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March 31, 2017



TABLE OF CONTENTS

	Page
Independent Auditors' Report	4
Management's Discussion and Analysis.....	8
 Basic Financial Statements	
Statement of Net Position	
March 31, 2017.....	20
Statement of Revenues, Expenses and Changes in Fund Net Position	
For the Year Ended March 31, 2017	21
Statement of Cash Flows	
For the Year Ended March 31, 2017	22
 Notes to Financial Statements	
Note 1 – Organization.....	24
Note 2 – Summary of Significant Accounting Policies.....	26
Note 3 – Net Position: Restricted	29
Note 4 – Cash and Investment Deposits	30
Note 5 – Restrictions on Cash, Cash Equivalents and Investments.....	31
Note 6 – Accounts Receivable.....	31
Note 7 – Assets Held for Sale.....	32
Note 8 – Investments in the Financing of Affordable Housing Developments.....	32
Note 9 – Capital Assets	33
Note 10 – Noncurrent Liabilities	33
Note 11 – Long Term Debt.....	34
Note 12 – Real Estate Taxes.....	37
Note 13 – Cost-Sharing Defined Benefit Pension Plan	37
Note 14 – Other Post-Employment Benefits	41
Note 15 – Other Retirement Plans	43
Note 16 – Risk Management	43
Note 17 – Commitments.....	44
Note 18 – Impairment of Capital Assets.....	44
Note 19 – Economic Dependency	44
Note 20 – Blended Component Units.....	45
Note 21 – Transfers of Interests in Limited Partnerships	46
Note 22 – Restatement of Beginning Net Position.....	47
Note 23 – Subsequent Events	47

TABLE OF CONTENTS – (Continued)

	Page
Required Supplemental Information	
Schedule of Funding Progress	49
Schedule of the Proportionate Share of the Net Pension Liability.....	50
Schedule of Contributions	51
Notes to Required Supplemental Information	52
Supplemental Information	
Supplemental Financial Data Schedule	54
Statement and Certification of Actual Modernization Costs	64
Statement of Actual Modernization Costs - Uncompleted	65
Statement of Actual Grant Costs - Uncompleted.....	66
Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2017.....	67
Notes to Schedule of Expenditures of Federal Awards	68
Independent Auditor's 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.....	69
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	71
Schedule of Findings and Questioned Costs For the Year Ended March 31, 2017	73
Schedule of Prior Audit Findings.....	74

INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Housing Authority of the City of West Haven
West Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of West Haven, West Haven, CT, as of March 31, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of West Haven's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Housing Authority of the City of West Haven's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meadow Landing I Limited Partnership, which represent 51.3 percent and 13.0 percent, respectively, of the assets and revenues of the Housing Authority of the City of West Haven. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Meadow Landing I Limited Partnership is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 financial position of the Housing Authority of the City of West Haven, as of March 31, 2017, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplemental information presented on pages 49 through 52, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

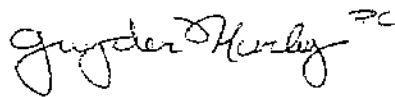
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of West Haven's basic financial statements. The supplemental information presented on pages 54 through 66, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information presented on pages 54 through 66 and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information presented on pages 54 through 66 and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated November 13, 2017 on our consideration of the Housing Authority of the City of West Haven's internal control over financial reporting and 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 audits.

A handwritten signature in cursive script, reading "Guyder Hurley PC". The signature is written in black ink and is positioned above the typed name and date.

Braintree, Massachusetts
November 13, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

As Management of the West Haven Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS:

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$17,682,267.
- The Net Position of the Authority consisted of Net Invested in Capital Assets in the amount of \$16,252,638, Unrestricted Net Position in the amount of \$1,137,310 and Restricted Net Position in the amount of \$292,319. These accounts decreased by (\$1,053,224).
- The Authority's unrestricted and restricted cash at March 31, 2017 was \$4,848,632 representing a decrease of \$5,049,658 from March 31, 2016.
- The Authority had intergovernmental revenues of \$14,491,523 program revenues (charges for services) and tenant revenues of \$4,472,689 and program expenses (exclusive of depreciation expense) of \$18,959,915 for the year ended March 31, 2017.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses and changes in net position are accounted for in the Statement of Revenues, Expenses and Net Position. This statement measures the success of the Authority's operations over the past fiscal year.

The Statement of Cash Flows is to provide information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

Authority Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Business Type Funds – The Authority maintains a business type fund also called enterprise fund. The Programs supporting this fund are as follows:

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Low Rent Public Housing (Asset Management Properties (AMPs)) – Under this program the Authority owns, operates and maintains rental housing acquired with grants from The U.S. Department of Housing and Urban Development (HUD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by HUD via operating grants.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher and Veterans Affairs Supportive Housing – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

Business Activities Programs - The Authority accounts for the activities related to leasing property that is owned by the Authority as well as the construction and sale of condominium units (Spring Heights Condominiums) that are held for sale by the Authority. Savin Rock Community, a non for profit organization (100% owned by the Authority), has established and became the general partner of the Meadow Landing Partnership (MLLP).

Central Office Cost Center – This program accounts for the business activities of the Authority and is the recipient of fee income from the programs for administration of the programs and other business activities of the Authority that are not Federal or State related.

Component Unit – Meadow Landing Corporation (MLC) and Meadow Landing Partnership (MLLP) are the component units of the Authority. Savin Rock Community is the general partner and .01 % owner of the Meadow Landing Limited Partnership (MLLP). The MLC is the limited partner and 99.99% owner of the MLLP. Condensed financial information of MLLP as of December 31, 2016 is included in Note 22.

FINANCIAL ANALYSIS OF THE AUTHORITY

One question frequently asked about an Authority's finances is: "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net position and the Statement of Revenues, Expenses and Net Position report information about the Authority's activities and are summarized in the following sections.

To begin our analysis, a summary of the Authority's Statement of Net Position is presented below.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Table I
STATEMENTS OF NET POSITION
March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Current Assets	\$ 5,828,638	\$ 6,131,669	\$ (303,031)	-4.94%
Capital Assets	26,710,630	26,749,144	(38,514)	-0.14%
Other Noncurrent Assets	<u>10,149</u>	<u>859,727</u>	<u>(849,578)</u>	<u>-98.82%</u>
Total Assets	<u>32,549,417</u>	<u>33,740,540</u>	<u>(1,191,123)</u>	<u>-3.53%</u>
Deferred Outflows of Resources	<u>642,008</u>	<u>399,688</u>	<u>242,320</u>	<u>60.63%</u>
Current Liabilities	1,937,159	2,732,223	(795,064)	-29.10%
Noncurrent Liabilities	<u>13,465,454</u>	<u>12,487,384</u>	<u>978,070</u>	<u>7.83%</u>
Total Liabilities	<u>15,402,613</u>	<u>15,219,607</u>	<u>183,006</u>	<u>1.20%</u>
Deferred Inflows of Resources	<u>106,545</u>	<u>185,130</u>	<u>(78,585)</u>	<u>-42.45%</u>
Net Invested in Capital Assets	16,252,638	15,991,498	261,140	1.63%
Restricted	292,319	170,004	122,315	71.95%
Unrestricted (Deficit)	<u>1,137,310</u>	<u>2,573,989</u>	<u>(1,436,679)</u>	<u>-55.82%</u>
Total Net Position	<u>\$ 17,682,267</u>	<u>\$ 18,735,491</u>	<u>\$ (1,053,224)</u>	<u>-5.62%</u>

The Authority's total assets at March 31, 2017 were \$32.5 million, slightly decreased from March 31, 2016.

Current Assets decreased by (\$303,031) or 4.94% due to the following factors: an one time write off (\$256,306) of the market value for the nine condos in the Business Activities, Cash & cash equivalents decreased by (\$201,026), prepaid assets increased in the amount of \$49,298, accounts receivable balances increased by \$105,015.

Noncurrent Assets decreased by (\$849,578) due to a one-time elimination of investment in MDLP (\$479,630) in Business activities and (\$369,948) in Component Unit since MDLP became fully owned subsidiary. Capital assets decreased slightly by (\$38,514) due to the net of fixed assets additions and depreciation.

Liabilities: Current Liability decreased by (\$795,064). The main factor was a one-time elimination of investment and of debt cost due to ownership changes in MDL. Noncurrent liability increased \$978,070 which is due to CFFP refinancing by which the WHHA added the additional \$1.3 million long term debt for the boiler projects.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Table II
Change of Net Position

Net Position @ March 31, 2016	\$ 18,735,491
Results of Operations	<u>\$ (209,699)</u>
Prior year adjustments	<u>\$ (843,525)</u>
Net Position @ March 31, 2017	<u><u>\$ 17,682,267</u></u>

As illustrated Table II, Change in Net Position, and in Table I, Combined Statement of Net Position, the overall Net position of the Authority decreased by \$(1,053,224).

The operating result is net loss (\$209,699) after depreciation. Prior year adjustments included an equity transfer (\$47,855) to Savin Rock Communities, Inc. and (\$795,698) elimination of investment and debt cost due to ownership changes in MDLP.

While the Statement of Net position shows the change in financial position, the Statement of Revenues, Expenses, and Net position breaks down our revenues and expenses further. Table III, which follows, provides a combined statement of the changes in Net position noted above.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Table III
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended March 31, 2016 and 2017

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Revenue				
Operating Revenues	\$ 19,693,782	\$ 18,478,746	\$ 1,215,036	6.58%
Non-operating Revenues	<u>496,437</u>	<u>492,882</u>	<u>3,555</u>	0.72%
Total Revenues	<u>20,190,219</u>	<u>18,971,628</u>	<u>1,218,591</u>	6.42%
Expenses				
Housing assistance payments	10,194,107	9,722,987	471,120	4.85%
Administration	3,588,981	3,492,177	96,804	2.77%
Repair and maintenance	1,765,714	1,735,179	30,535	1.76%
Depreciation expense	1,440,003	1,534,206	(94,203)	-6.14%
Utilities	1,253,766	1,227,071	26,695	2.18%
Interest expense	610,421	594,628	15,793	2.66%
Other general expenses	871,469	514,351	357,118	69.43%
Insurance expense	377,017	325,102	51,915	15.97%
Protective services	60,039	59,072	967	1.64%
Tenant services	28,016	28,320	(304)	-1.07%
Amortization	<u>210,385</u>	<u>17,404</u>	<u>192,981</u>	1108.83%
Total Operating Expenses	<u>20,399,918</u>	<u>19,250,497</u>	<u>1,149,421</u>	5.97%
Total Expenses	<u>20,399,918</u>	<u>19,250,497</u>	<u>1,149,421</u>	5.97%
Change in Net Position	(209,699)	(278,869)	69,170	-24.80%
Net Position - Beginning of Year	<u>18,735,491</u>	<u>20,248,179</u>	<u>(1,512,688)</u>	-7.47%
Prior Period Adjustments	<u>(843,525)</u>	<u>(1,233,819)</u>	<u>390,294</u>	-31.63%
Net Position - End of Year	<u>\$ 17,682,267</u>	<u>\$ 18,735,491</u>	<u>\$ (1,053,224)</u>	-5.62%

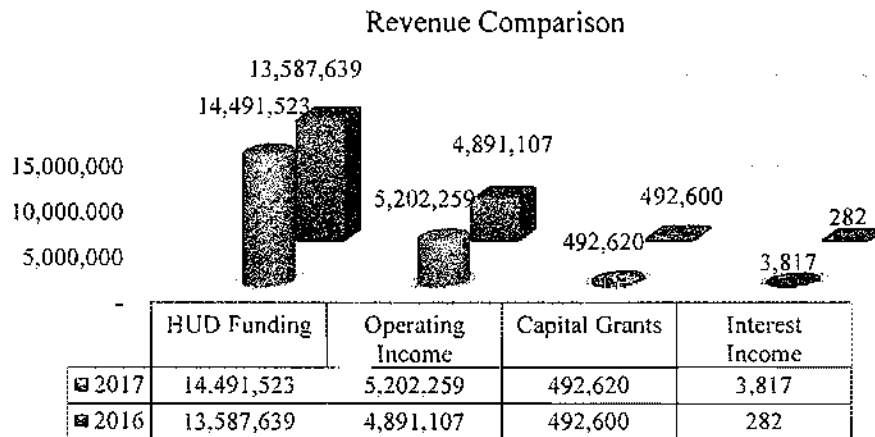
REVENUES

In reviewing the Statement of Revenues, Expenses, and Net position, you will find that 72% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development (HAP Subsidies and Capital Grant). The Authority receives revenue from dwelling rental charges, excess utilities, and miscellaneous charges (28% of total revenue). Interest from Investments are immaterial. Compared to the Fiscal Year Ended March 31, 2016, revenues had an overall increase of \$1,218,591 or 6.42 %. The government grant increased \$903,884 while operating income increased \$311,152. The "Revenue Comparison" graph gives us a snapshot of the changes in revenue.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017



Program Grants/Subsidies – The Authority had a \$903,904 increase, or 7 %, in other governmental and HUD Grant Revenue compared to the previous year. See Table IV for detailed analysis.

Funding increases were driven by the \$627,130 or 6% increase in HCVP funding which was due to an over utilization of HCVP restricted funds. There were increases in the CFP of \$109,399 and public housing operating subsidies of \$123,217 as well.

Table IV HUD Funding Comparative					
Year	HCV	Public Housing	CFP	ROSS	Totals
2017	12,287,672	1,776,945	820,638	98,888	14,984,143
2016	11,660,542	1,653,728	711,239	54,730	14,080,239
Net Change	627,130	123,217	109,399	44,158	903,904
% Change	6%	8%	16%	81%	7%

Tenant Revenue - Tenant Revenue received in the Public Housing Program and MLLP rental income had an increase from \$4,441,536 to \$4,472,689 due to the rent increase in MLLP rental income. The net change includes an elimination \$(988,268) of HAP payment from the Housing Authority.

Interest Income/Other Income – The Authority had an increase in interest income of \$3,535 due to the interests from the restricted cash accounts.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

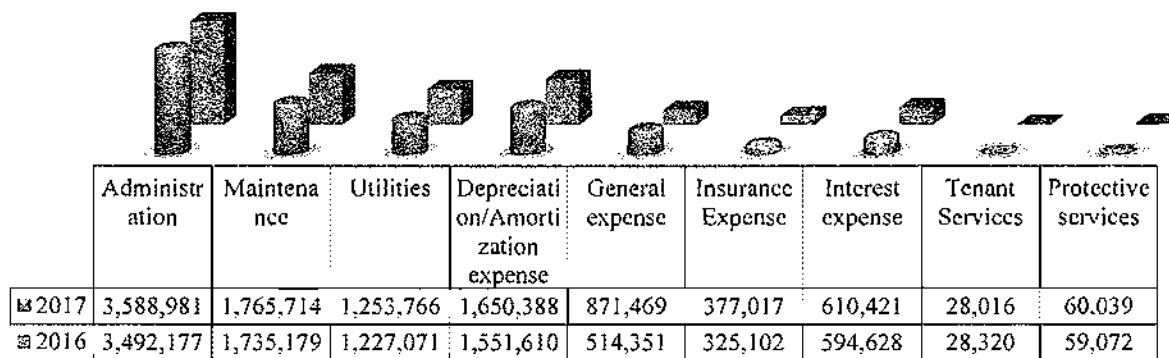
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

EXPENSES

The West Haven Housing Authority experienced an increase in operating expenses for the current year of \$1,149,421 or 5.97%. Onetime expenses included a write off market value of nine condos in Business activities (\$256,308) and CFFP refinance cost about (\$210,385). HAP payment increased (\$471,120). After those variances, the true operation cost increased by (\$211,878). The graph below gives us a picture view of the changes from year to year between expense categories.

Expense Comparison



The highlights of the expenses for the current year as follows:

Housing Assistance Payments Program – HAP payments consist of rental payments to owners of private property for which the housing authority has a HAP agreement with the tenant and the owner for the difference between the tenants rent and the applicable payment standard. The Housing Authority has actually over utilized the budgeted fund and increased expenditures of this program by \$471,120.

Administrative – Administrative costs include all non-maintenance and non-resident service personnel costs (including benefits and accrued leave), legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense, etc. Administrative expenses increased by \$96,804. The increase is mainly due to annual salary increases, benefits adjustments, and legal costs within this category.

Maintenance – Maintenance costs are all costs incurred to maintain the 612 Public Housing units and 38 State/Local units owned by the Authority available for occupancy. The Authority had 646 units leased during the year. Costs include personnel costs, materials used, contracts for waste management, telephone/radio service, etc. The Maintenance Expense for the Authority increased by \$30,535 or 1.76%. The increases were due to salary increases, additional cost across the board such as contracting expenses, and more in-house unit turnaround and painting.

Utilities - The total utilities expense for the Authority increased by \$26,695 or 2.18%. The increase was experienced in all projects.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items are recorded as depreciation. Depreciation Expense for the current year decreased by (\$94,203) due to no major projects being placed into service this year.

General Expenses – General Expenses include collection losses, compensated absences and payment in lieu of taxes to the City of West Haven. General expenses for the Authority increased by \$357,118 or 69.43%. The main driver in this category's increase is related to the write off of the condos value (\$256,308) and transfer tax incurred by acquiring Meadow Landing LP.

Insurance Expenses – Insurance Expenses include property, auto, liability, workers' compensation, public officials' liability, lead based paint insurance, etc. The Housing Authority's insurance expenses increased by \$51,915 or 15.97%. The change is due to annual premium increase and more insurance purchased such as flood insurance and cyber insurance.

Interest expense – Interest expenses are a portion of the payment for capital debt that provides resources for the improvement of existing properties. Interest expenses increased by \$15,793 related to CFFP refinance where interest expenses were recalculated based on the capital debt.

Tenant Services – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. The Resident Advisory Board (RAB) receives funding for board meetings, training costs, and other items to assist the RAB in staying informed on its role in the Authority's operations. The Tenant Advisory Council (TAC) receives assistance on costs of meetings and other social activities provided. Tenant Services costs decreased by (\$304) which is immaterial.

Protective Services – Protective services increased by \$967 due to staff reductions within this category.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

CAPITAL ASSETS

The total net Capital Assets of the Authority were decreased \$26,710,630, net of depreciation. As of March 31, 2017, the Authority had decreased its net capital assets by \$(38,514) due to depreciation (\$1,440,003) is outpacing the additions \$1,394,363. The following illustrates the Capital Asset values for 2016 & 2017.

Table V
CAPITAL ASSET ANALYSIS
March 31, 2016 and 2017

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 925,125	\$ 925,125	\$ -	0.00%
Buildings	64,839,767	63,320,649	1,519,118	2.40%
Furniture and equipment	2,592,295	2,219,521	372,774	16.80%
Construction in progress	<u>36,380</u>	<u>533,909</u>	<u>(497,529)</u>	-93.19%
Total capital assets	68,393,567	66,999,204	1,394,363	2.08%
Accumulated depreciation	<u>\$ (41,682,937)</u>	<u>\$ (40,250,060)</u>	<u>\$ (1,432,877)</u>	3.56%
Capital assets, net of accumulated depreciation	<u>\$ 26,710,630</u>	<u>\$ 26,749,144</u>	<u>\$ (38,514)</u>	-0.14%

The PHA had \$492,620 in Capital Fund capital expenditures during fiscal year 2017. The PHA operated two CFP grants during fiscal year 2017.

The authority had \$1,440,003 in depreciation expense.

NONCURRENT LIABILITIES

There were increases in OPEB, from \$1,457,690 to \$1,942,620, related to cash flow analysis of the Authority's long-term obligation for future retiree health care benefits, timing and non-usage of leave time and GASB 68 pension liability.

Total long-term debt increased by \$616,578 because the Housing Authority issued more CFFP debt for the boiler project.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Table VI gives us a detailed summary of the Authority's non-current debt;

Table VI
LONG TERM DEBT ANALYSIS
March 31, 2016 and 2017

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Long term debt	\$ 11,374,224	\$ 10,757,646	\$ 616,578	5.73%

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

As the West Haven housing market is not immune from the ups and downs of the economy; nor are our residents and participants. Here are a few of the operational impacts the Authority anticipates having to manage in the coming year:

- The Authority is working at expending opportunities for low to moderate income families through the tax credit financing program for the redevelopment of properties available to the Authority and in need of substantial revitalization. The Authority is looking into redevelopment possibilities and Plans over the next 5-10 years to not only revitalize current housing stock but expand the Authority's portfolio with new properties and investments.
- With the strains on Federal subsidies and grants, the Authority continues to work diligently in finding new resources to fund programs and reduce costs where available. The Congressional appropriation acts has limited the security and ability of the Authority to properly plan future programs, modernization of existing stock and resident service program activities.
- Many of our residents and Voucher holders rely on financial aid provided by governmental agencies. There have been and will likely continue to be service and subsidy reductions that will impact both residents and the Authority's funding. The Authority will keep over utilization of the Voucher program and serve more voucher holders.
- The City of West Haven as most other middle sized cities within Connecticut are suffering loss of industry, business and employment opportunities. This leads to further strains on the PHA's limited expendable assets added with HUD and State cuts in funding and diminished opportunities for the PHA to assist individuals and families in need within their surrounding areas.
- The City of West Haven has a larger than normal concentration of rental homes and elderly/veteran population. This provides some unique opportunities for the Authority with special programs/funding for elderly and veterans as well as unique challenges to the Authority program portfolio.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

CONCLUSIONS:

Overall, while the West Haven Housing Authority had a difficult fiscal year, many improvements and tough decisions were made to provide consistent and reasonable operation of HUD programs. The authority's management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

Management continues to work through reorganizing the Authority from the issues that arose from the prior administration illegal and unethical activities. These issues have created resource challenges related to financial and personnel resources which the Authority has advanced and will continue to improve. Management is focused on building up resources as to better meet its customer and user needs in the near and long-term.

This financial report is designed to provide our residents, the citizens of West Haven, Connecticut, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact John Counter, Executive Director at (203) 934-8671 or by writing: West Haven Housing Authority, 15 Glade St., West Haven, CT. 06516-2687.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

STATEMENT OF NET POSITION

March 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents - Note 4	\$ 1,341,268
Restricted cash and cash equivalents - Notes 4 & 5	3,460,215
Accounts receivable, net - Note 6	450,253
Prepaid expenses and other current assets	124,753
Assets held for sale - Note 7	405,000
Total Current Assets	<u>5,781,489</u>

Noncurrent Assets:

Restricted cash and cash equivalents - Notes 4 & 5	47,149
Capital assets, net of accumulated depreciation - Note 9	26,710,630
Other noncurrent assets	10,149
Total Noncurrent Assets	<u>26,767,928</u>

Total Assets	<u>32,549,417</u>
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DEFERRED OUTFLOWS OF RESOURCES - Note 13	<u>642,008</u>
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LIABILITIES

Current Liabilities:

Current portion of long term debt - Note 11	511,183
Accounts payable	157,079
Accounts payable, other government	141,536
Accrued wages and current portion of compensated absences	50,528
Interest payable	159,935
Other current liabilities	483,368
Other accrued expenses	6,543
Unearned revenue	8,014
Tenant security deposits	418,973
Total Current Liabilities	<u>1,937,159</u>

Noncurrent Liabilities:

Long term debt, net of current portion - Note 11	11,374,224
Accrued compensated absences, net of current portion - Note 10	103,487
Other noncurrent liabilities - Note 10	45,123
Accrued pension - Notes 10 & 13	1,458,200
OPEB liability - Notes 10 & 14	484,420
Total Noncurrent Liabilities	<u>13,465,454</u>

Total Liabilities	<u>15,402,613</u>
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DEFERRED INFLOWS OF RESOURCES - Notes 13 & 20	<u>106,545</u>
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NET POSITION

Net investment in capital assets	16,252,638
Restricted for:	
Housing Assistance Payments	292,319
Unrestricted (deficit)	<u>1,137,310</u>
Total Net Position	<u>\$ 17,682,267</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended March 31, 2017

OPERATING REVENUES

HUD grants and contributions	\$ 14,491,523
Tenant rental income	4,472,689
Other revenue	<u>729,570</u>
Total Operating Revenues	<u>19,693,782</u>

OPERATING EXPENSES

Housing assistance payments	10,194,107
Administration	3,588,981
Repair and maintenance	1,765,714
Depreciation expense	1,440,003
Utilities	1,253,766
Other general expenses	871,469
Insurance expense	377,017
Amortization	210,385
Protective services	60,039
Tenant services	<u>28,016</u>
Total Operating Expenses	<u>19,789,497</u>

Operating Loss (95,715)

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	3,817
Interest expense	<u>(610,421)</u>

Total Nonoperating Revenues (Expenses) (606,604)

Loss before Capital Contributions and Transfers (702,319)

CAPITAL CONTRIBUTIONS & TRANSFERS

HUD capital grants and contributions	<u>492,620</u>
Total Capital Contributions and Transfers	<u>492,620</u>

Change in Net Position (209,699)

Net Position - Beginning of Year - As Restated - Note 22 17,891,966

Net Position - End of Year \$ 17,682,267

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 14,489,348
Receipts from tenants	4,679,786
Other operating receipts	410,011
Payments to employees	(3,416,823)
Payments to suppliers	<u>(16,228,275)</u>

Net cash used in operating activities (65,953)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants	660,409
Interest expense	(625,571)
Payments on long term debt	(1,597,239)
Proceeds from long term debt	2,725,000
Acquisitions of capital assets	<u>(1,401,489)</u>

Net cash used in capital and related financing activities (238,890)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Distributions from partnerships	<u>100,000</u>
Net cash provided by noncapital financing activities	<u>100,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>3,817</u>
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Net cash provided by investing activities 3,817

Net decrease in cash and cash equivalents (201,026)

Cash and cash equivalents at beginning of year 5,049,658

Cash and cash equivalents at end of year \$ 4,848,632

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

STATEMENT OF CASH FLOWS – (Continued)
For the Year Ended March 31, 2017

Reconciliation of operating loss to net cash used in operating activities:	
Operating Loss	\$ (95,715)
Adjustments:	
Depreciation	1,437,085
Amortization	2,918
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	17,739
(Increase) decrease in accounts receivable, other	(288,961)
(Increase) decrease in accounts receivable, HUD	(1,572)
(Increase) decrease in prepaid expenses and other current assets	225,063
(Decrease) increase in accounts payable	(242,194)
(Decrease) increase in accounts payable, HUD	(603)
(Decrease) increase in accounts payable, other government	(7,895)
(Decrease) increase in compensated absences and accrued wages	4,635
(Decrease) increase in accrued pension liability	11,243
(Decrease) increase in OPEB liability	52,782
(Decrease) increase in accrued expenses and other current liabilities	(1,356,245)
(Decrease) increase in tenant security deposits	187,161
(Decrease) increase in unearned operating revenue	<u>(11,394)</u>
Net cash used in operating activities	<u>\$ (65,953)</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1 – ORGANIZATION

The Housing Authority of the City of West Haven (the Authority) was incorporated under the laws of the State of Connecticut. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher and the Family Self Sufficiency Program (FSS) – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

Central Office Cost Center (COCC) – This program accounts for the business activities of the Authority and is the recipient of fee income from the programs for administration of the programs and other business activities of the Authority that are not Federal or State related.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1 – ORGANIZATION – (Continued)

Component Units

The Authority's financial statements include the accounts of all of the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of 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

Based on the aforementioned criteria, the Authority has three component units, Meadow Landing Corporation, Meadow Landing I, LP, and Savin Rock Communities, Inc.

Meadow Landing Corporation (MLC) – The Authority's board of commissioners is also the board of directors of the for-profit entity. Because of its close association with the Authority, this entity has been included in the financial statements. Effective January 1, 2017, MLC accepted the transfer of the limited partner interest in Meadow Landing I, LP from the Authority and has a 99.99% ownership interest in the Partnership.

Savin Rock Communities, Inc. - An IRC 501(c)3 corporation, was created to acquire construct, renovate and operate affordable housing in New Haven County. Effective January 1, 2017 the corporation is the general partner and hold a 0.01% ownership interest in Meadow Landing I, LP.

Meadow Landing I. Limited Partnership – Meadow Landing I Limited Partnership (the "Partnership") was formed as a limited partnership under the laws of the State of Connecticut on December 15, 1997, for the purpose of acquiring, financing, owning, maintaining, improving, operating and leasing a low-income residential housing project (the "Project"). The project consists of 230 multi-family units located in West Haven, Connecticut and operates under the name of Meadow Landing Apartments. The Partnership has received an allocation of low-income housing tax credits from the State of Connecticut totaling \$11,296,790. To qualify for the tax credits, the Partnership met certain requirements, including attaining a qualified eligible basis sufficient to support the allocation. The Partnership shall remain in effect until December 31, 2050.

Condensed financial information of Meadow Landing Corporation, Meadow Landing I, LP and Savin Rock Communities, Inc is included in Note 20.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund.

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34") and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"). GASB 34 and GASB 63 require the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. GASB 34 requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information. GASB 63 requires the Authority to report deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenditures are recorded as a liability until earned.

The Partnership reports under FASB. Certain revenue recognition and presentation features under FASB are different than those of GASB. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and No. 34*, requires that the funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. As a result, the Partnership's financial information has been modified to conform with generally accepted accounting principles for governmental entities.

New Accounting Standard Adopted

During 2017, the Authority adopted GASB 72, *Fair Value Measurement and Application*. GASB 72 provides guidance on determining fair value measurement and the applicable disclosure requirements. This statement requires disclosures to be made about fair value measurement, the level of fair value hierarchy and valuation techniques. GASB 72 also requires donated capital assets to be measured at acquisition value.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions and other debt securities that are readily convertible into cash and purchased with original maturities of three months or less. Also included in cash equivalents are non-negotiable certificates of deposits, recorded at cost in accordance with GASB 31.

D. Accounts Receivable

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

E. Capital Assets

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	15-40 years
Furniture, Equipment and Machinery	5-12 years

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Compensated Absences

Employees earn annual vacation leave at a rate ranging from 6 days per year, up to a maximum of 24 days per year depending on years of service and union/non-union status. The maximum permissible accumulation is 30 days. At termination, employees are paid for any accumulated annual vacation leave. Employees can earn a maximum of 12 sick days per year. Sick time accrues on a calendar year and cannot be carried forward to the next fiscal year. Earned but unused sick time will be paid out at the beginning of the following calendar year. Total accrued compensated absences at March 31, 2017 aggregated \$114,385.

G. Operating Revenues and Expenses

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraphs 17 and 18 for cash flows to determine operating revenues and expenses. Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services 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 of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Inventory

Assets held for sale are recorded at lower of cost or market.

J. Revenue Recognition on Sale of Homes

Revenue on the sale of homes is recognized when all parties are bound by the terms of the contract, all consideration has been exchanged, any permanent financing for which the seller is responsible has been arranged, and all conditions precedent to the closing have been met.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

K. Investment in the Financing of Affordable Housing Developments

Investment in the Financing of Affordable Housing Developments represents long-term subsidized loans to Public-Private Partnership entities formed to revitalize and preserve affordable housing properties. The loans were funded through the Department of HUD and internal resources. As these loans were subsidized by HUD or other sources, instruments with below market interest rate have not been discounted.

L. Amortization

The Partnership's tax credit monitoring fees of \$58,335 were recorded at cost. Amortization is computed on the straight-line method over the compliance period. Accumulated amortization as of December 31, 2016, is \$48,186. The Partnership also has deferred financing fees of \$360,000. Under FASB, deferred financing fees are amortized over the term of the loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would be obtained under the effective yield method. Under GASB, debt issuance costs are expensed in the period incurred; as a result, for presentation in the consolidated financial statements of the Authority, the deferred financing fees have been expensed.

M. Income Taxes

The Partnership files a U.S. Partnership Return of Income, which indicates each partner's share of items to be reported on each partner's individual income tax return. As a result, no provision for income taxes is required on the Partnership's financial statements. The Partnership is liable for minimum state taxes not based on income.

NOTE 3 – NET POSITION: RESTRICTED

At March 31, 2017, restrictions of \$292,319, represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 4 – CASH AND INVESTMENT DEPOSITS

GASB standards require that cash and investment deposits with financial institutions be classified into one of the following four categories:

Category A – Insured

Category B – Collateralized, with securities held by the entity or by its agent in the entity's name.

Category C – Collateralized, with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category D – Non-collateralized (Includes any bank balance collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the entity's name.)

The Authority has adopted HUD's Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, (category A, B or C) by U.S. Government obligations that have a market value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

In the case of cash deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk, except ensuring that it follows the HUD regulations for federal deposits as detailed in a prior paragraph. At March 31, 2017, the Authority's cash deposits of \$2,781,968 were fully insured or collateralized.

The Authority notes that in accordance with GASB 40, the disclosures for all types of cash deposits with a financial institution, whether categorized as cash and cash equivalents or as investments are the same and have been reported and disclosed accordingly in the previous section of the note.

The Partnership maintains its cash balances in several accounts in various banks. At times, these balances may exceed federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at December 31, 2016. The Partnership's total cash balances totaled \$2,066,664 at December 31, 2016.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 5 – RESTRICTIONS ON CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's restricted cash and cash equivalents balance consists of funds restricted for future HAP payments, funds designated for tenant security deposits, funds restricted for participants in the FSS program and funds held by a third-party agent for future bond interest and principal payments related to its Capital Fund Program debt. The Partnership is required by the bond indenture and first mortgage note to establish and maintain certain escrow accounts. The Partnership is required to make minimum annual deposits of \$250 per unit to the replacement reserve. The debt service reserve fund is required to maintain a balance of the lesser of: 1) maximum annual debt service on the bonds; 2) 125% of the average annual debt service requirements on the bonds; or 3) 10% of the aggregate principal amount of the bonds. All of these funds are invested in money markets. Releases from the funds are permitted under the terms and conditions set forth in the bond indenture. These amounts support either a corresponding liability or restricted net position. At March 31, 2017, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
HAP Reserves	\$ 292,319
Debt Service	1,427,413
Replacement Reserves	167,835
Other Escrows	1,103,829
FSS Escrow	47,149
Tenant Security Deposits	<u>468,819</u>
Total	<u>\$ 3,507,364</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a detail listing of receivables for the Authority including the applicable allowances for uncollectible accounts at March 31, 2017.

<u>Category of Receivable</u>	<u>Amount</u>
HUD	\$ 10,581
Miscellaneous	416,725
Tenants	<u>31,198</u>
Gross Receivables	458,504
Allowance - Tenants	<u>(8,251)</u>
Net Receivables	<u>\$ 450,253</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 7 – ASSETS HELD FOR SALE

The Authority acquired, in fiscal year 2004, several local properties (currently known as Spring Heights Condominiums) from the City of West Haven. The Authority has renovated these properties through various funding sources, including loans and grants. The Authority's intent, in prior years, has been to rehabilitate and sell the condominiums as affordable housing units. Currently, however, due to the condition of the housing market, the Authority has decided to operate thirty-three of the remaining unsold units as rental property. Accordingly, the cost of these previously inventoried units has been transferred to capital assets.

During 2017, the Authority adjusted the inventory to fair market value, resulting in a loss on adjustment of \$256,308. Fair market value was determined by an assessment of the local real estate market as well as recent historical home sales.

The remaining units that will continue to be held for sale are inventoried as assets held for sale on the Authority's Statement of Net Position at a carrying value of \$405,000. During the year ended March 31, 2017, the Authority did not sell any units.

NOTE 8 – INVESTMENT IN FINANCING OF AFFORDABLE HOUSING DEVELOPMENTS

The Authority received a \$9,200,000 multi-family disposition grant from HUD in a prior period. These funds were subsequently lent to Meadow Landing Limited Partnership (MLLP) for the development of an affordable housing project. The use of the proceeds by the project is evidenced by a \$9,200,000 note from MLLP payable to the Authority. At March 31, 2017, the outstanding balance of the note was \$9,200,000. The note bears interest at a rate of 1% per annum. Outstanding principal and accrued interest are due and payable on June 1, 2028. Interest accrued on the note for the year ended March 31, 2017 was \$92,000 and \$1,614,457 remains payable at March 31, 2017. This note is eliminated in consolidation.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 9 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	<u>3/31/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>3/31/2017</u>
Capital assets not being depreciated				
Land	\$ 925,125	\$ -	\$ -	\$ 925,125
Construction in Progress	<u>533,909</u>	<u>898,846</u>	<u>(1,396,375)</u>	<u>36,380</u>
Total capital assets not being depreciated	<u>1,459,034</u>	<u>898,846</u>	<u>(1,396,375)</u>	<u>961,505</u>
Other Capital Assets				
Buildings	63,320,649	1,519,118	-	64,839,767
Furniture, equipment & machinery	<u>2,212,395</u>	<u>379,900</u>	<u>-</u>	<u>2,592,295</u>
Total other capital assets	<u>65,533,044</u>	<u>1,899,018</u>	<u>-</u>	<u>67,432,062</u>
Less accumulated depreciation				
Buildings	39,203,124	1,329,524	-	40,532,648
Furniture, equipment & machinery	<u>1,039,809</u>	<u>110,480</u>	<u>-</u>	<u>1,150,289</u>
Total accumulated depreciation	<u>40,242,933</u>	<u>1,440,004</u>	<u>-</u>	<u>41,682,937</u>
Capital Assets Net	<u>\$ 26,749,145</u>	<u>\$ 1,357,860</u>	<u>\$ (1,396,375)</u>	<u>\$ 26,710,630</u>
Depreciation expense was charged to:				
Low Rent		<u>\$ 624,254</u>		
COCC		<u>\$ 16,953</u>		
Business Activities		<u>\$ 79,415</u>		
Component Unit		<u>\$ 719,381</u>		

NOTE 10 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended March 31, 2017 is as follows:

	<u>3/31/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>3/31/2017</u>
Compensated Absences	\$ 113,654	\$ 101,915	\$ (101,184)	\$ (10,898)	\$ 103,487
FSS Escrow	61,154	-	(16,031)	-	45,123
PILOT Liability – Note 12	801,325	135,535	(795,324)	(141,536)	-
Pension Accrual	1,026,052	631,559	(199,411)	-	1,458,200
OPEB Liability	<u>431,638</u>	<u>161,823</u>	<u>(109,041)</u>	<u>-</u>	<u>484,420</u>
Total	<u>\$ 2,433,823</u>	<u>\$ 1,030,832</u>	<u>\$ (1,220,991)</u>	<u>\$ (152,434)</u>	<u>\$ 2,091,230</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 11 – LONG TERM DEBT

Housing Authority of the City of West Haven

Long term debt activity for the year ended March 31, 2017 is as follows:

	<u>3/31/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>3/31/2017</u>
Capital Fund Revenue Bonds	\$ 1,425,000	\$ 1,375,000	\$ (75,000)	\$ (105,000)	\$ 2,620,000
Mortgage Notes Payable	3,066,072	-	(67,665)	(71,183)	2,927,224
Line of Credit	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>
Total	<u>\$ 4,716,072</u>	<u>\$ 1,375,000</u>	<u>\$ (142,665)</u>	<u>\$ (401,183)</u>	<u>\$ 5,547,224</u>

Revenue Bonds

The Authority, with the approval of HUD in December 2002, issued \$2,595,000 in serial bonds. The proceeds from the issuance were to be used in rehabilitating HUD-financed properties maintained by the Authority. The bonds are being repaid over a 20-year period with the first debt payment made in September of 2004, and subsequent payments made once a year. Interest payments are made semiannually each March and September, at an effective rate of 5.44% per annum. The principal and interest payments are funded through subsequent grants received through the Authority's Capital Fund Program each year.

In April of 2016, the Authority refinanced the series 2002 bonds by issuing \$2,725,000 of tax-exempt Capital Fund Financing Program Revenue Bonds. The proceeds of the bonds were used in the retirement of the Series 2002 Bonds in the amount of \$1,350,000 and the remainder of the proceeds were used in rehabilitating HUD-financed properties of the Authority and for the payment of closing costs of \$190,000. The repayment of the bonds is over a term of 18 years with the first debt payment made in August of 2017, and subsequent payments made annually in August. Interest payments are made semiannually, in February and August, at an annualized rate of 4.00%. The debt and interest payments are funded through grants received through the Authority's Capital Fund Program. The Authority is required to maintain a debt service reserve fund for the remaining bond proceeds, which are held by a third party.

At March 31, 2017, the outstanding principal balance on the bond was \$2,725,000. Interest expense incurred during the year was \$97,544. At March 31, 2017, the debt service reserves and unspent proceeds totaled \$1,427,415.

In December of 2011, the Authority issued an additional \$350,000 general obligation bond. The proceeds of the bond were used to finance capital improvements to the Authority's federal properties. The bond was repaid over a 5-year period with the first principal payment made in December of 2012 and the final payment being made in December 2016. Interest payments were made semiannually each June and December, at an effective rate of 2.84% per annum. For the year ended March 31, 2017, principal and interest payments on the bonds were \$75,000 and \$2,340, respectively.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 11 – LONG TERM DEBT – (Continued)

In 2012, Authority borrowed \$2,100,000 from Housing Development Funding, Inc. to consolidate preexisting financing instruments. The loan is being serviced by First County Bank. The note is being repaid in equal monthly installments of principal and interest of \$13,273 over a term of 30 years and is secured by Authority property located at 55 Glade Street, West Haven, CT. Interest accrues at a rate of 6.5% per annum. For the year ended March 31, 2017, the Authority incurred interest expense of \$127,658. The total principal balance outstanding at March 31, 2017 was \$1,976,049.

Also in 2012, Authority borrowed \$550,000 from Prime Bank. The note is being repaid in equal monthly installments of principal and interest of \$5,750 over a term of 10 years and is secured by Authority property located at 57, 59 and 63 Glade Street, West Haven, CT. Interest accrues at a rate of 10.0% per annum. For the year ended March 31, 2017, the Authority incurred interest expense of \$50,338. The total principal balance outstanding at March 31, 2017 was \$488,580.

In a prior year, the Authority was granted \$800,000 from the Community Development Administration for the purpose of financing the acquisition and renovation of the Spring Heights condominium project. In April of 2007, the Authority agreed to repay the grant in equal installments of principal in the amount of \$1,800 per month. The repayment agreement requires no payment of interest and is unsecured. At March 31, 2017, the total principal outstanding was \$565,400.

Line of Credit

The Authority established a revolving line of credit with Prime Bank to finance the continued renovation of Spring Heights condominiums. During fiscal year 2012, the Authority made payments on the line of credit in the amount of \$800,000 and took advances in the amount of \$225,000. Outstanding advances accrue interest at 10% per annum. The note is secured by real property and an assignment of leases and rents. At March 31, 2017, outstanding advances aggregated \$225,000. Currently, the Authority is only required to make interest-only payments on the outstanding balance. The Authority incurred and paid \$12,671 of interest.

The debt will be amortized as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2018	\$ 401,283	\$ 338,419
2019	185,710	322,732
2020	194,440	306,163
2021	204,033	288,684
2022	214,008	270,268
2023-2027	1,235,599	1,130,015
2028-2032	1,563,883	714,510
2033-2037	1,223,024	319,390
2038-2042	700,085	86,415
2043-2047	<u>26,342</u>	<u>-</u>
Total	<u>\$ 5,948,407</u>	<u>\$ 3,776,596</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 11 – LONG TERM DEBT – (Continued)

Meadow Landing I, LP

Long term debt activity for the year ended December 31, 2015 is as follows:

	<u>12/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>12/31/2016</u>
Revenue Bonds	\$ 6,065,000	\$ -	\$ (105,000)	\$ (110,000)	\$ 5,850,000
Note Payable	<u>10,699,457</u>	<u>92,000</u>	<u>-</u>	<u>-</u>	<u>10,791,457</u>
Total	<u>\$ 16,764,457</u>	<u>\$ 92,000</u>	<u>\$ (105,000)</u>	<u>\$ (110,000)</u>	<u>\$ 16,641,457</u>

Revenue Bonds

On June 1, 2012, the Partnership entered into a first mortgage loan commitment with WHHA, an affiliate of the General Partner. The loan was funded with proceeds from the issuance of two multi-family housing revenue bonds, a Series A and Series B, in the original principal amount of \$5,390,000 and \$945,000, respectively. The bonds require semiannual principal and interest payments. The note is secured by a first deed of trust on the rental property. The Series A bond bears interest at the rate of 5.3% for the per annum and the Series B bond bears an interest rate of 6% for the per annum. Interest incurred on the note during the year ended December 31, 2016 was \$319,870. Accrued interest as of December 31, 2016, was \$159,935. The Series A bond matures on January 1, 2042 and the Series B bond matures on January 1, 2021. The Partnership is required to maintain a debt service coverage ratio of 1.25 to 1 under the bond indenture agreement. The Partnership is in compliance for the year ended December 31, 2016. The ratio is defined as net operating income to maximum annual debt service for the fiscal year.

The debt will be amortized as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 110,000	\$ 316,570
2018	115,000	309,820
2019	120,000	302,770
2020	130,000	295,270
2021	135,000	287,460
2022-2026	805,000	1,315,858
2027-2031	1,040,000	1,072,720
2032-2036	1,355,000	756,708
2037-2041	1,745,000	348,013
2042-2046	<u>405,000</u>	<u>10,733</u>
Total	<u>\$ 5,960,000</u>	<u>\$ 5,015,922</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 11– LONG TERM DEBT – (Continued)

Notes Payable

The Partnership entered into a second mortgage with WHHA on June 17, 1998 in the amount of \$9,200,000. The note bears interest at a rate of 1 % per annum. No payments are required until maturity on June 1, 2028, at which point all outstanding and accrued interest shall be due. Interest incurred on the note during each of the years ended December 31, 2016 was \$92,000. Accrued interest as of December 31, 2016 was \$1,614,457. This note is subordinated to the bond-financed mortgage note. This note has been eliminated during consolidation.

The liability of the Partnership under the above mortgages is secured by the underlying value of the real estate collateral, improvements, easements or other interests, assignment of rents, assignment of leases and personal property.

NOTE 12 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes (PILOT) equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. The payment in lieu of taxes for the year ended March 31, 2017 aggregated \$135,535. During the year ended March 31, 2017, the Authority paid \$431,830 of prior years' accrued PILOT. The Authority recognized \$363,494 of revenue associated with writing off of the accrued PILOT for fiscal years 2009-2011. At March 31, 2017, the Authority had accrued PILOT of \$141,536. (See Note 10).

The Partnership is required to pay real estate taxes to the City of West Haven. For the year ended December 31, 2016, the Partnership incurred \$314,509 of real estate taxes.

NOTE 13 – COST-SHARING DEFINED BENEFIT PENSION PLAN

A. Plan Description and Membership

Substantially all full-time employees participate in the Municipal Employee's Retirement System (MERS), a multiple-employer public retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost of living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERS 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 860-702-3480.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 13 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

B. Significant Plan Provisions and Requirements

Plan members are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating employer 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. The current rate of contribution for the Authority is 11.38% of covered payroll. Total covered payroll for fiscal year 2017 was \$1,768,513.

The Authority's required and actual contributions to MERS for employees for the year ended March 31, 2017 were \$242,941. Employee contributions to the plan for the year ended March 31, 2017 were \$52,403.

C. Pension Liabilities

At March 31, 2017, the Authority reported a liability of \$1,458,200 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

D. Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended March 31, 2017, the Authority recognized pension expense of \$349,797. At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,426	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	423,823	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	6,545
Contributions subsequent to the measurement date	<u>186,759</u>	<u>-</u>
Total	<u>\$ 642,008</u>	<u>\$ 6,545</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 13 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

D. Pension Expense and Deferred Inflows and Outflows of Resources – (Continued)

These amounts will be recognized as expense, or as a reduction of expense, as follows:

<u>Year</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 286,502	\$ 1,682
2017	99,743	1,682
2018	160,917	1,682
2019	94,846	1,499
2020	-	-
Thereafter	-	-
Total	<u>\$ 642,008</u>	<u>\$ 6,545</u>

E. Actuarial Methods & Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	8.00%
Discount rate	8.00%
Inflation	3.25%
Salary increases	4.25% to 11% per annum, including inflation
Cost of living adjustments	2.5% - 6.00% per annum
Mortality rates	Based on the RP-2000 Combined Mortality Tables, with adjustments for improvements based on Scale AA.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 13 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

E. Actuarial Methods & Assumptions – (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Large Cap U.S. Equities	16.00%	5.80%
Developed non-U.S. equities	14.00%	6.60%
Emerging Markets (non-U.S.)	7.00%	8.30%
Core fixed income	8.00%	1.30%
Inflation linked bonds	5.00%	1.00%
Emerging Market bonds	8.00%	3.70%
High Yield Bonds	14.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	10.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity Fund	3.00%	0.40%

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	<u>1% Decrease</u> <u>7.00%</u>	<u>Current</u> <u>Discount</u> <u>8.00%</u>	<u>1% Increase</u> <u>9.00%</u>
Net pension liability	\$ 2,300,722	\$ 1,458,200	\$ 743,769

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 13 – COST-SHARING DEFINED BENEFIT PENSION PLAN – (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

I. Payables to the Pension Plan

As of March 31, 2017, the Authority had outstanding payables to MERS of \$25,981.

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The Authority provides comprehensive post-employment medical, dental and life insurance to employees that meet certain eligibility requirements. An employee shall become eligible to retire under this plan upon attainment of age 55 with 10 years of service. Additionally, employees hired after April 1, 1998 are not eligible for comprehensive coverage, rather, those employees are provided with cost sharing medical, dental and life insurance plans upon attainment of age 65.

Currently, there are 2 active employees and 18 retirees enrolled in the plan.

B. Funding Policy

The Authority is not required by law or contractual agreement to provide funding for the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the fiscal year ended March 31, 2017, the Authority paid \$109,041 on behalf of the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45). Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit time the ratio of past service to total service. Under this method, the Actuarial Gains (losses) are calculated each year and amortized over the minimum and maximum periods allowed by law from the year of such gains or losses. All employees who are plan participants on a valuation date are included in the actuarial valuation.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS – (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The following table shows the elements of the Authority's annual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the Authority's net OPEB obligation to the Plan for the year ending March 31, 2017:

Annual Required Contribution (ARC)	\$ 104,334
Amortization of Actuarial (Gains)/Losses	64,225
Interest on Net OPEB obligation	17,266
Adjustment to ARC	(24,002)
Annual OPEB expense	161,823
Contributions made	(109,041)
Increase in net OPEB obligation	52,782
Net OPEB obligation - beginning of year	431,638
Net OPEB obligation - end of year	<u>\$ 484,420</u>

D. Funding Status and Funding Progress

As of April 1, 2016, the most recent actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$2.6 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.6 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$2.1 million, and the ratio of the UAAL to the covered payroll was 99.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of April 1, 2009, and multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation Date: April 1, 2016

Discount Rate: 4.0% per annum

Mortality Rates: RP-2000 Employees Mortality Table projected generationally with scale BB

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS – (Continued)

E. Actuarial Methods and Assumptions – (Continued)

Withdrawal Rates: Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service and age, from 27% at 1 year of service and age 20 to 3.5% at age 60 and 10+ years of service.

Retirement Rates: Plan participants are expected to retire at an increasing rate based on age and gender. Males are expected to retire at a rate of 1% for those aged 50 years, to 100% for those aged 70 years. Females are expected to retire at a rate of 1.5% for those aged 50 years, to 100% for those aged 70 years.

General Inflation Assumption: 2.75% per annum

Annual Compensation Increases: 3.0% per annum

Amortization of UAAL: Amortized as level dollar amount over 30 years

Remaining Amortization Period: 23 years at January 1, 2016

Health Care Cost Trend Rate: Covered medical expenses are assumed to increase at 5% per annum

NOTE 15 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2017 were \$71,051. There were no employer contributions.

NOTE 16 – RISK MANAGEMENT

Litigation

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 16 – RISK MANAGEMENT – (Continued)

Grants

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 17 – IMPAIRMENT OF CAPITAL ASSETS

Government Accounting Standards Board's, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2017.

NOTE 18 – ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from HUD. These programs operate at a loss prior to receiving these grants and contributions. The Partnership operates the property located in West Haven, Connecticut. Future operations could be affected by changes in economic or other conditions in that geographical area or the demand for such housing.

NOTE 19 – COMMITMENTS

The Partnership has received an allocation of low-income housing tax credits from the State of Connecticut totaling \$11,296,790. To qualify for the tax credits, the Partnership met certain requirements, including attaining a qualified eligible basis sufficient to support the allocation.

Each building of the Project has qualified for and was allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 ("Section 42") which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

The Partnership entered into a Land Use Restriction Agreement with the Authority, which restricted the use of the Project to low-income housing for 15 years. The Project has an extended use agreement in place for 15 years beyond the initial 15-year compliance period.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 20 – BLENDED COMPONENT UNITS

As disclosed in Note 1, the Authority has three blended component units, Meadow Landing Corporation, Meadow Landing I, LP and Savin Rock Communities, Inc, the financial statements of which are included in the basic financial statements. Subsequent to December 31 but before March 31, the Partnership made a distribution of \$100,000 to Meadow Landing Corporation, which has been recorded as deferred inflows of resources on the consolidated statement of net position. Condensed financial information of these entities is as follows:

	<u>Meadow Landing Corporation</u>	<u>Meadow Landing I LP</u>	<u>Savin Rock Communities</u>
For the year ended	3/31/2017	12/31/2016	3/31/2017
Assets			
Current	\$ 85,996	\$ 2,544,686	\$ -
Noncurrent		\$ 14,476,321	
Liabilities			
Current	\$ 476,504	\$ 808,085	\$ 53,260
Noncurrent	\$ -	\$ 16,641,457	\$ -
Deferred Inflows	\$ 100,000	\$ -	\$ -
Net Investment in Capital Assets	\$ -	\$ (2,285,285)	\$ -
Unrestricted Net Position	\$ (490,508)	\$ 1,856,750	\$ (53,260)
Total Net Position	\$ (490,508)	\$ (428,535)	\$ (53,260)
Revenues			
Tenant Rental Revenue	\$ -	\$ 2,665,629	\$ -
Other Revenue	\$ -	\$ 22,553	\$ -
Total Operating Revenues	\$ -	\$ 2,688,182	\$ -
Operating Expenses	\$ 84,748	\$ 1,905,457	\$ 53,260
Operating Income (loss)	\$ (84,748)	\$ 782,725	\$ (53,260)
Non-Operating Revenues	\$ -	\$ 985	
Interest Expense	\$ -	\$ 411,870	\$ -
Depreciation Expense	\$ -	\$ 716,463	\$ -
Amortization Expense	\$ -	\$ 2,918	\$ -
Other Non-Operating Expenses	\$ -	\$ 22,671	\$ -
Total Non-Operating Expenses	\$ -	\$ 1,153,922	\$ -
Net Income (Loss)	\$ (84,748)	\$ (370,212)	\$ (53,260)
Beginning Net Position, As Restated	\$ (405,760)	\$ (58,323)	\$ -
Ending Net Position	\$ (490,508)	\$ (428,535)	\$ (53,260)

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 20 – BLENDED COMPONENT UNITS – (Continued)

Condensed Statement of Cash Flows	Meadow Landing Corporation	Meadow Landing LP	Savin Rock Communities
Net Cash Provided by (Used In):			
Operating Activities	\$ (61,677)	\$ 231,478	\$ -
Non-Capital Financing	\$ 100,000	\$ -	\$ -
Capital and Related Financing	\$ -	\$ (105,000)	\$ -
Investing	\$ -	\$ (545,124)	\$ -
Net Change in Cash	\$ 38,323	\$ (418,646)	\$ -
Cash and cash equivalents at beginning of year	\$ 15,923	\$ 998,796	\$ -
Cash and cash equivalents at end of year	\$ 54,246	\$ 580,150	\$ -

NOTE 21– TRANSFER OF INTERESTS IN LIMITED PARTNERSHIPS

Effective January 1, 2017, Savin Rock Communities, Inc, accepted a transfer of the general partnership interest and 0.01% ownership interest in Meadow Landing I Limited Partnership from Meadow Landing Corporation.

Effective January 1, 2017, Meadow Landing Corporation accepted a transfer of the limited partnership interest and 99.99% ownership interest in Meadow Landing I Limited Partnership from the authority.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 22 – RESTATEMENT OF BEGINNING NET POSITION

Prior period adjustments are the net effect of changes resulting from the net effect of changes resulting from the adoption of a new accounting standard. Instead, such adjustments are properly reported as a direct adjustment to the Beginning Net Position to restate that amount to which it would have been had the error not occurred. Such amounts are not included as part of the results of operations of the current period; instead, such adjustments are properly reported as a direct adjustment to the Beginning Net Position to restate for retroactive implementation of the new accounting standard.

During 2017, the Authority corrected errors in the implementation of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and No. 34*. This Statement requires that the blended component units of a primary government be subject to the same financial reporting requirements as the primary government. This resulted in the Authority applying GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, to Meadow Landing I, LP. The prior period adjustment resulting from the implementation of this accounting standard aggregated \$318,000, which represented the unamortized debt issuance costs.

GASB Statement No. 61 also addresses equity investments in component units. Primary governments should recognize the ownership of an equity interest in a component unit as an asset; however, for blended component units, the reporting entity would report the component unit rather than the asset. This results in an elimination of equity investments in component units of \$525,525.

The following is a summary of the adjustment to the beginning net position:

Beginning Net Position - 04/01/2016	\$ 18,735,491
Write off debt issuance costs	(318,000)
Elimination of equity investment in component units	<u>(525,525)</u>
Beginning Net Position – As Restated	<u>\$ 17,891,966</u>

NOTE 23 – SUBSEQUENT EVENTS

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 November 13, 2017 (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.

REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF FUNDING PROGRESS

For the Year Ended March 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
4/1/2009	\$ -	\$ 1,690,743	\$ 1,690,743	0%	\$ 1,635,100	103.4%
4/1/2010	\$ -	\$ 1,702,337	\$ 1,702,337	0%	\$ 1,684,153	101.1%
4/1/2011	\$ -	\$ 1,701,550	\$ 1,701,550	0%	\$ 1,734,678	98.1%
4/1/2012	\$ -	\$ 1,997,771	\$ 1,997,771	0%	\$ 1,786,718	111.8%
4/1/2013	\$ -	\$ 2,031,476	\$ 2,031,476	0%	\$ 1,648,137	123.3%
4/1/2014	\$ -	\$ 2,091,678	\$ 2,091,678	0%	\$ 1,786,500	117.1%
4/1/2015	\$ -	\$ 2,132,073	\$ 2,132,073	0%	\$ 1,628,985	130.9%
4/1/2016	\$ -	\$ 2,067,650	\$ 2,067,650	0%	\$ 2,072,734	99.8%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of ARC Contributed
2012	\$ 119,246	\$ 78,451	65.8%
2013	\$ 138,541	\$ 88,158	63.6%
2014	\$ 138,548	\$ 69,380	50.1%
2015	\$ 142,031	\$ 129,615	91.3%
2016	\$ 147,492	\$ 76,243	51.7%
2017	\$ 104,334	\$ 109,041	104.5%

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Municipal Employees Retirement System

For the Year Ended March 31, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Proportion of the net pension liability (asset)	0.749431%	0.749431%	0.742928%
Proportionate share of the net pension liability (asset)	\$ 727,398	\$ 1,026,052	\$ 1,458,200
Covered-employee payroll	\$ 1,663,030	\$ 1,663,030	\$ 1,768,513
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	43.7%	61.7%	82.5%
Plan fiduciary net position as a percentage of the total pension liability	90.480%	87.470%	88.290%

* The amounts presented for each fiscal year were determined as of 06/30.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF CONTRIBUTIONS Municipal Employees Retirement System For the Year Ended March 31, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 202,354	\$ 224,581	\$ 192,866
Contributions in relation to the contractually required contribution	<u>202,354</u>	<u>224,581</u>	<u>192,866</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,663,030	\$ 1,663,030	\$ 1,768,513
Contributions as a percentage of covered-employee payroll	12.17%	13.50%	10.91%

* The amounts presented for each fiscal year were determined as of 06/30.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For the Year Ended March 31, 2017

NOTE 1 – CHANGES OF BENEFIT TERMS

There were no changes in benefit terms.

NOTE 2 – CHANGES OF ASSUMPTIONS

There were no changes in actuarial assumptions as compared to the June 30, 2015 actuarial valuation.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	CT029000291	CT029000292	CT029000293	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Business Activities
111	Cash - Unrestricted	195,800	271,167	19,537	-	187,853	-
113	Cash - Other Restricted	586,936	54,109	786,370	-	339,468	-
114	Cash - Tenant Security Deposits	94,729	83,122	38,495	-	-	37,621
100	Total Cash	877,465	408,398	844,402	-	527,321	37,621
122	Accounts Receivable - HUD Other Projects	-	-	-	10,581	-	-
125	Accounts Receivable - Miscellaneous	68,857	5,135	-	-	7,023	295,480
126	Accounts Receivable - Tenants	3,013	6,621	2,249	-	-	7,342
126.1	Allowance for Doubtful Accounts - Tenants	(300)	(297)	(1,097)	-	-	(6,557)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	11,973	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	71,570	11,459	13,125	10,581	7,023	296,265
142	Prepaid Expenses and Other Assets	-	-	-	-	-	84,390
144	Inter Program Due From	-	-	-	-	-	63,841
145	Assets Held for Sale	-	-	-	-	-	405,000
150	Total Current Assets	949,035	419,857	857,527	10,581	534,344	887,117
161	Land	229,718	221,857	87,345	-	-	-
162	Buildings	17,768,348	13,279,832	5,377,020	-	-	3,117,355
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	201,854	368,887	113,184	-	7,691	30,875
166	Accumulated Depreciation	(12,580,709)	(11,422,479)	(4,077,752)	-	(7,691)	(570,469)
167	Construction in Progress	12,180	-	24,200	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	5,631,391	2,448,097	1,523,997	-	-	2,577,761
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	10,814,457
174	Other Assets	-	-	-	-	-	-
180	Total Non-Current Assets	5,631,391	2,448,097	1,523,997	-	-	13,392,218
200	Deferred Outflow of Resources	139,816	108,803	86,887	-	126,759	18,257
290	Total Assets and Deferred Outflow of Resources	6,720,242	2,976,757	2,468,411	10,581	661,103	14,297,592
312	Accounts Payable <= 90 Days	-	-	-	-	-	157,079
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	39,630

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	CT029000291	CT029000292	CT029000293	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Business Activities
322	Accrued Compensated Absences - Current Portion	1,382	1,827	963	-	468	1,270
325	Accrued Interest Payable	-	-	-	-	-	-
333	Accounts Payable - Other Government	65,430	60,208	15,898	-	-	-
341	Tenant Security Deposits	91,712	82,632	38,184	-	-	28,146
342	Unearned Revenue	-	4,155	3,859	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	44,205	22,470	38,325	-	-	296,183
345	Other Current Liabilities	-	-	-	-	10,000	68,856
346	Accrued Liabilities - Other	-	5,500	-	-	1,043	-
347	Inter Program - Due To	-	-	-	10,581	-	-
310	Total Current Liabilities	202,729	176,792	97,229	10,581	11,511	591,164
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	1,103,109	561,460	935,431	-	-	2,927,224
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	380,000	-	-	-
353	Non-current Liabilities - Other	-	-	-	-	45,123	-
354	Accrued Compensated Absences - Non Current	15,094	15,379	9,342	-	34,919	-
357	Accrued Pension and OPEB Liabilities	361,712	357,899	270,951	-	379,058	41,467
350	Total Non-Current Liabilities	1,479,915	934,738	1,615,724	-	459,100	2,968,691
300	Total Liabilities	1,682,644	1,111,530	1,712,953	10,581	470,611	3,559,855
400	Deferred Inflow of Resources	1,424	1,108	886	-	1,293	187
508.4	Net Investment in Capital Assets	5,071,013	1,918,276	1,316,611	-	-	(645,646)
511.4	Restricted Net Position	-	-	-	-	292,319	-
512.4	Unrestricted Net Position	(34,839)	(54,157)	(562,039)	-	(103,120)	11,383,196
513	Total Equity - Net Assets / Position	5,036,174	1,864,119	754,572	-	189,199	10,737,550
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	6,720,242	2,976,757	2,468,411	10,581	661,103	14,297,592
70300	Net Tenant Rental Revenue	977,080	999,604	405,351	-	-	394,488
70400	Tenant Revenue - Other	921	7,484	5,440	-	-	4,960
70500	Total Tenant Revenue	978,001	1,007,088	410,791	-	-	399,448
70600	HUD PHA Operating Grants	777,173	764,459	563,331	98,888	12,287,672	-
70610	Capital Grants	190,511	277,909	24,200	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	CT029000291	CT029000292	CT029000293	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Business Activities
70730	Book Keeping Fee	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
71100	Investment Income - Unrestricted	978	30	1,517	-	46	261
71400	Fraud Recovery	-	-	-	-	30,598	-
71500	Other Revenue	178,627	174,104	83,729	-	517,170	101,487
70000	Total Revenue	2,125,290	2,223,590	1,083,568	98,888	12,835,486	501,196
91100	Administrative Salaries	106,920	116,825	75,463	67,409	339,077	7,215
91200	Auditing Fees	4,320	4,320	2,160	-	4,320	-
91300	Management Fee	290,047	235,353	89,180	-	199,656	-
91310	Book-keeping Fee	23,565	22,763	8,625	-	101,445	-
91400	Advertising and Marketing	1,370	1,082	1,781	-	-	-
91500	Employee Benefit contributions - Administrative	102,070	51,397	65,054	31,229	169,864	3,611
91600	Office Expenses	25,077	21,426	12,092	-	36,726	4,796
91700	Legal Expense	7,075	8,601	9,523	-	7,342	14,700
91800	Travel	748	1,087	572	-	820	-
91900	Other	4,927	7,207	5,407	250	47,024	28,917
91000	Total Operating - Administrative	566,119	470,061	269,857	98,888	906,274	59,239
92000	Asset Management Fee	31,440	30,480	-	-	-	-
92100	Tenant Services - Salaries	-	-	5,144	-	-	-
92400	Tenant Services - Other	5,293	11,846	5,733	-	-	-
92500	Total Tenant Services	5,293	11,846	10,877	-	-	-
93100	Water	53,306	50,495	43,011	-	-	3,402
93200	Electricity	83,433	168,699	37,084	-	347	4,234
93300	Gas	144,808	134,880	129,585	-	-	-
93400	Fuel	2,953	3,633	1,070	-	-	-
93600	Sewer	38,282	39,821	35,619	-	-	16,341
93000	Total Utilities	322,782	397,528	246,369	-	347	23,977
94100	Ordinary Maintenance and Operations - Labor	278,685	266,014	104,832	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	63,461	75,017	35,105	-	2,110	-
94300	Ordinary Maintenance and Operations Contracts	160,989	68,759	104,780	-	990	45,134
94500	Employee Benefit Contributions - Ordinary Maintenance	70,000	99,000	-	-	-	-
94000	Total Maintenance	573,135	508,790	244,717	-	3,100	45,134

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	CT029000291	CT029000292	CT029000293	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Business Activities
95100	Protective Services - Labor	23,810	22,702	8,859	-	-	-
95300	Protective Services - Other	1,147	1,094	427	-	-	-
95500	Employee Benefit Contributions - Protective Services	1,000	1,000	-	-	-	-
95000	Total Protective Services	25,957	24,796	9,286	-	-	-
96110	Property Insurance	48,437	18,984	43,084	-	-	12,124
96120	Liability Insurance	17,447	15,055	8,266	-	150	2,527
96130	Workmen's Compensation	18,380	13,392	12,888	-	512	1,917
96140	All Other Insurance	16,329	11,103	7,379	-	2,928	971
96100	Total insurance Premiums	100,593	58,534	71,617	-	3,590	17,539
96200	Other General Expenses	4,811	12,070	8,020	-	42,842	-
96210	Compensated Absences	3,181	9,243	8,601	-	7,416	359
96300	Payments in Lieu of Taxes	59,429	60,208	15,898	-	-	-
96400	Bad debt - Tenant Rents	522	793	-	-	-	1,002
96000	Total Other General Expenses	67,943	82,314	32,519	-	50,258	1,361
96710	Interest of Mortgage (or Bonds) Payable	41,454	29,311	26,779	-	-	190,667
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	90,465	86,259	33,661	-	-	-
96700	Total Interest Expense and Amortization Cost	131,919	115,570	60,440	-	-	190,667
96900	Total Operating Expenses	1,825,181	1,699,919	945,682	98,888	963,569	337,917
97000	Excess of Operating Revenue over Operating Expenses	300,109	523,671	137,886	-	11,871,917	163,279
97200	Casualty Losses - Non-capitalized	-	-	-	-	-	256,308
97300	Housing Assistance Payments	-	-	-	-	11,182,375	-
97350	HAP Portability-In	-	-	-	-	477,533	-
97400	Depreciation Expense	386,608	174,368	63,278	-	-	79,415
90000	Total Expenses	2,211,789	1,874,287	1,008,960	98,888	12,623,477	673,640
10010	Operating Transfer In	-	-	137,044	-	-	-
10020	Operating transfer Out	-	-	(137,044)	-	-	-
10093	Transfers between Program and Project - In	-	-	75,000	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	CT029000291	CT029000292	CT029000293	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Business Activities
10100	Total Other financing Sources (Uses)	-	-	75,000	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(86,499)	349,303	149,608	-	212,009	(172,444)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	20,000
11030	Beginning Equity	5,122,673	1,514,816	604,964	-	(22,810)	10,957,821
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	(47,827)
11170	Administrative Fee Equity	-	-	-	-	(103,120)	-
11180	Housing Assistance Payments Equity	-	-	-	-	292,319	-
11190	Unit Months Available	3,144	3,048	1,151	-	14,016	456
11210	Number of Unit Months Leased	3,142	3,035	1,150	-	13,526	444
11270	Excess Cash	66,122	79,157	(61,546)	-	-	-
11620	Building Purchases	190,511	277,909	24,200	-	-	-
13510	CFFP Debt Service Payments	41,454	29,311	26,779	-	-	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	Component Unit - Blended	COCC	Eliminations	Total
111	Cash - Unrestricted	634,396	32,515	-	1,341,268
113	Cash - Other Restricted	1,271,662	-	-	3,038,545
114	Cash - Tenant Security Deposits	214,852	-	-	468,819
100	Total Cash	2,120,910	32,515	-	4,848,632
122	Accounts Receivable - HUD Other Projects	-	-	-	10,581
125	Accounts Receivable - Miscellaneous	469,409	2,664	(431,843)	416,725
126	Accounts Receivable - Tenants	-	-	-	19,225
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	(8,251)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	11,973
120	Total Receivables, Net of Allowances for Doubtful Accounts	469,409	2,664	(431,843)	450,253
142	Prepaid Expenses and Other Assets	40,363	-	-	124,753
144	Inter Program Due From	-	-	(63,841)	-
145	Assets Held for Sale	-	-	-	405,000
150	Total Current Assets	2,630,682	35,179	(495,684)	5,828,638
161	Land	386,205	-	-	925,125
162	Buildings	25,297,212	-	-	64,839,767
163	Furniture, Equipment & Machinery - Dwellings	1,772,450	-	-	1,772,450
164	Furniture, Equipment & Machinery - Administration	-	97,354	-	819,845
166	Accumulated Depreciation	(12,989,695)	(34,142)	-	(41,682,937)
167	Construction in Progress	-	-	-	36,380
160	Total Capital Assets, Net of Accumulated Depreciation	14,466,172	63,212	-	26,710,630
171	Notes, Loans and Mortgages Receivable - Non-Current	-	380,000	(11,194,457)	-
174	Other Assets	10,149	-	-	10,149
180	Total Non-Current Assets	14,476,321	443,212	(11,194,457)	26,720,779
200	Deferred Outflow of Resources	-	161,486	-	642,008
290	Total Assets and Deferred Outflow of Resources	17,107,003	639,877	(11,690,141)	33,191,425
312	Accounts Payable <= 90 Days	-	-	-	157,079
321	Accrued Wage/Payroll Taxes Payable	-	-	-	39,630
322	Accrued Compensated Absences - Current Portion	-	4,988	-	10,898
325	Accrued Interest Payable	159,935	-	-	159,935

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	Component Unit - Blended	COCC	Eliminations	Total
333	Accounts Payable - Other Government	-	-	-	141,536
341	Tenant Security Deposits	178,299	-	-	418,973
342	Unearned Revenue	-	-	-	8,014
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	110,000	-	-	511,183
345	Other Current Liabilities	836,355	-	(431,843)	483,368
346	Accrued Liabilities - Other	-	-	-	6,543
347	Inter Program - Due To	53,260	-	(63,841)	-
310	Total Current Liabilities	1,337,849	4,988	(495,684)	1,937,159
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	16,641,457	-	(10,814,457)	11,374,224
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	(380,000)	-
353	Non-current Liabilities - Other	-	-	-	45,123
354	Accrued Compensated Absences - Non Current	-	28,753	-	103,487
357	Accrued Pension and OPEB Liabilities	-	531,533	-	1,942,620
350	Total Non-Current Liabilities	16,641,457	560,286	(11,194,457)	13,465,454
300	Total Liabilities	17,979,306	565,274	(11,690,141)	15,402,613
400	Deferred Inflow of Resources	100,000	1,647	-	106,545
508.4	Net Investment in Capital Assets	(2,285,285)	63,212	10,814,457	16,252,638
511.4	Restricted Net Position	-	-	-	292,319
512.4	Unrestricted Net Position	1,312,982	9,744	(10,814,457)	1,137,310
513	Total Equity - Net Assets / Position	(972,303)	72,956	-	17,682,267
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	17,107,003	639,877	(11,690,141)	33,191,425
70300	Net Tenant Rental Revenue	2,665,629	-	(988,268)	4,453,884
70400	Tenant Revenue - Other	-	-	-	18,805
70500	Total Tenant Revenue	2,665,629	-	(988,268)	4,472,689
70600	HUD PHA Operating Grants	-	-	-	14,491,523
70610	Capital Grants	-	-	-	492,620
70710	Management Fee	-	814,236	(814,236)	-
70720	Asset Management Fee	-	61,920	(61,920)	-
70730	Book Keeping Fee	-	156,398	(156,398)	-
70700	Total Fee Revenue	-	1,032,554	(1,032,554)	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	Component Unit - Blended	COCC	Eliminations	Total
71100	Investment Income - Unrestricted	985	-	-	3,817
71400	Fraud Recovery	-	-	-	30,598
71500	Other Revenue	22,553	190,835	(92,000)	1,176,505
70000	Total Revenue	2,689,167	1,223,389	(2,112,822)	20,667,752
91100	Administrative Salaries	656,192	422,991	-	1,792,092
91200	Auditing Fees	1,080	4,320	-	20,520
91300	Management Fee	-	-	(814,236)	-
91310	Book-keeping Fee	-	-	(156,398)	-
91400	Advertising and Marketing	-	4,174	-	8,407
91500	Employee Benefit contributions - Administrative	12,301	229,095	-	664,621
91600	Office Expenses	3,545	79,045	-	182,707
91700	Legal Expense	16,235	209,229	-	272,705
91800	Travel	-	11,776	-	15,003
91900	Other	376,448	162,746	-	632,926
91000	Total Operating - Administrative	1,065,801	1,123,376	(970,634)	3,588,981
92000	Asset Management Fee	-	-	(61,920)	-
92100	Tenant Services - Salaries	-	-	-	5,144
92400	Tenant Services - Other	-	-	-	22,872
92500	Total Tenant Services	-	-	-	28,016
93100	Water	262,763	-	-	412,977
93200	Electricity	-	-	-	293,797
93300	Gas	-	-	-	409,273
93400	Fuel	-	-	-	7,656
93600	Sewer	-	-	-	130,063
93000	Total Utilities	262,763	-	-	1,253,766
94100	Ordinary Maintenance and Operations - Labor	-	85,308	-	734,839
94200	Ordinary Maintenance and Operations - Materials and Other	293,830	5,341	-	474,864
94300	Ordinary Maintenance and Operations Contracts	-	6,359	-	387,011
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	169,000
94000	Total Maintenance	293,830	97,008	-	1,765,714
95100	Protective Services - Labor	-	-	-	55,371
95300	Protective Services - Other	-	-	-	2,668
95500	Employee Benefit Contributions - Protective Services	-	-	-	2,000

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	Component Unit - Blended	COCC	Eliminations	Total
95000	Total Protective Services	-	-	-	60,039
96110	Property Insurance	112,557	2,013	-	237,199
96120	Liability Insurance	-	155	-	43,600
96130	Workmen's Compensation	-	1,000	-	48,089
96140	All Other Insurance	-	2,419	-	48,129
96100	Total Insurance Premiums	112,557	12,587	-	377,017
96200	Other General Expenses	314,509	17,951	-	400,203
96210	Compensated Absences	1,986	31,630	-	62,416
96300	Payments in Lieu of Taxes	-	-	-	135,535
96400	Bad debt - Tenant Rents	14,690	-	-	17,007
96000	Total Other General Expenses	331,185	49,581	-	615,161
96710	Interest of Mortgage (or Bonds) Payable	411,870	-	(92,000)	608,081
96720	Interest on Notes Payable (Short and Long Term)	-	2,340	-	2,340
96730	Amortization of Bond Issue Costs	-	-	-	210,385
96700	Total Interest Expense and Amortization Cost	411,870	2,340	(92,000)	820,806
96900	Total Operating Expenses	2,478,006	1,284,892	(1,124,554)	8,509,500
97000	Excess of Operating Revenue over Operating Expenses	211,161	(61,503)	(988,268)	12,158,252
97200	Casualty Losses - Non-capitalized	-	-	-	256,308
97300	Housing Assistance Payments	-	-	(988,268)	10,194,107
97350	HAP Portability-In	-	-	-	477,533
97400	Depreciation Expense	719,381	16,953	-	1,440,003
90000	Total Expenses	3,197,387	1,301,845	(2,112,822)	20,877,451
10010	Operating Transfer In	-	-	(137,044)	-
10020	Operating transfer Out	-	-	137,044	-
10093	Transfers between Program and Project - In	-	-	(75,000)	-
10094	Transfers between Project and Program - Out	-	(75,000)	75,000	-
10100	Total Other financing Sources (Uses)	-	(75,000)	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(508,220)	(153,456)	-	(209,699)
11020	Required Annual Debt Principal Payments	300,000	-	-	320,000

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	Component Unit - Blended	COCC	Eliminations	Total
11030	Beginning Equity	331,615	226,412	-	18,735,491
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(795,698)	-	-	(843,525)
11170	Administrative Fee Equity	-	-	-	(103,120)
11180	Housing Assistance Payments Equity	-	-	-	292,319
11190	Unit Months Available	2,760	-	-	24,575
11210	Number of Unit Months Leased	2,735	-	-	24,032
11270	Excess Cash	-	-	-	83,733
11620	Building Purchases	-	-	-	492,620
13510	CFFP Debt Service Payments	-	-	-	97,544

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS

March 31, 2017

Project: CT26P029 -	501-13	501-14	501-15
Modernization Funds Approved	\$ 615,865	\$ 639,695	\$ 651,451
Modernization Funds Expended	<u>615,865</u>	<u>639,695</u>	<u>651,451</u>
Excess of Modernization Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Modernization Funds Advanced	\$ 615,865	\$ 639,695	\$ 651,451
Modernization Funds Expended	<u>615,865</u>	<u>639,695</u>	<u>651,451</u>
Excess of Modernization Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Based on our review of the completed projects:

- 1) All work in connection with the projects is complete.
- 2) All liabilities have been incurred and discharged through payment.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED

March 31, 2017

Project: CT26P029 -	501-16
Modernization Funds Approved	\$ 677,355
Modernization Funds Expended	<u>200,297</u>
Excess of Modernization Funds Approved	<u>\$ 477,058</u>
Modernization Funds Advanced	\$ 200,297
Modernization Funds Expended	<u>200,297</u>
Excess of Modernization Funds Advanced	<u>\$ -</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN
STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED
March 31, 2017

Grant:	CT029RPS018-A013	ROSS171089
Grant Funds Approved	\$ 184,500	\$ 240,000
Grant Funds Expended	<u>135,457</u>	<u>18,160</u>
Excess of Grant Funds Approved	<u>\$ 49,043</u>	<u>\$ 221,840</u>
Grant Funds Advanced	\$ 135,457	\$ 7,579
Grant Funds Expended	<u>135,457</u>	<u>18,160</u>
Excess of Grant Funds Advanced	<u>\$ -</u>	<u>\$ (10,581)</u>

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended March 31, 2017

	<u>CFDA Number</u>	<u>Major Program</u>	<u>Research & Development</u>	<u>Direct Award</u>	<u>Pass-Through Agency</u>	<u>Federal Financial Assistance Received</u>	<u>Federal Financial Assistance Expenditures</u>
Department of Housing and Urban Development							
Low Rent Public Housing	14.850	No	N/A	Yes	N/A	\$ 1,776,945	\$ 1,776,945
Resident Opportunity and Support Services	14.870	No	N/A	Yes	N/A	98,888	98,888
Public Housing Capital Fund Program	14.872	No	N/A	Yes	N/A	820,638	820,638
Housing Choice Voucher Program	14.871	Yes	N/A	Yes	N/A	<u>12,287,672</u>	<u>12,145,944</u>
 Total Major Programs						<u>12,287,672</u>	<u>12,145,944</u>
 Total Non-Major Programs						<u>2,696,471</u>	<u>2,696,471</u>
 Total All Programs						<u>\$ 14,984,143</u>	<u>\$ 14,842,415</u>

See Accompanying Notes

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
March 31, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of the City of West Haven under programs of the federal government for the year ended March 31, 2017. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Housing Authority of the City of West Haven, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority of the City of West Haven.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

For the year ended March 31, 2017, the Housing Authority of the City of West Haven did not elect to use the 10% de minimis indirect cost rate allowed in the Uniform Guidance, section 414.

NOTE 4 – OTHER ASSISTANCE

For the year ended March 31, 2017, the Housing Authority of the City of West Haven did not receive or expend federal awards in the form of non-cash assistance, insurance, or loans or loan guarantees, nor were there any loans or loan guarantees outstanding at year end.

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

To The Board of Commissioners
Housing Authority of the City of West Haven
West Haven, Connecticut

We have audited, 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, the financial statements of the Housing Authority of the City of West Haven as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of West Haven's basic financial statements, and have issued our report thereon dated November 13, 2017.

Internal Control over Financial Reporting

Management of the Housing Authority of the City of West Haven is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Housing Authority of the City of West Haven'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 West Haven's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of West Haven'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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

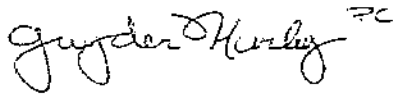
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of West Haven'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*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Guyden Hurley", followed by a small superscript "PC".

Braintree, Massachusetts
November 13, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To The Board of Commissioners
Housing Authority of the City of West Haven
West Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of West Haven's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Housing Authority of the City of West Haven's major federal programs for the year ended March 31, 2017. The Housing Authority of the City of West Haven'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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of West Haven's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the 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. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of West Haven's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of West Haven's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of West Haven complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

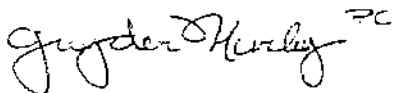
Report on Internal Control over Compliance

Management of the Housing Authority of the City of West Haven is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of West Haven's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 West Haven'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 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. 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.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Braintree, Massachusetts
November 13, 2017

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2017

I. Summary of Audit Results

Financial Statements

1. Type of report issued on the financial statements - Unmodified
2. The report on internal control over financial reporting did not disclose any material weaknesses.
3. The report on internal control over financial reporting did not disclose any significant deficiencies.
4. The report on compliance did not disclose instances of non-compliance material to the financial statements.

Federal Programs

5. Type of report issued on compliance for major programs - Unmodified
6. The report on internal control over major programs did not disclose any material weaknesses.
7. The report on internal control over major programs did not disclose any significant deficiencies.
8. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).
9. Major federal assistance programs are identified in the Schedule of Expenditures of Federal Awards. The dollar threshold to distinguish type A and type B programs was \$750,000.
10. The following programs were tested as major programs in accordance with OMB Uniform Guidance:

CFDA Number

Housing Choice Voucher Program

14.871

11. The auditee did not qualify as a low-risk auditee.
12. The prior audit report did disclose findings or questioned costs.

II. Findings related to the Financial Statements which are required to be reported in accordance with GAGAS - NONE

III. Findings and Questioned Costs for Federal Awards which shall include Audit Findings as defined in paragraph 200.516(a) - NONE

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF PRIOR AUDIT FINDINGS

March 31, 2017

Summary of Audit Results

Financial Statements

1. Type of report issued on the financial statements - Unmodified
2. The report on internal control over financial reporting did not disclose any material weaknesses.
3. The report on internal control over financial reporting did not disclose any significant deficiencies.
4. The report on compliance did not disclose instances of non-compliance material to the financial statements.

Federal Programs

5. Type of report issued on compliance for major programs - Unmodified
6. The report on internal control over major programs did not disclose any material weaknesses.
7. The report on internal control over major programs did disclose a significant deficiency.

HOUSING AUTHORITY OF THE CITY OF WEST HAVEN

SCHEDULE OF PRIOR AUDIT FINDINGS

March 31, 2017

Finding 2016-001- Other: Family Self Sufficiency Program

Federal Program

CFDA #: 14.871 – Housing Choice Voucher Program

Criteria

The contract of participation, which incorporates the individual training and services plan(s) (ITSP), shall be in the form prescribed by HUD, and shall set forth the principal terms and conditions governing participation in the FSS program, including the rights and responsibilities of the FSS family and of the PHA, the services to be provided to, and the activities to be completed by, the head of the FSS family and each adult member of the family who elects to participate in the program. The individual training and services plan shall establish specific interim and final goals by which the PHA, and the family, may measure the family's progress toward fulfilling its obligations under the contract of participation (24 CFR 984.303 (b)). The annual escrow statement shall report to each family the status of the family's FSS account which at a minimum shall include, the balance at the beginning of the period, the amount of the family's rent payment that was credited to the FSS account, any deductions made from the account, the amount of interest earned, and the total amount in the account at the end of the reporting period (24 CFR 984.305 (a) (3)).

Condition

During our audit we examined a sample of FSS participant files and noted the following:

- Four instances where the annual escrow statement was missing.
- Three instances of insufficient goals listed on the participants' ITSP.
- Four instances where there was no documentation regarding the participant's progress on the goals. Including one instance where there was insufficient documentation supporting a disbursement from the participant's FSS account.
- One instance where the Contract of Participation had not been executed.

Status

This matter was not identified as a recurring condition in fiscal year 2017 and the Authority has implemented a FSS policy. The Authority has closed this matter with HUD.