker's compensation, public official's liability, fidelity bonding, lead based paint, etc.). Insurance costs decreased by \$36,286 (27%) from the prior year due to a reduction in insurable units.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

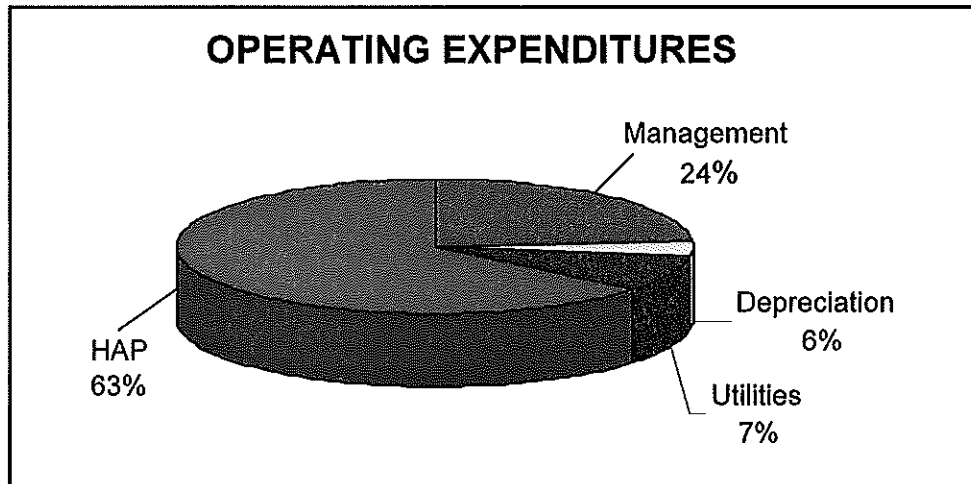
General Expense – General expenses include collection losses, compensated absences, payment-in-lieu-of- taxes (PILOT) to the City of Ansonia, etc. PILOT expenses were not accrued for the Federal Low Rent program since higher energy costs outpaced relatively stable tenant revenues as per the PILOT formula. These costs declined by \$50,285 from the prior year.

Housing Assistance Payments – HAP consists of rental payments to owners of private property on behalf of low income households for which the Authority has an agreement with both the private landlord and the low income residents. The payment to the landlord is the difference between his/her contract rent and the tenant portion (30% of adjusted income) subsidized by the Authority. For FY2012, HAP cost increased by \$257,490 versus the prior year. The agency was provided with an additional 59 relocation vouchers to replace the Riverside Apartments units that were taken offline.

Depreciation Expense – The capitalization of costs are spread over their useful life; the estimated current year expense is recorded as depreciation.

Tenant and Protective Services – Costs include all expenses incurred in providing security and social services to the residents. Costs in this category vary year to year based on the availability of grant and operating funding.

Utilities – Utilities expense for the Authority decreased by more than \$54,000 (9%) due to the reduction in units.



THE AUTHORITY'S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program or Low Income Public Housing (LIPH) the Authority rents units to low income households. These units are operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital funds to enable the Authority to provide a rent that is based on 30% of adjusted household income.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

Housing Choice Voucher Program – Under this program the Authority administers contracts with independent landlords of private property. The Authority assists participants by providing subsidy toward the payment of rent. The subsidy is called a Housing Assistance Payment (HAP) and is made to private sector landlords on behalf of the low income participants. The participant's share is limited to 30% of adjusted household income for the first year of tenancy. The program is administered under a separate Annual Contributions Contract (ACC) with HUD.

State and Local Fund – This fund includes an assisted housing program administered under the State of Connecticut's Department of Economic & Community Development (DECD). Under this program, housing is provided to elderly residents at a minimum rent (base rent) unless 30% of a family's household income results in the family's ability to pay a higher rent, commonly called "excess of base". The rental structure should be sufficient to operate the project as well as servicing the debt. No subsidies are provided to the Authority by the State of Connecticut or DECD. Additionally, this fund may include grants from the Board of Education and Community Foundation for resident initiatives, a City of Ansonia relocation grant and an EDIS grant.

Business Activities – This fund represents non-HUD and non-State resources developed from a variety of activities. At this writing, activity stemmed from administration of the Milford, CT Section 8 Housing Choice Voucher Program.

Capital Fund Program – HUD provides funds on an annual basis to the Authority for the primary purpose of upgrading and modernizing the Conventional Public Housing units and systems. During fiscal year 2012, the agency expended the remaining \$10,264 of additional capital funds provided through the American Recovery & Reinvestment Act (ARRA).

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS

Significant economic factors affecting the Authority are:

1. Operating subsidy for the Conventional Housing Program was funded at 94.968% of the Authority's eligibility.
2. Housing Choice Voucher (HCV) subsidies are not tied to a specific number of units. Instead, the HCV program is a fund-based program; i.e., housing agencies can issue Housing Assistance Payments (HAP) up to the maximum budget authority, regardless of the number of units served. As a result, the Authority must carefully monitor its performance in relation to the number of vouchers that would normally be issued. During FY2012, the agency requested and HUD provided an additional 59 tenant-based vouchers to replace the units at Riverside Apartments approved for demolition.
3. During the fiscal year, the AHA administered the Milford, CT Section 8 Housing Choice Voucher Program. The contract has been secured for the AHA to administer this program into 2013.
4. In 2002, the Public Housing Drug Elimination Program (PHDEP) was merged with the public housing operating fund. This resulted in less funding for resident programs; the Authority has needed to redirect funds from other areas in order to maintain resident programs which were once paid for through the PHDEP program.
5. The CY2010 crime rate per 100,000 people in Ansonia was 139. For CY2011, the crime rate had increased to 179 per 100,000 people. By comparison, the U.S. city average crime rates were 328 and 260, respectively, for the same years. Crime rates in the City of Ansonia are considered low based on the national crime index.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

6. The 2011 unemployment rate for the City of Ansonia was 10.6 % and had worsened to 11.2% by August, 2012. By comparison, the State of Connecticut's 2011 unemployment rate was 8.5%, and had declined to 9.2% by August, 2012.
7. The 2009 median household income for Ansonia was \$60,825, an increase of 12% from \$54,255 a year earlier. The 2009 median household income for the State of Connecticut was \$67,067, in line with \$67,034 a year earlier. Additionally, the percentage of Ansonia and Connecticut residents living below the poverty level was 10.7% and 11.2%, respectively.
8. The 2009 estimated median house or condo value in Ansonia was \$267,983 (the State of Connecticut's median home sale price for 2009 was \$291,200). The percent of homes built pre-1950 was 49.8% for Ansonia as compared to 30.8% for pre-1950 homes throughout the entire State of Connecticut. During 2011, only two (2) single-family new home building permits were secured.

NOTE: Statistics regarding nos. 5, 6, 7 and 8 above were taken from the data profile for Ansonia, CT at www.city-data.com/city/Ansonia-Connecticut.html. For comment #'s 7 and 8, the most recent data available was for 2009.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is issued to provide users with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director at 36 Main Street, Ansonia, CT 06401, by telephone 203-736-8888, or by fax at 203-736-8833.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 1,087,620
Cash and Cash Equivalents - Restricted	748,676
Accounts Receivable	
Tenants, net of Allowances	14,496
Other	43,797
Investments	940,738
Prepaid Expenses	51,133
Total Current Assets	<u>2,886,460</u>

Noncurrent Assets

Capital Assets, net of A/D	
Nondepreciable	204,428
Depreciable	4,836,750
Noncurrent Receivables	4,737
Total Noncurrent Assets	<u>5,045,915</u>
Total Assets	<u>7,932,375</u>

DEFERRED OUTFLOWS OF RESOURCES

Total Deferred Outflows of Resources

LIABILITIES

Current Liabilities

Accounts Payable	178,512
Tenant Security Deposits Payable	12,078
FSS Escrow	55,184
Accrued Wages and Related Liabilities	21,255
Accrued Compensated Absences	-
Accrued PILOT	96,809
Other Current Liabilities	2,845
Prepaid Rent	1,469
Total Current Liabilities	<u>368,152</u>

Noncurrent Liabilities

Accrued Compensated Absences	50,216
FSS Escrows	44,217
OPEB Liability	61,739
Total Noncurrent Liabilities	<u>156,172</u>

Total Liabilities

524,324

DEFERRED INFLOWS OF RESOURCES

Total Deferred Inflows of Resources

NET POSITION

Net Investment in Capital Assets	5,041,178
Restricted for:	
Housing Assistance Payments	568,063
Modernization and Development	68,000
Unrestricted	1,730,810
Total Net Position	<u>\$ 7,408,051</u>

*The accompanying notes are an integral
part of the financial statements.*

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATING REVENUE	
Rental Revenue	\$ 668,954
HUD Operating Grants	7,308,559
Fees for Other Services	125,825
Other Government Operating Grants	7,588
Other Income	38,946
Total Operating Revenue	<u>8,149,872</u>
OPERATING EXPENSES	
Administrative	1,213,758
Tenant and Protective Services	238,235
Utilities	588,240
Ordinary Maintenance & Operations	390,702
Insurance Premiums	95,423
General	160,344
Housing Assistance Payments	5,557,113
Depreciation	492,560
Total Operating Expenses	<u>8,736,375</u>
Operating Income (Loss)	(586,503)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	1,985
Proceeds from Sale of Capital Assets	2,600
Nonroutine Maintenance & Replacement	(8,490)
Total Nonoperating Revenues (Expenses)	<u>(3,905)</u>
Income (Loss) before Capital Contributions	(590,408)
Capital Contributions	<u>596,795</u>
Change in Net Position	6,387
Net Position, Beginning of Year	<u>7,401,664</u>
Net Position, End of Year	<u><u>\$ 7,408,051</u></u>

*The accompanying notes are an integral
part of the financial statements.*

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Operations	\$ 838,092
HUD Operating Grants	7,343,859
Housing Assistance Payments	(5,557,113)
Payments to Vendors and Suppliers	(1,724,578)
Payments for Employee Wages	(921,059)
Other Receipts (Payments)	30,255
Net Cash Provided by (Used in) Operating Activities	<u>9,456</u>
CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:	
Purchases of Property and Equipment	(645,785)
Capital Grants Received	675,176
Net Cash Provided by (Used in) Capital Related Financing Activities	<u>29,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Proceeds from (Deposits to) Investments	(1,870)
Interest Income	1,985
Net Cash Provided by (Used in) Investing Activities	<u>115</u>
Net Increase (Decrease) in Cash	38,962
Cash at the Beginning of the Year	<u>1,797,334</u>
Cash at the End of the Year	<u><u>\$ 1,836,296</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (586,503)
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:	
Depreciation Expense	492,560
Nonroutine Maintenance	(8,490)
Change in Operating Assets and Liabilities:	
Decrease (Increase) in Receivables	70,076
Decrease (Increase) in Prepaid Expenses	(210)
Increase (Decrease) in Accounts Payable	32,750
Increase (Decrease) in Other Liabilities	9,273
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 9,456</u></u>

*The accompanying notes are an integral
part of the financial statements.*

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Housing Authority of the City of Ansonia (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Authority was created pursuant to Section 8-40 of the Connecticut General Statutes. The Authority has contracted with the Federal Government, acting through the Department of Housing and Urban Development (HUD), for financial assistance of Housing Choice Vouchers and Federal Operating Subsidy pursuant to the United States Housing Act of 1937, as amended. The Authority has also contracted the State of Connecticut Department of Community Development (DECD) for financial assistance for elderly rental projects in the form of capital grants pursuant to Section 8-70 of the Connecticut General Statutes. As such, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioner or the component unit provides services entirely to the Authority. These component units' funds are blended into those of the Authority's by appropriate activity type to compose the primary government presentation. Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending.

Based on the aforementioned criteria, the Authority is not a component unit of the city, nor does it include any component units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Authority's funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation are included on the Statement of Net Position.

Operating Revenue includes rental income, operating grants, management services income and all other revenue relating to the provision of safe, decent, and affordable housing that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation, and all other expenses relating to the provision of safe, decent, and affordable housing that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities.

In addition, the Authority receives capital grants from HUD to be used for various purposes connected with the planning, modernization, and expansion of housing facilities and equipment. Receipts used for non-capitalizable costs are reported as operating revenue and receipts used for capitalization costs are reported as capital contributions.

The Authority has elected to report as a single enterprise proprietary fund and its primary operations comprise of housing and grant programs as follows:

- The ***Housing Choice Voucher Program*** provides rental housing assistance to serve up to 732 housing units. The purpose of the program is to provide decent and affordable housing to low income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are owned, maintained and managed by private landlords.
- The ***Public Housing Program*** operates under HUD's Annual Contribution Contract and consists of the operations of low rent public housing properties totaling 243 units, of which 108 are available for occupancy. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents.
- The ***Capital Fund Program*** accounts for the capital and management improvement activities, primarily for the modernization and development of low-rent public housing units.
- The ***State/Local Programs*** consist of the operations of low rent public housing properties totaling 40 units of State Elderly Housing under contract with the State of Connecticut Department of Economic and Community Development.
- The ***Resident Opportunities and Support Services Program*** provides public housing residents support services, resident empowerment activities and assistance in becoming economically self sufficient.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The financial statements of the Authority are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The financial statements include:

1. A Management Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.
2. Financial statements prepared using full accrual accounting for all of the Authority's activities.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in checking accounts, money market funds or short-term investments with original maturities of three months or less.

Investments

The Authority has adopted HUD's Investment Regulation PIH 1996-33 on investments as its investment policy. Investments are stated at fair market value.

Accounts Receivable

Management periodically assesses the collectability of its receivables and establishes an allowance for uncollectible accounts for all accounts it deems uncollectible. Currently, the allowance established for tenant receivables in its public housing programs is \$2,000.

Capital Assets

Land, structures, and equipment are stated at cost and depreciated over their estimated useful lives. The capitalization threshold is \$5,000. Donated assets are recorded at estimated market value as of the date of the donation. Construction in progress costs are not depreciated until the corresponding projects are completed.

Depreciation has been provided over the following useful lives using the straight-line method of depreciation as follows:

Building and Improvements	10 to 40 years
Machinery and Equipment	5 to 15 years

Capitalized Interest

Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets.

Leases

The Authority's leases consist of leases of apartments to tenants reported a rental income and leases of office space and equipment reported as operating expenses. Substantially all of the Authority's depreciable Capital Assets are leased to tenants for a term of one year and cancelable upon sufficient notice.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences

Employees accumulate vacation and sick days for subsequent use or payment upon termination. Compensated absences are accrued when incurred and reported as a liability until paid.

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses used during the reporting period. Actual results could differ from those estimates. Significant estimates include the economic lives of capital assets.

Equity Classifications

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

Invested in Capital Assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority has no related debt.

Restricted consist of residual funding with constraints place on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation. The Authority's restricted net position consist of unspent HCV HAP funding and EDI Grant funding provided by HUD.

Unrestricted consist of all other residual funding that do not meet the definition of restricted or Net Investment in Capital Assets.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits

The Authority maintains cash with FDIC depository banks. Custodial credit risk has been calculated based on the FDIC limit of \$250,000. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act established that all "non-interest bearing transaction accounts" be fully insured by the FDIC through December 31, 2012. The Authority was fully insured as of December 31, 2012.

While operating cash may fluctuate greatly, the Authority maintains cash accounts in excess of insured limits during the year. In addition, the Authority does not have a policy for custodial credit risk. The Authority held \$2,577,112 in depository accounts, of which \$261,037 exceeded FDIC insurance and was not collateralized.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONT'D)

The breakdown of deposits reported as of December 31, 2012 is as follows:

<u>Restrictions on Deposits</u>	
Housing Assistance Payments	\$ 568,063
Family Self Sufficiency Escrows	99,401
Tenant Security Deposits	12,078
Economic Development Grant Activities	68,000
Total Restricted Cash	<u>\$ 747,542</u>

Investments

The Authority follows HUD's Investment Regulation PIH 1996-33 on investments by investing with CHFA and other state managed investments. This practice is followed to address various risks relating to the Authority's investments. Credit Risk is the risk that an insured or other counterparty to an investment will not fulfill its obligations. Custodial Credit Risk is the risk that the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The Authority's certificate of deposits are fully collateralized as of December 31, 2012. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In addition, policy limits the maturities on investments to be no longer than three years on federal investments to manage its exposure to the risk of loss in fair value on its fixed income securities. The Authority's Connecticut Short Term Investment Funds (STIF) are held in 2a7-like pools and are therefore not subject to interest rate risk. The pool sponsors maintain policies to address the remaining risks and as such require no further risk disclosure. The pooled investments are accounted for on an amortized cost basis which approximates fair value.

The Authority follows the provisions of GASB No. 31, "Accounting and Financial Reporting for Certain Investments in a Governmental Entity," which requires all publicly traded debt and equity securities to be recorded at fair market value generally determined on the basis of quoted market values. Purchases and sales of securities are reflected in a trade-date basis. Realized gains and losses on sales of securities are based on average cost.

The Authority held the following investments at year end:

	<u>Cost</u>	<u>Fair Value</u>	<u>Maturity <1yr</u>	<u>Program</u>
CT Short-Term Investment Fund	705,720	705,720	n/a	State Elderly
Certificates of Deposit	206,850	207,032	207,032	Federal Public Housing
Certificate of Deposit	27,432	27,986	27,986	State Elderly
Total Investments	<u>\$ 940,002</u>	<u>\$ 940,738</u>		

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 3 – ACCOUNTS RECEIVABLE – OTHER

The breakdown of Accounts Receivable – Other is as follows:

	<u>Amount</u>	<u>Program</u>
HUD Capital Grants	\$ 12,434	Federal Public Housing
DECD Grant	3,894	State Elderly
Management Contract - MRHP	27,469	Business Activity
	<u>\$ 43,797</u>	

NOTE 4 – NONCURRENT RECEIVABLES

The Authority has a noncurrent notes receivable balance of \$4,737 as of December 31, 2012 representing repayment agreements entered into by tenants for the repayment of fraud and back rent due to the Authority.

NOTE 5 – CAPITAL ASSETS

The following is a summary of Capital Assets as of December 31, 2012:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Nondepreciable Assets:				
Land	\$ 204,428	\$ -	\$ -	\$ 204,428
Depreciable Assets:				
Building & Improvements	11,244,546	1,951,919		13,196,465
Equipment	791,156	677,314	(103,111)	1,365,359
Construction in Progress	2,484,778	222,505	(2,203,353)	503,930
	<u>14,724,908</u>	<u>2,851,738</u>	<u>(2,306,464)</u>	<u>15,270,182</u>
Accumulated Depreciation	<u>(9,839,555)</u>	<u>(492,560)</u>	<u>103,111</u>	<u>(10,229,004)</u>
Net Book Value	<u>\$ 4,885,353</u>			<u>\$ 5,041,178</u>

NOTE 6 – NONCURRENT LIABILITIES

The following is a summary of Noncurrent Liabilities as of December 31, 2012:

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 50,148	\$ 92,597	\$ (92,529)	\$ 50,216	\$ -
FSS Escrows	76,071	32,593	(9,263)	99,401	55,184
OPEB Liability	90,772	-	(29,033)	61,739	-
	<u>\$ 216,991</u>	<u>\$ 125,190</u>	<u>\$ (130,825)</u>	<u>211,356</u>	<u>\$ 55,184</u>
			Less: Current Portion	<u>(55,184)</u>	
			Noncurrent Portion	<u>\$ 156,172</u>	

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 7 – LEASES

The Authority leases two copiers, a mail machine, and office space. The office space lease is cancellable upon sufficient notice and the remaining leases are not material to the Authority's operations. Therefore, all leases are treated as operating leases. The minimum annual lease payments are as follows:

2012	\$	37,497
2013		38,179
2014		18,007
2015		3,394
2016		1,836

NOTE 8 – OTHER POST EMPLOYEE BENEFITS

The Authority is obligated to provide Other Post-Employment Benefits (OPEB) under a collective bargaining agreement. This potential obligation is a single employer plan and is for health insurance benefits for employees who have served with the Authority for at least twenty-five years and are at least fifty-five at time of retirement. The Authority is required to pay 50% of the medical premiums for a maximum of ten years or until the employee reaches age 65 or becomes eligible for Medicare.

Accrued Plan Liability

The Authority has accrued the full estimated costs of the four currently vested employees based on the current cost of health insurance. There are no active members or former employees participating in the plan. This calculation was not done on an actuarial basis. As a result, no provision has been established for any currently vesting employees, as the Authority expects the probability of payment to remain extremely low.

The associated liability is as follows:

	<u>Federal Public Housing</u>	<u>Housing Choice Voucher</u>	<u>State Elderly</u>	<u>Total</u>
Accrued for Active Employees (Beneficiaries)	\$ 51,333	\$ 4,897	\$ 5,509	\$ 61,739
Total Accrued for OPEB	<u>\$ 51,333</u>	<u>\$ 4,897</u>	<u>\$ 5,509</u>	<u>\$ 61,739</u>

NOTE 9 – RETIREMENT PLAN

Plan Description:

The Authority is a member of the Connecticut Municipal Employee's Retirement Fund (MERF), a multiple-employer public retirement system (MERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement benefits of participating municipalities. The plan is a multiple-employer defined benefit plan. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes MERF benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106 or by calling 860-702-3500.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 9 – RETIREMENT PLAN (CONT'D)

Funding Policy:

Participation is mandatory for all full time employees of the Authority. Employees who have at least 5 years of longevity and have attained 55 years of age are eligible to receive retirement benefits. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of pension liability is not based on its employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. The Authority is required to contribute at an actuarially determined rate. The contribution requirements of the Authority are established and may be amended by the State Retirement Commission. Employees are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid. The Authority is required by State Statute to contribute 11.56% of earnings. The total contribution is based on 13.81% of gross earnings.

Annual Pension Cost:

Total employer and employee contributions for the years ended December 31, 2012, 2011 and 2010 were \$106,142, \$120,723 and \$97,382 respectively.

NOTE 10 – HOUSING CHOICE VOUCHERS NET ASSET SUMMARY

	Administrative Fee Net Position	HAP Net Position	Total
Beginning Net Position	\$ (15,052)	\$ 814,777	\$ 799,725
Revenues			
Annual Contributions	528,430	5,309,045	5,837,475
Investment Income	99	-	99
Fraud Recovery	1,354	1,354	2,708
Portability	-	-	-
Operating Transfers	19,802	-	19,802
Total Revenues	<u>549,685</u>	<u>5,310,399</u>	<u>5,860,084</u>
Expenses			
Operating	(518,898)	-	(518,898)
Housing Assistance Payments	-	(5,557,113)	(5,557,113)
Total Expenses	<u>(518,898)</u>	<u>(5,557,113)</u>	<u>(6,076,011)</u>
Change in Net Position	<u>30,787</u>	<u>(246,714)</u>	<u>(215,927)</u>
Ending Net Position	<u>\$ 15,735</u>	<u>\$ 568,063</u>	<u>\$ 583,798</u>

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 11 – CAPITAL FUND PROGRAMS

The Authority is awarded federal capital grants from HUD and the American Reinvestment and Recovery Act (ARRA). The grants are to be expended for modernization, security, and replacement housing related to its federal public housing projects.

The following completed grants have been fully expended, disbursed and liabilities fully paid as of December 31, 2012:

	<u>CT26-P015 501-08</u>	<u>CT26-P015 501-09</u>	<u>CT26-E015 501-09</u>	<u>CT01500000 109R</u>	<u>CT26-S015 501-09</u>
Funds Authorized	<u>\$ 467,784</u>	<u>\$ 451,024</u>	<u>\$ 221,150</u>	<u>\$ 682,500</u>	<u>\$ 592,122</u>
Funds Advanced	467,784	451,024	221,150	682,500	592,122
Less Project Expenditures	<u>(467,784)</u>	<u>(451,024)</u>	<u>(221,150)</u>	<u>(682,500)</u>	<u>(592,122)</u>
Excess(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following grants are open as of December 31, 2012:

	<u>CT26-P015 501-10</u>	<u>CT26-P015 501-11</u>	<u>CT26-P015 501-12</u>	<u>CT26R015 501-11</u>	<u>CT26R015 501-12</u>
Funds Authorized	<u>\$ 447,652</u>	<u>\$ 320,936</u>	<u>\$ 311,116</u>	<u>\$ 39,622</u>	<u>\$ 38,409</u>
Funds Advanced	370,375	87,424	-	-	-
Less Project Expenditures	<u>(373,578)</u>	<u>(88,524)</u>	<u>(1,209)</u>	<u>-</u>	<u>-</u>
Excess(Deficiency) of Advances	<u>\$ (3,203)</u>	<u>\$ (1,100)</u>	<u>\$ (1,209)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through May 17, 2013, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Project Name J.J. O'Donnell Apartments
 Sponsor/Authority Name: Ansonia Housing Authority

Project # E-75
 CHFA # 85001D

**ADMINISTRATION FUND
 BALANCE SHEET**

As of: 12/31/12

ASSETS

1111	Cash-Checking	\$	120,569.00	
1113	Reserve Cash-Saving and Investments	\$	705,720.00	
1114	Restricted Cash-Security Deposits	\$	-	
1115	Restricted Cash-Special Deposits	\$	-	
1116	Restricted Cash-Sales Program	\$	-	
1117	Petty Cash Fund	\$	-	
1118	Change Fund	\$	-	
	Total Cash			\$ 826,289.00
1122	Tenants' Accounts Receivable	\$	390.00	
1123	Vacated Tenants' Accounts Receivable	\$	-	
	Total Tenants' Accounts Receivable	\$	390.00	
1123.1	Less: Allowance for Collection Loss	\$	-	
	Net Tenants' Accounts Receivable	\$	390.00	
1124.1	Unissued State Subsidy - Congregate	\$	-	
1124.2	Unissued State Subsidy - Congregate	\$	-	
1125	Housing Assistance Payments Receivable	\$	1,685.00	
1126.1	Rehabilitation Funds Receivable, No.	\$	-	
1126.2	Rehabilitation Funds Receivable, No.	\$	-	
1128	Accounts Receivable-ineligible program costs	\$	-	
1129	Sundry Accounts Receivable	\$	-	
1145	Accrued Interest Receivable	\$	-	
1155	Advances to Revolving Fund	\$	-	
1156	Advances for Travel	\$	-	
	Total Accounts Receivable			\$ 2,075.00
1211	Unexpired Insurance	\$	5,585.00	
1212	Anticipated Dividends	\$	-	
1269	General Stores	\$	-	
	Total Deferred Charges and Prepayments			\$ 5,585.00
1405	Development Cost	\$	726,230.00	
1430	Furniture and Equipment	\$	41,249.00	
1440	Capital Improvements - State Rehab. Grants/Loan	\$	1,058,682.00	
	Total Fixed Assets			\$ 1,826,161.00
1501	Payroll Clearance	\$	-	
1502	Insurance Claims Clearance	\$	-	
1503.1	Rehabilitation Program Expenditures, No.	\$	-	
1503.2	Rehabilitation Program Expenditures, No.	\$	-	
1504.1	Net Program Cost Congregate - Contract No.	\$	-	
1504.2	Net Program Cost Congregate - Contract No.	\$	-	
1505	Incomplete Contracts	\$	-	
1507	RAP Subsidy Payments - Elderly Program Only	\$	-	
1508	Resident Services Coordinator Expenses-Elderly Program Only	\$	3,894.00	
1509	DECD Rental Subsidy (Congregate Program)	\$	-	
	Total Clearance			\$ 3,894.00
	TOTAL ASSETS			\$ 2,664,004.00

Project Name: J.J. O'Donnell Apartments
 Sponsor/Authority Name: Ansonia Housing Authority

Project # E-75
 CHFA # 85001D

**ADMINISTRATION FUND
BALANCE SHEET**

LIABILITIES

2110	Administration Fund Creditors	\$	7,284.00	
2111	Contract Awards	\$	-	
2112	Contract Retentions	\$	-	
2113	ALSA Escrow-DSS Tenants and DECD Tenants	\$	-	
2116	Tenants' Security Deposits	\$	-	
2117	Payroll Deductions	\$	-	
2119	Sundry Accounts Payable	\$	43,505.00	
2120	Undistributed Proceeds - Sales Program	\$	-	
	Total Accounts Payable			\$ 50,789.00
2131	Accrued Interest and Principal - Mortgage	\$	-	
2131.1	Accrued Interest and Principal - Rehab. Loan	\$	-	
2135	Accrued Salaries and Wages	\$	2,530.00	
2135.1	Accrued Compensated Absences	\$	4,686.00	
2136	Accrued State Service Charge	\$	-	
2137	Accrued Liability to Municipalities			
	In Lieu of Taxes (or Ad Valorem Taxes, if Applicable)	\$	96,809.00	
2139	Accrued Payroll Taxes	\$	-	
	Total Accrued Expenses			\$ 104,025.00
2240	Tenants' Prepaid Rents			\$ 612.00
2313	Indebtedness to the State of Connecticut - Mortgage	\$	-	
2313.1	Debt Retirement - Mortgage	\$	-	\$ -
2314	Indebtedness to the State of Connecticut - Rehabilitation Loan	\$	-	
2314.1	Debt Retirement - Rehabilitation Loan	\$	-	\$ -
	Total Long Term Liabilities			\$ -
	TOTAL LIABILITIES			\$ 155,426.00

EQUITY

2810	Capital Grant by the State of Connecticut			\$ 726,230.00
2810.1	Contribution by the State of Connecticut - Interest Earned on Development Advances			\$ -
2811.1	State Subsidy Authorized - Congregate	\$	-	
2811.2	State Subsidy Authorized - Congregate	\$	-	
2813	Valuation of Fixed Assets	\$	76,289.00	
2814	Contribution by the Municipality	\$	50,000.00	
2814.3	Gifts and Donations	\$	-	
2820.1	Rehabilitation Funds Authorized, No	\$	-	
2820.2	Rehabilitation Funds Authorized, No	\$	-	
2821	Capital Grant by the State of Connecticut -Rehabilitation	\$	995,113.00	
2825	Mortgage Loan Liquidation	\$	-	
2826	Rehabilitation Loan Liquidation	\$	-	
2827	Rental Assistance Grant Authorized-Elderly Program Only	\$	-	
2827.1	Rental Assistance Grant Unissued-Elderly Program Only	\$	-	
2828	Resident Services Coordinator Grant Authorized-Elderly Program Only	\$	-	
2828.1	Resident Services Coordinator Grant Unissued-Elderly Program Only	\$	7,788.00	
2830	Unappropriated Retained Earnings	-\$	115,160.00	
2830.1	Income and Expense Clearance	-\$	36,522.00	
2830.2	Prior Year Adjustments	\$	-	
2830.3	Retained Earnings Appropriated for Development Improvements	\$	-	
2830.4	Retained Earnings Appropriated for Repairs, Maintenance and Replacements RM&R)	\$	820,415.00	
2830.5	Retained Earnings Appropriated for the Authorities Project Tenant Support (APTS) Program	\$	-	
	Total Retained Earnings			\$ 668,733.00
	TOTAL EQUITY			\$ 2,508,577.00
	TOTAL LIABILITIES AND EQUITY			\$ 2,664,003.00

Project Name: J.J. O'Donnell Apartments

Project #: E-75

Sponsor/Authority Name: Ansonia Housing Authority

CHFA # 85001D

**ADMINISTRATION FUND
OPERATING STATEMENT**

For the Quarter Ending: 12/31/12

12 # months

No. of Dwelling Units: 40
No. of Unit Months: 480

	Budget Amount	PUM	Actual Amount	PUM
INCOME				
3100 Rental Income - Base	241,440.00	503.00	241,440.00	503.00
3100.1 Rental Income - Excess of Base	350.00	0.73	-	
3110 Excess Utilities	-		-	
3120 Surcharges	-		-	
Total Rental Income	\$ 241,790.00	503.73	\$ 241,440.00	503.00
3210 Dwelling Vacancy Loss	(3,500.00)	(7.29)	(27,955.00)	(58.24)
3220 Dwelling Vacancy Subsidy	0.00		0.00	
Net Rental Income	\$ 238,290.00	496.44	\$ 213,485.00	444.76
3300 Non Dwelling Rental Income	0.00		0.00	
3510 Sales and Service to Tenants (including Cable TV fee	0.00		0.00	
3610 Interest Income	1,500.00	3.13	1,705.00	3.55
3620 Other Income	7,900.00	16.46	225.00	0.47
GROSS INCOME	\$ 247,690.00	516.02	\$ 215,415.00	448.78
EXPENSE				
4120 Salaries - Office	36,673.00	76.40	17,032.00	35.48
4120.1 Compensated Absences-Administrative Salaries	1,100.00	2.29	4,982.00	10.38
4130 Legal and Other Services	10,000.00	20.83	22,097.00	46.04
4130.1 Less: Legal Charges to Tenants	0.00		0.00	
4131 Accounting Fees	4,200.00	8.75	6,569.00	13.69
4132 Management Fees	0.00		0.00	
4151 Office Supplies	500.00	1.04	1,236.00	2.58
4152 Rents	0.00		0.00	
4153 Travel	100.00	0.21	1,087.00	2.26
4159 Other Office Expense	8,685.00	18.09	23,285.00	48.51
4160 Pensions and Other Funds	35,845.00	74.68	50,527.00	105.26
4161 Payroll Taxes	0.00		0.00	
Total Management Expense	\$ 97,103.00	202.30	\$ 126,815.00	\$ 264.20
4310 Water	19,000.00	39.58	17,604.00	36.68
4320 Electricity	46,000.00	95.83	31,467.00	65.56
4330 Gas	0.00		0.00	
4340 Fuel	2,200.00	4.58	1,143.00	2.38
4350 Cable Television	0.00		0.00	
4360 Sewer	0.00		0.00	
Total Utility Expense	\$ 67,200.00	140.00	\$ 50,214.00	\$ 104.61
4410 Maintenance Wages	31,715.00	66.07	27,040.00	56.33
4410.1 Compensated Absences-Maintenance Wages	950.00	1.98	4,246.00	8.85
4420 Materials and Supplies	0.00		0.00	
4430 Contractual Services	15,000.00	31.25	14,470.00	30.15
4440 Maintenance & Shop Equipment Expense	500.00	1.04	0.00	
Total Maintenance Expense	\$ 48,165.00	100.34	\$ 45,756.00	\$ 95.33
4710 Refuse Removal	0.00		0.00	
4711 Insurance	12,140.00	25.29	8,481.00	17.67
4715 Pilot or Taxes	17,109.00	35.64	17,098.00	35.62
4716 State Service Charge	2,400.00	5.00	0.00	
4717 Interest Expense	0.00		0.00	
Total Other Expense	\$ 31,649.00	65.94	\$ 25,579.00	\$ 53.29
4810 Provision for Repairs,Maint. & Replacements	3,573.00	7.44	3,573.00	7.44
4820 Provision for Collection Loss	0.00		0.00	
Total Provisions	\$ 3,573.00	7.44	\$ 3,573.00	\$ 7.44
4910 Principal Payment-Mortgage	0.00		0.00	
4920 Principal Payment-Rehabilitation Loan	0.00		0.00	
Total Principal Payment	\$ -		\$ -	
6100 Extraordinary Income	0.00		0.00	
6200 Extraordinary Expense	0.00		0.00	
TOTAL EXPENSES	\$ 247,690.00	516.02	\$ 251,937.00	524.87
NET GAIN (LOSS) FOR THE PERIOD	\$ -		\$ (36,522.00)	\$ (76.09)

Project Name: J.J. O'Donnell Apartments

Project #: E-75

Sponsor/Authority Name: Ansonia Housing Authority

CHFA # 85001D

**ADMINISTRATION FUND
ANALYSIS OF RETAINED EARNINGS**

As of: 12/31/12

ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS (2830, .1, .2)

	Calendar/Fiscal Beginning Date: <u>01/01/12</u>		Balance: \$ <u>(115,160.00)</u>
Add:	Operating Gain (2830)		
	Prior Year Adjustments (2830.2)	\$ <u>-</u>	
	Other Adjustment: _____		\$ <u>-</u>
Deduct:	Operating Loss (2830.1)	\$ <u>(36,522.00)</u>	
	Prior Year Adjustments (2830.2)		
	Other Adjustment: _____		\$ <u>(36,522.00)</u>
Balance as of:	<u>12/31/12</u>		<u>\$ (151,682.00)</u>

**ANALYSIS OF RETAINED EARNINGS APPROPRIATED FOR DEVELOPMENT IMPROVEMENTS
(2830.3)**

	Calendar/Fiscal Beginning Date: <u>01/01/12</u>		Balance: _____
Deduct:	Total Charges to Retained Earnings Appropriated for Development Improvements as Approved by DECL (Per Attached Schedule)	\$ <u>-</u>	\$ <u>-</u>
Balance as of:	<u>12/31/12</u>		<u>\$ -</u>

**ANALYSIS OF RETAINED EARNINGS APPROPRIATED FOR REPAIRS, MAINTENANCE AND
REPLACEMENTS (2830.4)**

	Calendar/Fiscal Beginning Date: <u>01/01/12</u>		Balance: \$ <u>805,948.00</u>
Add:	Provision	\$ <u>3,573.00</u>	
	Other Adjustment: <u>APTS Funding</u>	\$ <u>20,993.00</u>	\$ <u>24,566.00</u>
Deduct:	Total Charges to Retained Earnings Appropriated for KM&K (Per Attached Schedule)	\$ <u>10,099.00</u>	
	Other Adjustment: _____		\$ <u>10,099.00</u>
Balance as of:	<u>12/31/12</u>		<u>\$ 820,415.00</u>

**ANALYSIS OF RETAINED EARNINGS APPROPRIATED FOR
the AUTHORITIES PROJECT TENANT SUPPORT (APTS ID) Program (2830.5)**

	Calendar/Fiscal Beginning Date: <u>01/01/12</u>		Balance: \$ <u>20,993.00</u>
Add:	State Service Charge Provision	\$ <u>-</u>	
	Other Adjustment: _____		\$ <u>-</u>
Deduct:	Total Charges to Retained Earnings Appropriated for APTS (Per Attached Schedule)	\$ <u>-</u>	
	Other Adjustment: <u>Close APTS to RMR</u>	\$ <u>20,993.00</u>	\$ <u>20,993.00</u>
Balance as of:	<u>12/31/12</u>		<u>\$ -</u>

TOTAL RETAINED EARNINGS \$ 668,733.00

Project Name: J.J. O'Donnell Apartments Project #: E-75
 Sponsor/Authority Name: Ansonia Housing Authority CHFA # 85001D

**ADMINISTRATION FUND
 SUMMARY OF CHARGES TO ACCOUNT NO.'S 2830.3, 2830.4 & 2830.5**

Summary of Charges to Account 2830.3

<u>Date</u>	<u>For</u>	<u>Amount</u>
TOTAL		\$ -

Summary of Charges to Account 2830.4

<u>03/21/12</u>	<u>Ford F-250 (15%)</u>	<u>\$ 4,282.00</u>
<u>05/16/12</u>	<u>Ford F-350 (15%)</u>	<u>\$ 5,817.00</u>
TOTAL		\$ 10,099.00

Summary of Charges to Account 2830.5

TOTAL		\$ -

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE DECD BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Housing Authority of the City of Ansonia (the Authority) is presented to assist in understanding the Authority's financial statements. The statutory financial statements and notes are representations of the Authority's management, which are responsible for their integrity and objectivity. These financial statements have, in general, been prepared on the basis of accounting prescribed by the State of Connecticut, Department of Economic and Community Development (DECD) and differ in some respects from generally accepted accounting principles (GAAP).

Organization

The Authority was created pursuant to Section 8-40 of the Connecticut General Statutes to provide low-income public housing for qualifying individuals in accordance with rules and regulations prescribed by the State of Connecticut Department of Economic and Community Development (DECD). For a more complete description of the organization refer to the Notes to Financial Statements found on page 10.

Method of Accounting

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. Grants and similar items are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The various differences in basis of accounting utilized by the Authority and generally accepted accounting principles are described below:

DECD Resident Service Coordinator (RSC)

DECD requires that net program costs RSC be shown separately as an asset on the related program balance sheet. There are no operating receipts related to the RSC program. Upon completion of the program, a Certificate of Approved Program Cost and State Funding will be issued and the asset will be closed to fund equity.

Furniture and Equipment

Furniture and Equipment are stated at cost, in accordance with policies established by the DECD. No provision has been made for depreciation. Donated assets are recorded at estimated market value or assessed value as of the date of the donation.

Major repair expenditures funded out of operations, such as painting, roofing, or plumbing, are charged against Retained Earnings.

Statement of Cash Flows

The basis of accounting practices prescribed or permitted by the DECD does not require a Statement of Cash Flows to be presented as part of a full set of financial statements. Presentation of such statement summarizing the Authority's operating, noncapital financing, capital and related financing, and investing activities is required by generally accepted accounting principles.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE DECD BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Adjusting Journal Entries

The audited financial statements include various journal entries created by the Independent Public Accountant. The adjusting entries were approved by management and are made available upon request.

NOTE 2 – STATE FINANCIAL ASSISTANCE

Resident Service Coordinator Program No. 2008-002-003-107-000-1E:

An Assistance Agreement was entered into, by and between the State of Connecticut and the Authority, wherein the State of Connecticut agreed to pay the required share of the cost of a Resident Service Coordinator Program not to exceed \$7,388.

The final program cost was determined to be \$7,388.

Resident Service Coordinator Program No. 2008-002-003-107-000-1F:

An Assistance Agreement was entered into, by and between the State of Connecticut and the Authority, wherein the State of Connecticut agreed to pay the required share of the cost of a Resident Service Coordinator Program not to exceed \$7,788.

The current program cost was determined to be \$3,894.

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.884 Competitive Capital Fund Stimulus Grant	8 Other Federal Program 1
111 Cash - Unrestricted	\$678,546		\$53,225		
112 Cash - Restricted - Modernization and Development					\$68,000
113 Cash - Other Restricted	\$12,078		\$668,598		
114 Cash - Tenant Security Deposits	\$690,624	\$0	\$721,823	\$0	\$68,000
100 Total Cash					
121 Accounts Receivable - PHA Projects			\$54,812		
122 Accounts Receivable - HUD Other Projects	\$11,032	\$1,402			
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$16,106				
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,000				
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	-\$54,812		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,138	\$1,402	\$0	\$0	\$0
131 Investments - Unrestricted	\$207,032				
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$40,598		\$4,546		
150 Total Current Assets	\$963,392	\$1,402	\$726,369	\$0	\$68,000
161 Land	\$204,428				
162 Buildings	\$11,380,403				
163 Furniture, Equipment & Machinery - Dwellings	\$734,025				
164 Furniture, Equipment & Machinery - Administration	\$610,400		\$7,000		
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$8,444,296		-\$7,000		
167 Construction in Progress	\$503,930				
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,988,890	\$0	\$0	\$0	\$0

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$54,587	\$301,262	\$1,087,620		\$1,087,620
112 Cash - Restricted - Modernization and Development			\$68,000		\$68,000
113 Cash - Other Restricted			\$668,598		\$668,598
114 Cash - Tenant Security Deposits	\$54,587	\$301,262	\$1,836,296	\$0	\$1,836,296
100 Total Cash					
121 Accounts Receivable - PHA Projects		\$27,469	\$82,281		\$82,281
122 Accounts Receivable - HUD Other Projects			\$12,434		\$12,434
124 Accounts Receivable - Other Government	\$3,894		\$3,894		\$3,894
125 Accounts Receivable - Miscellaneous	\$1,685		\$1,685	-\$1,685	\$0
126 Accounts Receivable - Tenants	\$390		\$16,496		\$16,496
126.1 Allowance for Doubtful Accounts - Tenants	\$0		-\$2,000		-\$2,000
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	-\$54,812		-\$54,812
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,969	\$27,469	\$59,978	-\$1,685	\$88,293
131 Investments - Unrestricted	\$733,706		\$940,738		\$940,738
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$5,585	\$404	\$51,133		\$51,133
150 Total Current Assets	\$799,847	\$329,135	\$2,888,145	-\$1,685	\$2,886,460
161 Land			\$204,428		\$204,428
162 Buildings	\$1,816,062		\$13,196,465		\$13,196,465
163 Furniture, Equipment & Machinery - Dwellings			\$734,025		\$734,025
164 Furniture, Equipment & Machinery - Administration	\$10,099	\$3,835	\$631,334		\$631,334
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$1,775,023	-\$2,685	-\$10,229,004		-\$10,229,004
167 Construction in Progress			\$503,930		\$503,930
160 Total Capital Assets, Net of Accumulated Depreciation	\$51,138	\$1,150	\$5,041,178	\$0	\$5,041,178

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.884 Competitive Capital Fund Stimulus Grant	8 Other Federal Program 1
171 Notes, Loans and Mortgages Receivable - Non-Current	\$4,737				
180 Total Non-Current Assets	\$4,993,627	\$0	\$0	\$0	\$0
190 Total Assets	\$5,957,019	\$1,402	\$726,369	\$0	\$68,000
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$146,300		\$23,562		
321 Accrued Wage/Payroll Taxes Payable	\$9,733	\$1,402	\$6,111		
322 Accrued Compensated Absences - Current Portion					
331 Accounts Payable - HUD PHA Programs			\$1,134		
332 Account Payable - PHA Projects			\$1,711		
341 Tenant Security Deposits	\$12,078				
342 Deferred Revenues					
345 Other Current Liabilities			\$55,184		
346 Accrued Liabilities - Other					
310 Total Current Liabilities	\$168,111	\$1,402	\$87,702	\$0	\$0
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$36,183		\$44,217		
355 Loan Liability - Non Current			\$5,755		
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$51,333		\$4,897		
350 Total Non-Current Liabilities	\$87,516	\$0	\$54,869	\$0	\$0
300 Total Liabilities	\$255,627	\$1,402	\$142,571	\$0	\$0
508.1 Invested In Capital Assets, Net of Related Debt	\$4,988,890				
511.1 Restricted Net Assets			\$568,063		\$68,000
512.1 Unrestricted Net Assets	\$712,502	\$0	\$15,735	\$0	\$0
513 Total Equity/Net Assets	\$5,701,392	\$0	\$583,798	\$0	\$68,000
600 Total Liabilities and Equity/Net Assets	\$5,957,019	\$1,402	\$726,369	\$0	\$68,000

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 12/31/2012

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current			\$4,737		\$4,737
180 Total Non-Current Assets	\$51,138	\$1,150	\$5,045,915	\$0	\$5,045,915
190 Total Assets	\$850,985	\$330,285	\$7,934,060	-\$1,685	\$7,932,375
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$7,284	\$3,051	\$180,197	-\$1,685	\$178,512
321 Accrued Wage/Payroll Taxes Payable	\$2,530	\$1,479	\$21,255		\$21,255
322 Accrued Compensated Absences - Current Portion					
331 Accounts Payable - HUD PHA Programs			\$1,134		\$1,134
332 Account Payable - PHA Projects			\$1,711		\$1,711
341 Tenant Security Deposits			\$12,078		\$12,078
342 Deferred Revenues	\$612	\$857	\$1,469		\$1,469
345 Other Current Liabilities			\$55,184		\$55,184
346 Accrued Liabilities - Other	\$96,809		\$96,809		\$96,809
310 Total Current Liabilities	\$107,235	\$5,387	\$368,703	-\$1,685	\$368,152
353 Non-current Liabilities - Other			\$44,217		\$44,217
354 Accrued Compensated Absences - Non Current	\$4,686	\$3,592	\$50,216		\$50,216
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$5,509		\$61,739		\$61,739
350 Total Non-Current Liabilities	\$10,195	\$3,592	\$156,172	\$0	\$156,172
300 Total Liabilities	\$117,430	\$8,979	\$524,875	-\$1,685	\$524,324
508.1 Invested in Capital Assets, Net of Related Debt	\$51,138	\$1,150	\$5,041,178		\$5,041,178
511.1 Restricted Net Assets			\$637,197		\$636,063
512.1 Unrestricted Net Assets	\$682,417	\$320,156	\$1,730,810		\$1,730,810
513 Total Equity/Net Assets	\$733,555	\$321,306	\$7,409,185	\$0	\$7,408,051
600 Total Liabilities and Equity/Net Assets	\$850,985	\$330,285	\$7,934,060	-\$1,685	\$7,932,375

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	14,884 Competitive Capital Fund Stimulus Grant	8 Other Federal Program 1
70300 Net Tenant Rental Revenue	\$450,820				
70400 Tenant Revenue - Other	\$4,649				
70500 Total Tenant Revenue	\$455,469	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,309,871	\$161,213	\$5,837,475		
70610 Capital Grants	\$415,782			\$10,264	
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$181		\$99		
71400 Fraud Recovery			\$2,708		
71500 Other Revenue	\$36,013				
71600 Gain or Loss on Sale of Capital Assets	\$2,600				
72000 Investment Income - Restricted					
70000 Total Revenue	\$2,219,916	\$161,213	\$5,840,282	\$10,264	\$0
91100 Administrative Salaries	\$191,581		\$240,534		
91200 Auditing Fees	\$3,600		\$5,400		
91400 Advertising and Marketing	\$4,637				
91500 Employee Benefit Contributions - Administrative	\$102,586		\$111,758		
91600 Office Expenses	\$61,340		\$52,817		
91700 Legal Expense	\$97,096		\$4,502		
91800 Travel	\$1,592		\$6,135		
91810 Allocated Overhead					
91900 Other	\$95,079		\$46,920		
91000 Total Operating - Administrative	\$557,511	\$0	\$467,866	\$0	\$0
92100 Tenant Services - Salaries	\$22,524	\$111,086	\$13,460		
92200 Relocation Costs	\$1,878				
92300 Employee Benefit Contributions - Tenant Services		\$46,626	\$14,267		
92400 Tenant Services - Other	\$3,589	\$3,501			
92500 Total Tenant Services	\$27,791	\$161,213	\$27,727	\$0	\$0

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$213,485		\$664,305		\$664,305
70400 Tenant Revenue - Other			\$4,649		\$4,649
70500 Total Tenant Revenue	\$213,485	\$0	\$668,954		\$668,954
70600 HUD PHA Operating Grants			\$7,308,559		\$7,308,559
70610 Capital Grants			\$426,046		\$426,046
70800 Other Government Grants	\$178,337		\$178,337		\$178,337
71100 Investment Income - Unrestricted	\$1,705		\$1,985		\$1,985
71400 Fraud Recovery			\$2,708		\$2,708
71500 Other Revenue	\$225	\$125,825	\$162,063		\$162,063
71600 Gain or Loss on Sale of Capital Assets			\$2,600		\$2,600
72000 Investment Income - Restricted					
70000 Total Revenue	\$393,752	\$125,825	\$8,751,252		\$8,751,252
91100 Administrative Salaries	\$24,620	\$49,941	\$506,676		\$506,676
91200 Auditing Fees	\$1,800	\$1,200	\$12,000		\$12,000
91400 Advertising and Marketing	\$974	\$26,029	\$31,640		\$31,640
91500 Employee Benefit contributions - Administrative	\$27,073	\$3,220	\$244,637		\$244,637
91600 Office Expenses	\$14,919		\$128,876		\$128,876
91700 Legal Expense	\$22,097		\$123,695		\$123,695
91800 Travel	\$1,087	\$82	\$8,896		\$8,896
91810 Allocated Overhead					
91900 Other	\$12,289	\$3,050	\$157,338		\$157,338
91000 Total Operating - Administrative	\$104,859	\$83,522	\$1,213,758		\$1,213,758
92100 Tenant Services - Salaries	\$5,425		\$152,495		\$152,495
92200 Relocation Costs			\$1,878		\$1,878
92300 Employee Benefit Contributions - Tenant Services	\$2,363		\$63,256		\$63,256
92400 Tenant Services - Other	\$1,108		\$7,998		\$7,998
92500 Total Tenant Services	\$8,896	\$0	\$225,627		\$225,627

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.884 Competitive Capital Fund Stimulus Grant	8 Other Federal Program 1
93100 Water	\$127,361		\$41		
93200 Electricity	\$246,265		\$405		
93300 Gas	\$162,302		\$301		
93400 Fuel	\$1,202				
93600 Sewer					
93000 Total Utilities	\$537,130	\$0	\$747	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$145,962				
94200 Ordinary Maintenance and Operations - Materials and Other	\$55,391				
94300 Ordinary Maintenance and Operations Contracts	\$46,784				
94500 Employee Benefit Contributions - Ordinary Maintenance	\$78,158				
94000 Total Maintenance	\$326,295	\$0	\$0	\$0	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$12,051				
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$12,051	\$0	\$0	\$0	\$0
96110 Property Insurance	\$32,280				
96120 Liability Insurance	\$29,346		\$29		
96130 Workmen's Compensation	\$13,631		\$7,059		
96140 All Other Insurance	\$3,222		\$1,375		
96100 Total Insurance Premiums	\$78,479	\$0	\$8,463	\$0	\$0
96200 Other General Expenses	\$45,880		\$14,095		
96210 Compensated Absences	\$68,060				
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$100				
96000 Total Other General Expenses	\$114,040	\$0	\$14,095	\$0	\$0
96900 Total Operating Expenses	\$1,653,297	\$161,213	\$518,898	\$0	\$0

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
93100 Water	\$17,604	\$6	\$145,012		\$145,012
93200 Electricity	\$31,467	\$80	\$278,217		\$278,217
93300 Gas	\$91	\$63	\$162,757		\$162,757
93400 Fuel	\$1,052		\$2,254		\$2,254
93600 Sewer					
93000 Total Utilities	\$50,214	\$149	\$588,240		\$588,240
94100 Ordinary Maintenance and Operations - Labor	\$27,040		\$173,002		\$173,002
94200 Ordinary Maintenance and Operations - Materials and Other	\$249		\$55,640		\$55,640
94300 Ordinary Maintenance and Operations Contracts	\$13,664		\$60,448		\$60,448
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,454		\$101,612		\$101,612
94000 Total Maintenance	\$64,407	\$0	\$390,702		\$390,702
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs	\$557		\$12,608		\$12,608
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$557	\$0	\$12,608		\$12,608
96110 Property Insurance	\$5,894		\$38,174		\$38,174
96120 Liability Insurance	\$1,225		\$30,600		\$30,600
96130 Workmen's Compensation	\$274		\$20,964		\$20,964
96140 All Other Insurance	\$1,088		\$5,685		\$5,685
96100 Total Insurance Premiums	\$8,481	\$0	\$95,423		\$95,423
96200 Other General Expenses			\$59,975		\$59,975
96210 Compensated Absences	\$9,228	\$5,883	\$83,171		\$83,171
96300 Payments in Lieu of Taxes	\$17,098		\$17,098		\$17,098
96400 Bad debt - Tenant Rents			\$100		\$100
96000 Total Other General Expenses	\$26,326	\$5,883	\$160,344		\$160,344
96900 Total Operating Expenses	\$263,740	\$89,554	\$2,686,702		\$2,686,702

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	14,884 Competitive Capital Fund Stimulus Grant	8 Other Federal Program 1
97000 Excess of Operating Revenue over Operating Expenses	\$566,619	\$0	\$5,322,518	\$10,264	\$0
97100 Extraordinary Maintenance	\$8,490				
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$5,557,113		
97350 HAP Portability-In					
97400 Depreciation Expense	\$479,243				
90000 Total Expenses	\$2,141,030	\$161,213	\$6,076,011	\$0	\$0
10010 Operating Transfer In	\$564		\$19,802		
10020 Operating transfer Out	-\$564				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$19,802	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$78,686	\$0	-\$215,927	\$10,264	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$5,441,493	\$0	\$799,725	\$0	\$88,000
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$181,013				
11170 Administrative Fee Equity			\$15,735		
11180 Housing Assistance Payments Equity			\$568,063		
11190 Unit Months Available	2653		8339		
11210 Number of Unit Months Leased	2518		7236		
11270 Excess Cash	\$624,384				
11610 Land Purchases	\$0				
11620 Building Purchases	\$417,478				
11630 Furniture & Equipment - Dwelling Purchases	\$44,441				
11640 Furniture & Equipment - Administrative Purchases	\$186,632				
11650 Leasehold Improvements Purchases	\$0				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

Housing Authority of the City of Ansonia (CT015)
Ansonia, CT

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2012

	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$130,012	\$36,271	\$6,065,684		\$6,065,684
97100 Extraordinary Maintenance			\$8,490		\$8,490
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$5,557,113		\$5,557,113
97350 HAP Portability-in					
97400 Depreciation Expense	\$12,550	\$767	\$492,560		\$492,560
90000 Total Expenses	\$276,290	\$90,321	\$8,744,865		\$8,744,865
10010 Operating Transfer In			\$20,366		\$20,366
10020 Operating transfer Out			-\$20,366		-\$20,366
10100 Total Other financing Sources (Uses)	\$0	-\$19,802	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$117,462	\$15,702	\$7,521		\$7,521
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$786,842	\$305,604	\$7,401,664		\$7,401,664
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$170,749		\$0		\$0
11170 Administrative Fee Equity			\$15,735		\$15,735
11180 Housing Assistance Payments Equity			\$568,063		\$568,063
11190 Unit Months Available	480		11,472		11,472
11210 Number of Unit Months Leased	418		10,172		10,172
11270 Excess Cash			\$624,384		\$624,384
11610 Land Purchases			\$0		\$0
11620 Building Purchases			\$417,478		\$417,478
11630 Furniture & Equipment - Dwelling Purchases			\$44,441		\$44,441
11640 Furniture & Equipment - Administrative Purchases			\$186,632		\$186,632
11650 Leasehold Improvements Purchases			\$0		\$0
11660 Infrastructure Purchases			\$0		\$0
13510 CFFP Debt Service Payments			\$0		\$0
13901 Replacement Housing Factor Funds			\$0		\$0



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Ansonia

We have audited the basic financial statements of the Housing Authority of the City of Ansonia as of and for the year ended December 31, 2012, and have issued our report thereon dated May 17, 2013. 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.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

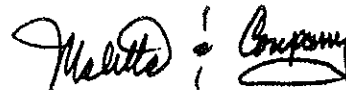
As part of obtaining reasonable assurance about whether the Housing Authority of the City of Ansonia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have

a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we have reported to management of Housing Authority of the City of Ansonia in a separate letter dated May 17, 2013.

Restriction on Use

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, the CT Department of Economic and Community Development and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive, flowing style.

Maletta & Company
Certified Public Accountants

Bristol, Connecticut
May 17, 2013



CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Ansonia

Compliance

We have audited the compliance of the Housing Authority of the City of Ansonia with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The Housing Authority of the City of Ansonia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Housing Authority of the City of Ansonia's compliance with the applicable compliance requirements based on our compliance audit.

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

We believe that our compliance audit provides a reasonable basis for our qualified opinion. Our compliance audit does not provide a legal determination on the Housing Authority of the City of Ansonia's compliance with those requirements.

Basis for Qualified Opinion

As described in item 2012-2 in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Ansonia did not comply with requirements regarding eligibility that are

applicable to its Housing Choice Voucher Program. Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Ansonia to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority of the City of Ansonia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2012.

Other Matter

The results of our compliance auditing procedures also disclosed another instance of noncompliance with the compliance requirements referred to above which is required to be reported in accordance with Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-3.

Internal Control over Compliance

The management of the Housing Authority of the City of Ansonia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered the Housing Authority of the City of Ansonia's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Ansonia's internal control over compliance.

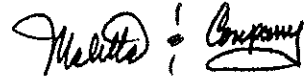
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-2, 2012-3, and 2012-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Housing Authority of the City of Ansonia's responses to the findings identified in our compliance audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of the City of Ansonia's responses and, accordingly, we express no opinion on the responses.

Restricted Use

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

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Maletta & Company
Certified Public Accountants

Bristol, Connecticut
May 17, 2013

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identification Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)			
Direct Programs:			
Low Rent Public Housing	14.850	CT015-00000112D	\$ 1,226,393
Housing Choice Vouchers	14.871	CT015-VO	6,053,402
Resident Opportunity and Self Sufficiency	14.870	CT015RPS028A008	31,915
Resident Opportunity and Self Sufficiency	14.870	CT015RPS023A011	60,297
Resident Opportunity and Self Sufficiency- FSS	14.870	CT015RFS034A010	69,000
Total ROSS Grants			<u>161,212</u>
Capital Fund Program	14.872	CT26P015501-09	37,114
Capital Fund Program	14.872	CT26P015501-10	209,687
Capital Fund Program	14.872	CT26P015501-11	88,524
Capital Fund Program	14.872	CT26P015501-12	1,209
Capital Fund Program- Security Grant	14.872	CT26E015501-09	122,726
ARRA- Capital Fund Competitive Grants	14.884	CT01500000109R	10,264
Total CFP Cluster			<u>469,524</u>
Total Expenditures of Federal Awards			<u><u>\$ 7,910,531</u></u>

*See accompanying notes to
Schedule of Expenditures of Federal Awards.*

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

NOTE C – HOUSING CHOICE VOUCHERS

On the Housing Choice Voucher programs the Authority receives annual funds based on an annual estimate of need. However, federal program expenditures are based on period expenditures rather than funds received.

NOTE D – PROGRAM COST

The amounts presented as federal expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Authority's portion, may be more than is shown on the schedule.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weaknesses? X Yes _____ None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Type of auditor's report issued on compliance for major programs: Qualified

- Any audit finding disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes _____ No

Identification of major programs tested:

<u>CFDA#</u>	<u>Program Name</u>
14.870	Resident Opportunity and Support Service Grant
14.871	Housing Choice Vouchers
14.872	Capital Fund Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee _____ Yes X No

HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012

II. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SIGNIFICANT DEFICIENCY

2012-1 Cost Allocations

Condition:	The Authority does not have an adequate system of controls over the allocation of costs.
Criteria:	HUD and DECD regulations require the allocation of costs be made on a reasonable basis in accordance with an approved cost allocation plan.
Context:	Instances of unsupported cost allocations were noted during audit fieldwork. Invoices for advertising, property insurance and administrative expenses were found to be allocated to the incorrect programs.
Cause:	Ineffective computer controls over the assigned costs as program allocation percentages are hard coded into various account codes in order to streamline invoice entry.
Effect:	Federal Public Housing may have been overcharged costs as costs may be deemed unreasonable.
Recommendation:	We recommend the Authority require all expenditure documentation notate the program charged to enable effective management oversight and authorization.
Views of Responsible Officials:	Management agrees with the finding. Corrective action to be taken as detailed in the Corrective Action Plan.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SIGNIFICANT DEFICIENCY AND MATERIAL NONCOMPLIANCE

**2012-2 Eligibility
Housing Choice Vouchers – CFDA#14.871**

Condition:	The Authority did not recertify participants in a timely basis. In addition, income documentation obtained to determine income eligibility had errors or was otherwise deficient.
Criteria:	HUD regulations require PHAs reexamine family income using third-party documentation at least once every 12 months.
Cause:	Extended employee leave of absences in HCV program staff created temporary staff shortages.
Effect:	The Authority was not in compliance with the HUD requirement. Potential overpayment of HAP due to incorrect or untimely income calculations.
Recommendation:	We recommend the Authority monitor and evaluate HCV staff performance to ensure compliance with HUD regulations. In addition, the Authority should enforce mandatory third-party verification procedures.
Views of Responsible Officials:	Management agrees with the finding. Corrective action to be taken as detailed in the Corrective Action Plan.

SIGNIFICANT DEFICIENCY AND MATERIAL NONCOMPLIANCE

**2012-3 Housing Quality Standards Inspections and Enforcement
Housing Choice Vouchers – CFDA#14.871**

Condition:	The Authority is not adequately enforcing Housing Quality Standards (HQS) inspection deficiencies.
Criteria:	HUD regulations require correction of life threatening deficiencies within 24 hours and all others within 30 days.
Cause:	Extended employee leave of absences in HCV program staff created temporary staff shortages.
Effect:	The Authority was not in compliance with the HUD requirement. Potential overpayment of HAP due to inconsistent/timely abatements.
Recommendation:	We recommend the Authority evaluate inspection needs and establish a procedure to monitor compliance with HUD regulations regarding HQS inspections.
Views of Responsible Officials:	Management agrees with the finding. Corrective action to be taken as detailed in the Corrective Action Plan.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

**III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONT'D)**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SIGNIFICANT DEFICIENCY

**2012-4 Reporting
Housing Choice Voucher – CFDA#14.871**

Condition:	The Authority does not retain adequate support of information submitted to HUD through the Voucher Management System (VMS).
Criteria:	Authorities are required to maintain an appropriate system of controls to ensure that information is submitted timely and accurately to HUD.
Cause:	There are no procedures in place that require staff to retain supporting documentation.
Effect:	Failure to retain supporting documentation impedes management oversight with may result in inaccurate information submitted to HUD.
Recommendation:	We recommend that the Authority's retained documentation include support for all critical line items as defined by HUD for the VMS submission.
Views of Responsible Officials:	Management agrees with the finding. Corrective action to be taken as detailed in the Corrective Action Plan.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**2011-3 Reasonable Rent
Housing Choice Vouchers – CFDA#14.871**

Condition: The Authority is not adequately documenting the determination that the rent to owner is reasonable.

Recommendation: We recommend the Authority document that the rent to owner is reasonable in accordance with its administrative plan at initial leasing and during the term of the contract.

Status: Partially corrected. The process was improved in the current year. Corrective action to be completed in the next fiscal year.

**2011-4 Housing Quality Standards Inspections and Enforcement
Housing Choice Vouchers – CFDA#14.871**

Condition: The Authority is not adequately enforcing Housing Quality Standards (HQS) inspection deficiencies.

Recommendation: We recommend the Authority evaluate inspection needs and establish a procedure to monitor compliance with HUD regulations regarding HQS inspections.

Status: Corrective action not taken. See additional current year finding 2012-3.

**2011-5 Eligibility
Housing Choice Vouchers – CFDA#14.871**

Condition: The Authority did not recertify participants in a timely basis. In addition, income documentation obtained to determine income eligibility had errors or was otherwise deficient.

Recommendation: We recommend the Authority monitor and evaluate HCV staff performance to ensure compliance with HUD regulations. In addition, the Authority should enforce mandatory third-party verification procedures.

Status: Partially corrected this fiscal year; will complete planned action during next fiscal year. See additional current year finding 2012-2.

**HOUSING AUTHORITY OF THE CITY OF ANSONIA
SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2012**

SIGNIFICANT DEFICIENCY

**2011-6 Procurement
Capital Fund Program – CFDA#14.872**

Condition: The Authority could not substantiate adherence to its procurement policy.

Recommendation: We recommend the Authority establish and enforce documentation retention policies including retaining evidence of all competitive bidding, contracts and contract registers.

Status: Corrective action taken. No similar finding noted in current year.

**2011-7 Depository Agreements
Housing Choice Vouchers – CFDA#14.871**

Condition: The Authority has not entered into depository agreements with one of its financial institutions as required by HUD.

Recommendation: We recommend the Authority require a depository agreement be signed with each financial institution.

Status: Corrective action taken. No similar finding noted in current year.