

**Housing Authority of the  
Town of Greenwich**

**Financial Statements and  
Independent Auditor's Report**

**December 31, 2012**

**Final Draft**

# Housing Authority of the Town of Greenwich

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## Independent Auditor's Report

To the Board of Commissioners  
Housing Authority of the Town of Greenwich  
Greenwich, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Town of Greenwich, which comprise the statement of net position as of December 31, 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Greenwich as of December 31, 2012, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 5 through 13 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operation, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary schedules on pages 59 through 64, and HUD financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary schedules, schedule of expenditures of federal awards, and HUD financial data schedule are the responsibility of management and were derived from and relate 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

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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 supplementary schedules, schedule of expenditures of federal awards, and HUD financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated (Date), on our consideration of the Housing Authority of the Town of Greenwich's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Greenwich's internal control over financial reporting and compliance.

Bethesda, Maryland  
(Date)

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Russell L. Phillips

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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**Management's Discussion and Analysis**

As the management of the Housing Authority of the Town of Greenwich (the Authority), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Authority's Chief Executive Officer or the Chief Financial Officer.

**Financial Highlights**

In addition to the following highlights, more descriptive explanations of the following items are provided on page 15 of this report.

- The assets of the Authority exceeded its liabilities as of December 31, 2012 by \$22,758,407 (net position).
- The Authority's cash balance as of December 31, 2012 was \$5,068,210 representing an increase of \$1,345,771 from December 31, 2011 (some of which is restricted).
- The Authority had intergovernmental grant revenues of \$793,780 for operations and \$183,195 of Housing and Urban Development (HUD) capital grants for the year ended December 31, 2012.
- The Authority's capital outlays for the year were \$892,183 for new equipment and construction in progress.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements included in this annual report are those of a special-purpose government agency engaged in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Position - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.

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## HOUSING AUTHORITY OF THE TOWN OF GREENWICH

Management Discussion and Analysis  
For the Year Ended December 31, 2012

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- Statement of Cash Flows – reports the Authority's net cash provided by or used by operating activities, noncapital and related financing, investing activities and financing activities.

The attached analysis of entity wide net position, revenues, and expenses are provided to assist in reviewing the Authority's operations for the year ended December 31, 2012. This analysis includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This analysis also reflects the Authority's net position and changes in them. The Authority's net position are the differences between what the Authority owns (i.e., assets) and what the Authority owes (i.e., liabilities), as one way to measure the Authority's financial health.

Over time, the changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Readers need to consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets to assess the overall health of the Authority.

### **Analysis of Entity Wide Net Position (Statement of Net Position)**

**Total Assets** for FYE 2011 was \$45,406,041 and at FYE 2012 the amount was \$47,069,627. This represents a net increase of \$1,663,586. The major area that caused this increase was an increase in cash and project reserves.

**Cash** had an increase of \$1,345,771.

**Other Current Assets** increased by \$650,987 due to an increase in project reserves and prepaid expenses. **Capital Assets** decreased by \$485,276 due to depreciation. Capital outlays of \$1,135,512 were basically exceeded by current period depreciation charges of \$1,620,788.

**Interfunds** decreased by \$2,774,518. This has no real effect on the position of the Authority because it is offset by a liability.

**Total Liabilities** increased from \$21,558,642 in FYE 2011 to \$24,311,220 in FYE 2012. This was an increase of \$2,752,578 caused mainly by an increase in debt service in an amount of \$2,238,769 and accounts payable - vendors in the amount of \$240,059.

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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**Current Liabilities** increased from \$2,396,465 in FYE 2011 to \$2,532,740 in FYE 2012. This was an increase of \$136,275. This difference is due mainly to an increase in accounts payable - vendor in the amount of \$240,059.

**Long Term Liabilities** increased by \$2,616,303. This is mainly from the refinancing of the Greenwich Close debt.

The table below further illustrates our analysis.

	<u>2012</u>	<u>2011</u>	<u>NET CHANGE</u>	<u>VARIANCE</u>
Cash	5,068,210	3,722,439	1,345,771	36.15%
Other Assets	6,315,966	5,664,979	650,987	11.49%
Capital Assets	34,561,771	35,047,047	(485,276)	-1.38%
Non-Current Assets	<u>1,123,680</u>	<u>971,576</u>	<u>152,104</u>	<u>15.66%</u>
<b>Total Assets</b>	<b>47,069,627</b>	<b>45,406,041</b>	<b>1,663,586</b>	<b>3.66%</b>
Current Liabilities	2,532,740	2,396,465	136,275	5.69%
Long-Term Liabilities	<u>21,778,480</u>	<u>19,162,177</u>	<u>2,616,303</u>	<u>13.65%</u>
<b>Total Liabilities</b>	<b>24,311,220</b>	<b>21,558,642</b>	<b>2,752,578</b>	<b>12.77%</b>
Net Investments in Capital Assets	12,229,116	15,104,161	(2,875,045)	-19.03%
Restricted Net Position	959,741	1,113,487	(153,746)	-13.81%
Unrestricted Net Position	<u>9,569,550</u>	<u>7,629,751</u>	<u>1,939,799</u>	<u>25.42%</u>
<b>Total Net Position</b>	<b>22,758,407</b>	<b>23,847,399</b>	<b>(1,088,992)</b>	<b>-4.57%</b>

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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Analysis of Entity Wide Revenues (Statement of Revenues, Expenses and Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during FYE 2012 were as follows:

<b>Low Income Public Housing</b>		<b>\$ 2,277,138</b>
<b>Section 8 Vouchers</b>		<b>5,321,097</b>
<b>State &amp; Local</b>		<b>2,421,978</b>
Moderate Rent	2,116,298	
McKinney II	305,680	
<b>Business Activity</b>		<b>6,122,639</b>
Greenwich Close	2,719,243	
Quarry Knoll II	669,992	
Town Hall Annex (incl PCSRLP, THALP & THAC)	2,733,404	
<b>Total Operating Revenue</b>		<b>16,142,852</b>
<b>Capital Grant Fund</b>		<b>183,195</b>
<b>TOTAL REVENUE</b>		<b>\$ 16,326,047 *</b>

\* Does not include Management Fee Income, which is eliminated in consolidation.

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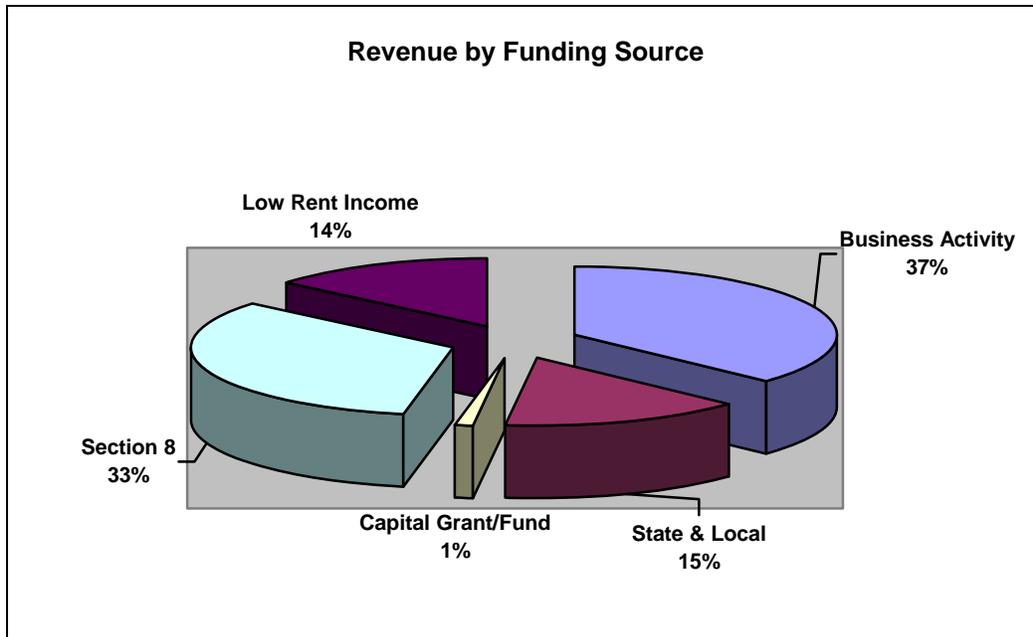
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## HOUSING AUTHORITY OF THE TOWN OF GREENWICH

Management Discussion and Analysis  
For the Year Ended December 31, 2012

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This diagram illustrates the percentage of revenues generated from these programs by the Authority during FYE 2012



In FYE 2011 and FYE 2012 total revenues were \$16,544,639 and \$16,382,236 respectively. FYE 2011 revenues exceeded FYE 2012 by \$162,403. The decrease is primarily due to a decrease in Capital Program Funds.

In FYE 2011 and FYE 2012 total operating expenses were \$14,513,868 and \$15,961,442 respectively. FYE 2012 expenses were more than FYE 2011 by \$1,447,574. The increases were primarily due to an increase in administration expense of \$165,556, tenant services of \$220,262, maintenance expenses of \$414,045 and depreciation and amortization expense of \$445,789. A comparison of the expenses is outlined in the table on the next page. The Authority has provided analysis of the individual expense components.

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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The following table illustrates the changes in the statement of activities.

	<u>2012</u>	<u>2011</u>	<u>NET CHANGE</u>	<u>VARIANCE</u>
Tenant Rental Revenue	8,875,275	8,771,261	104,014	1.19%
Public Housing Subsidy	793,780	828,076	(34,296)	-4.14%
Section 8 Subsidy	6,155,081	5,977,485	177,596	2.97%
Other Revenue	318,716	197,622	121,094	61.28%
<b>Total Operating Revenue</b>	<b><u>16,142,852</u></b>	<b><u>15,774,444</u></b>	<b><u>368,408</u></b>	<b><u>2.34%</u></b>
Operating Expenses:				
Administrative	3,444,413	3,278,857	165,556	5.05%
Tenant Services	1,033,524	813,262	220,262	27.08%
Utilities	1,434,070	1,315,597	118,473	9.01%
Maintenance	2,218,759	1,804,714	414,045	22.94%
Housing Assistance Payments	5,143,975	5,130,735	13,240	0.26%
Other Operating Expenses	707,793	637,584	70,209	11.01%
Depreciation	1,978,908	1,533,119	445,789	29.08%
<b>Total Operating Expenses</b>	<b><u>15,961,442</u></b>	<b><u>14,513,868</u></b>	<b><u>1,447,574</u></b>	<b><u>9.97%</u></b>
Operating Income (Loss)	181,410	1,260,576	(1,079,166)	-85.61%
Non-Operating Revenues (Expenses):				
Capital Grants	183,195	672,471	(489,276)	-72.76%
Interest income	56,189	97,724	(41,535)	-42.50%
Interest expenses	(1,509,786)	(1,283,621)	(226,165)	17.62%
<b>Change in Net Position</b>	<b><u>(1,088,992)</u></b>	<b><u>747,150</u></b>	<b><u>(1,836,142)</u></b>	<b><u>-245.75%</u></b>

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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**Low Income Public Housing Highlights**

**Results of Operations**

The Authority's management is pleased with the operating results for the fiscal year ended December 31, 2012. The Public Housing Program reflected a gain of \$112,626 in operations excluding depreciation.

**Operating Revenues** decreased \$14,872 in FYE 2012 which was mainly the result of a decrease in operating subsidy of \$34,296.

**Operating Expenditures** increased \$127,555 in FYE 2012. The main reason for the difference was an increase in utilities and maintenance.

**SECTION 8 HIGHLIGHTS**

The Section 8 operating revenues increased by \$148,488 in the last fiscal year. Section 8 subsidy paid out in 2012 increased \$13,240 as unit months leased increased from 3,892 in 2011 to 3,936 in 2012. Operating expenses increased by 5% due to the FSS program.

**STATE & LOCAL Highlights**

**Results of Operations**

The Authority's management is pleased with the operating results for the fiscal year ending December 31, 2012. The State program reflected an operating gain of \$421,012, excluding depreciation. Overall, the revenues increased 2.4% while operating expenses increased by 8.1%.

**Operating Revenues** increased by \$56,484 in FYE 2012. This increase was due to an increase in tenant revenue.

**Operating Expenditures** increased by \$170,138 in FYE 2012. The increase was largely a result of an increase in administration expense of \$71,567.

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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**Business Activity Highlights**

**Results of Operations**

The Authority's management is pleased with the operating results for the fiscal year ended December 31, 2012. Business Activity combined for actual results of operations reflecting a gain of \$929,846 excluding depreciation.

**Operating Revenues** increased \$74,564 in 2012 which was mainly the result of total revenues at Greenwich Close.

**Operating expenditures** increased \$251,392 in 2012. The main reason for this increase was an increase in maintenance expense.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$34.56 million invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (additions less depreciation) in the amount of \$485,277 from the end of last year.

**CAPITAL ASSETS AT YEAR END  
(NET OF DEPRECIATION)**

	<u>2012</u>	<u>2011</u>
Land	\$ 7,299,554	\$ 7,299,554
Buildings & Improvements	49,438,952	55,285,895
Dwelling Equipment	555,847	538,099
Non-Dwelling Equipment	470,026	453,298
Accumulated Depreciation	(26,459,687)	(30,959,554)
Construction in Progress	<u>3,257,079</u>	<u>2,429,755</u>
Total	<u>\$ 34,561,771</u>	<u>\$ 35,047,047</u>

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**HOUSING AUTHORITY OF THE TOWN OF GREENWICH**  
Management Discussion and Analysis  
For the Year Ended December 31, 2012

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**Debt Outstanding**

As of year-end, the Authority had \$22.32 million in debt (mortgages, notes, etc) outstanding compared to \$19.93 million last year, a \$2.39 million increase (due to GC refinancing).

**OUTSTANDING DEBT, AT YEAR END**

	<u>2012</u>	<u>2011</u>
State and Local	\$ 1,400,247	\$ 1,453,254
Business Activity	<u>20,917,975</u>	<u>18,475,199</u>
Total	<u>\$ 22,318,222</u>	<u>\$ 19,928,453</u>

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Housing Authority of the Town of Greenwich

Statement of Net Position

December 31, 2012

ASSETS

Current assets:

Cash and cash equivalents - operations	\$ 3,832,142
Cash - restricted	539,741
Cash - security deposits held in trust	696,327
Accounts receivable - tenants, net	185,398
Accounts receivable - fraud recovery	26,872
Accounts receivable - miscellaneous	97,516
Project reserves	5,750,088
Prepaid expenses	<u>256,092</u>

Total current assets 11,384,176

Noncurrent assets:

Capital assets:

Land	7,299,554
Construction in progress	3,257,079
Structures and equipment, net	<u>24,005,138</u>

Total capital assets, net 34,561,771

Other assets:

Notes receivable	619,500
Financing costs, net	441,680
Development costs	<u>62,500</u>

Total other assets 1,123,680

Total assets \$ 47,069,627

(continued)  
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Housing Authority of the Town of Greenwich

Statement of Net Position - Continued

December 31, 2012

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable - vendors	\$ 503,934
Accounts payable - other government	152,024
Accrued salaries and benefit payable	16,861
Accrued compensated absences	441,792
Accrued operating expenses	123,166
Accrued interest expenses	52,204
Tenant security deposits	688,584
Current portion of capital debt	554,175
	<hr/>
Total current liabilities	2,532,740
	<hr/>
Noncurrent liabilities:	
Due to affiliate	14,433
Capital debt, net of current portion	21,764,047
	<hr/>
Total noncurrent liabilities	21,778,480
	<hr/>
Total liabilities	24,311,220
	<hr/>
Net position	
Net invested in capital assets	12,229,116
Restricted	959,741
Unrestricted	9,569,550
	<hr/>
Total net position	22,758,407
	<hr/>
Total liabilities and net position	\$ 47,069,627
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See notes to financial statements

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Housing Authority of the Town of Greenwich

Statement of Revenues, Expenses and Changes in Net Position

Year ended December 31, 2012

Operating revenues:	
Tenant rental revenue, net	\$ 8,830,099
Tenant revenue - other	45,176
	<hr/>
Total tenant revenue	8,875,275
HUD rental assistance subsidy	6,948,861
Other	318,716
	<hr/>
Total operating revenues	16,142,852
	<hr/>
Expenses:	
Administration	3,444,413
Tenant services	1,033,524
Utilities	1,434,070
Maintenance and operations	1,253,806
Maintenance contracts	964,953
Insurance	360,514
PILOT/real estate taxes	347,279
Housing assistance payments	5,143,975
Depreciation and amortization	1,978,908
	<hr/>
Total expenses	15,961,442
	<hr/>
Operating income (loss)	181,410
	<hr/>
Non-operating revenues (expenses):	
Capital grants	183,195
Interest income	56,189
Interest expense	(1,509,786)
	<hr/>
Total non-operating revenues (expenses)	(1,270,402)
	<hr/>
Change in net position	\$ (1,088,992)
	<hr/>
Change in net position:	
Net position, beginning of year	\$ 23,847,399
Change in net position for the year	(1,088,992)
	<hr/>
Net position, end of year	\$ 22,758,407
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See notes to financial statements  
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**Housing Authority of the Town of Greenwich**

**Statement of Cash Flows**

**Year ended December 31, 2012**

Cash flows from operating activities

Sources

Tenant revenue, net	\$ 8,881,325
HUD rental assistance subsidy	6,948,861

Uses

Administrative	(3,008,074)
Tenant services	(1,033,524)
Utilities	(1,333,359)
Maintenance and operations	(1,191,899)
Maintenance contracts	(964,953)
Insurance	(468,876)
PILOT/real estate taxes	(350,106)
Housing assistance payments	(5,142,833)
Tenant security deposits, net	<u>(5,518)</u>

Net cash provided by operating activities 2,331,044

Cash flows from investing activities

Short term investments withdrawals, net	2,477,844
Project reserves deposits, net	<u>(3,067,018)</u>

Net cash used in investing activities (589,174)

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**Housing Authority of the Town of Greenwich**

**Statement of Cash Flows - Continued**

**Year ended December 31, 2012**

Cash flows from capital and related financing activities	
Principal paid on capital debt	(15,085,050)
Principal proceeds received	17,474,819
Interest paid	(1,510,183)
Expenditures on capital assets	(892,426)
Financing fees paid	(447,724)
Development costs paid	(62,500)
Capital grants received	<u>116,621</u>
Net cash used in capital and related financing activities	<u>(406,443)</u>
Net increase in cash and cash equivalents	1,335,427
Cash and cash equivalents, beginning	<u>3,036,456</u>
Cash and cash equivalents, ending	<u><u>\$ 4,371,883</u></u>

(continued)  
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**Housing Authority of the Town of Greenwich**

**Statement of Cash Flows - Continued**

**Year ended December 31, 2012**

Reconciliation of change in net assets to net cash  
provided by operating activities

Operating income	\$ 181,410
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	1,978,908
Changes in:	
Accounts receivable	169,312
Prepaid expenses	(108,362)
Accounts payable	(3,027)
Accrued expenses	123,814
Tenant security deposits, net	(5,518)
Accounts payable - other government	(5,493)
	<hr/>
Net cash provided by operating activities	<u><u>\$ 2,331,044</u></u>

Significant noncash investing and capital and related financing activities:

At December 31, 2012, purchases of capital assets totaling \$83,083 are included in accounts payable - vendors.

During 2012, fully depreciated structures and equipment totaling \$6,100,171 were removed from the statement of net position.

# Housing Authority of the Town of Greenwich

## Notes to Financial Statements

December 31, 2012

### Note 1 - Summary of Organization, Significant Accounting Policies and Reporting Entity

#### Organization

The Housing Authority of the Town of Greenwich (the Authority) was created pursuant to Section 8-40 of the Connecticut General Statutes. The Authority reports its activities on an enterprise fund basis. The Authority has contracted with the Federal Government, acting through the U.S. Department of Housing and Urban Development (HUD), for financial assistance for low-income public housing pursuant to the United States Housing Act of 1937, as amended. The Authority has also contracted with the State of Connecticut, Department of Economic and Community Development (DECD) for financial assistance for elderly and moderate rental housing projects in the form of capital grants and/or loans pursuant to Section 8-70 and 8-114a of the Connecticut General Statutes.

#### Reporting Entity

GASB Statement No. 14, "The Financial Reporting Entity," and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of these Statements, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority's combined financial statements include the accounts of all Authority operations. The criteria for including organizations as component units with the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include the following:

- 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
- The organization has the potential to impose a financial benefits/ burden on the Authority
- There is fiscal dependency by the organization on the Authority

The basic financial statements of the Authority (the primary government) include all of its financial activities. These financial statements include three blended component units – Greenwich Close Apartments, LLC, Quarry Knoll II Corporation and Town Hall Annex Corporation.

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

The financial operations of Town Hall Annex Corporation (Corporation) include two blended component units - Town Hall Annex Limited Partnership (THALP) and Parsonage Cottage Senior Residence Limited Partnership (Parsonage).

#### **Description of a Public Housing Authority**

Funding for the Housing Authority of the Town of Greenwich is primarily from the United States Department of Housing and Urban Development (HUD) and from payments received from tenants of the Authority - owned housing. Under the Low Rent Public Housing Program, low-income tenants pay a portion of the rental cost of public housing, based upon the income and need of the tenants. HUD funds the difference between the actual costs to operate the Low Rent Housing Program and the amounts paid by tenants through operating subsidies. These subsidies and debt service payments are made to or on behalf of the Authority under the terms and conditions of the annual contributions contract with HUD.

The Section 8 Housing Assistance Payments Program provides rental supplements to the owners of existing private housing who rent to qualifying individuals. The Authority processes all applicants for the Section 8 Housing Assistance Payments Program, places approved applicants in housing and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD reimburses the Authority for the rental supplements and the administrative cost of managing the Program.

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

**Scope of Operations**

At December 31, 2012, the Authority operated the following projects:

Federal Projects

<u>Authority Owned Housing</u>	<u>Units</u>
CT19-1 Wilbur Peck	110
CT19-2 Quarry Knoll I	50
CT19-3 Agnes Morley Heights	150
<u>Other Projects</u>	
CT19-4 Greenwich Close	<u>17</u>
	<u>327</u>

Housing Assistance Payments Program

Housing Choice Voucher CT019V00006/000 (Contract B-2041)	<u>343</u>
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State Projects

MR-9 Adams Gardens	80
MR-32 Armstrong Court	144
MR-III McKinney Terrace I	21
E-186 McKinney Terrace II	<u>51</u>
	<u>296</u>

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

	<u>Units</u>
<u>Greenwich Close Apartments, LLC</u>	
Greenwich Close (market units)	<u>113</u>
<u>Town Hall Annex Corporation</u>	
Edgewood Avenue	7
Five Duplex Buildings - Various Locations	10
Blended Component Units:	
THALP	28
Parsonage	<u>40</u>
	<u>85</u>
<u>Quarry Knoll II Corporation</u>	
Quarry Knoll II Project (5 Buildings)	<u>40</u>
Total units	<u><u>1,204</u></u>

**Revolving Fund**

A Revolving Fund has been established to provide a convenient method for the payment of items chargeable to any or all funds and projects of the Authority. Deposits have been made to the Revolving Fund from the various funds and projects and have been reflected as interprogram due from/to and accounts receivable/payable - other government on the accompanying financial statements. The Revolving Fund is reimbursed twice monthly for items paid from the fund and charged to the individual funds and projects.

**Accounting Method and Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Authority has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 for its financial reporting model.

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# Housing Authority of the Town of Greenwich

## Notes to Financial Statements - Continued

December 31, 2012

### Accounting Method

Refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements, and relates to the timing of measurements made regardless of the measurement focus applied.

The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

### Basis of Presentation

The accounts of the Authority are organized on the basis of individual funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses. Authority resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be used and the means by which activities are controlled.

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

Section 8 Housing Choice Vouchers Program is used to account for the operations of a low-income housing program funded by HUD. Rental assistance payments are made by the Authority primarily to landlords on behalf of qualifying residents.

Low-Income Public Housing Program is used to account for the operations of providing public housing in Authority-owned buildings to residents who qualify by meeting certain established criteria.

State Moderate Rent is used to account for the operations of providing affordable housing in which Authority-owned buildings were financed through the State of Connecticut, Department of Community and Economic Development.

Elderly Housing is used to account for the operations of providing affordable housing to the elderly in the Authority-owned housing property known as McKinney Terrace II.

Revolving Fund - provides a common payment system for the other Authority-owned operations.

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

#### **Blended Component Units**

Town Hall Annex Corporation and Quarry Knoll II Corporation are both nonprofit corporations which own and operate low- and moderate-income housing. The Authority formed these corporations to own and operate the housing units. The governing body of each corporation is the same as the Authority's.

Town Hall Annex Corporation (THAC) originally owned a .5% partnership interest in Town Hall Annex Limited Partnership (THALP) and a .10% interest in Parsonage Cottage Senior Residence Limited Partnership (Parsonage). THAC is also the general partner of each of these partnerships. Due to THAC's financial and operational control of Parsonage, Parsonage's net assets and revenues and expenses are included in the Town Hall Annex component unit. Effective December 31, 2007, THAC acquired an additional 68.6% partnership interest in THALP through the contribution of seven of the limited partners' partnership interests to THAC. As a result, THAC assumed control of THALP as of December 31, 2007. THALP's assets, liabilities and net position as of December 31, 2012, and revenues and expenses for 2012, are included as blended component units in the Town Hall Annex component unit. Effective December 29, 2010, the remaining limited and the other general partner have contributed their remaining partnership interest to THAC. As a result of this, THAC has assumed 100% control of THALP.

Greenwich Close Apartments, LLC provides public and market rate housing to qualifying tenants in the property of the same name. On May 24, 2013, the Authority, which originally owned the property, transferred the deed and all its rights and obligations to Greenwich Close Apartments, LLC. The sole member of Greenwich Close Apartments, LLC is wholly-owned by the Authority. Effective May 24, 2013, Greenwich Close Apartments, LLC's assets, liabilities, net position, revenues and expenses are included in the Authority's consolidated financial statements as a blended component unit.

#### **Other Programs**

Other programs include Management Fee, Capital Fund Program and Home Ownership.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the Authority's enterprise funds are charges to tenants for providing housing and related services, and subsidies from federal and state agencies for these

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

same services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **Budgetary Control**

Federal and State program budgets are prepared on a detailed line item basis. Revenues are budgeted by source and expenses are budgeted by type. The program budgets are subject to approval by Federal and State funding agencies.

#### **Cash and Cash Equivalents**

Cash is maintained in two investment pools (operating and security deposits). In addition, non-pooled cash is held separately and reflected in their respective programs. Cash equivalents are investments with original maturities of three months or less from the date of acquisition, and are reported at cost which approximates fair value.

#### **Investments**

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost or carrying value which approximates fair value. Investments in securities and mutual funds are reported at market. Investments that do not have an established market are reported at estimated fair value. In determining realized gains or losses on sales of investments, cost is determined by specific identification.

#### **Restricted Assets**

Certain assets may be classified as restricted assets on the statement of net assets because their use is restricted by contracts or agreements with outside third parties and lending institutions.

#### **Land, Structures and Equipment**

Land, structures and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair value at the date of transfer. Donated assets are recorded at estimated market value as of the date of the donation.

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

Depreciation of capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation as follows:

	<u>Years</u>
Buildings and improvements	25 - 40
Apartment renovations	10
Dwelling equipment	7

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

**Impairment of Long-Lived Assets**

In accordance with GASB 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. No such impairment loss was incurred during the current year.

**Deferred Financing Costs and Tax Credit Fees**

Finance fees are amortized over the lives of the respective financing 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 expected to be materially different from the results that would have been obtained under the effective yield method. Amortization expense for the year ended December 31, 2012 was \$357,659.

Tax credit fees are amortized over the 15-year compliance period using the straight-line method. As of December 31, 2012, the tax credit fees are fully amortized and were written off. Amortization expense for the year ended December 31, 2012 was \$461.

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

Estimated amortization expense for the ensuing years through December 31, 2017 is as follows:

December 31, 2013	\$	20,714
2014		20,379
2015		20,034
2016		19,676
2017		19,306

**Tenant Rental Revenue**

Revenue from rental charges to residents is recognized ratably over the terms of the lease agreements, which are generally on a 12-month basis.

**Interprogram Receivables/Payables**

Transactions between programs that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interprogram due from/to in the accompanying statement of net position. In addition, the management fee revenue and expense between programs have been eliminated.

**Compensated Absences**

Employees accumulate vacation and sick leave hours for subsequent use or payment upon termination. Sick leave, vacation pay and termination pay is accrued when incurred and reported as a program liability.

**Income Taxes**

The Authority is not subject to federal or state income taxes, nor is it required to file federal or state tax returns. Quarry Knoll II Corporation and Town Hall Annex Corporation are both generally exempt organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are generally exempt from income taxes pursuant to Section 501(a) of the Code. THALP and Parsonage are not subject to federal or state income taxes as each partner includes its allocated shares of net income or loss on its own return.

## Housing Authority of the Town of Greenwich

### Notes to Financial Statements - Continued

December 31, 2012

#### Equity Classifications

Equity is classified as net position and displayed in three components in accordance with GASB 34:

- a. Net invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net invested in capital assets."

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

#### New Accounting Pronouncements

Five new statements issued by the GASB were effective or adopted this year. Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This standard is effective for financial statement periods beginning after December 15, 2011. Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, is effective for financial statement periods beginning after June 15, 2012. The Authority did not early adopt Statement No. 61. Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is effective for financial statement periods beginning after December 15, 2011. Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for financial

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

statement periods beginning after December 15, 2011. Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, is effective for financial statement periods beginning after December 15, 2012.

Four other GASB standards will be adopted in future years. Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial periods beginning after December 15, 2012. Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, improves financial reporting by state and local governmental pension plans. This standard is effective for financial statements periods beginning after June 15, 2013. Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, is effective for financial statement periods beginning after June 15, 2014. Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for financial statement periods beginning after December 15, 2013. The Authority will evaluate these new standards and determine to what extent they have an impact on the financial statements.

**Commissioners**

The following Commissioners served as the governing body of the Housing Authority of the Town of Greenwich at December 31, 2012:

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
George Yankowich	Chairman	7/31/2014
Abelardo Curdumi	Vice-Chairman	7/31/2017
Agripina Lopez	Tenant Commissioner	7/31/2015
Robert Simms, Jr.	Tenant Commissioner	7/31/2017
Bernadette Settelmeyer	Commissioner	7/31/2013
Sam Romeo	Commissioner	7/31/2016
James Boutelle	Commissioner	7/31/2017

**Note 2 - Cash and Investments**

The Authority's Cash Management and Investment Policy (written and formally adopted) is based on mandatory regulations of the HUD and those of the Connecticut General Statues. These regulations place certain limitations on the nature of deposits and investments available to the Authority. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain prescribed levels without collateralization by the financial institutions involved. Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a

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## Housing Authority of the Town of Greenwich

### Notes to Financial Statements - Continued

December 31, 2012

maturity of less than one year from the date of purchase, repurchase agreements guaranteed by the U.S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements collateralized by such securities with maturity dates of no more than 90 days from the date of purchase.

#### Deposits

Cash and cash equivalents	<u>\$4,371,883</u>
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Custodial Credit Risk - Deposits: The Authority uses one bank (the Primary Bank) for the bulk of its deposits including tenant security deposits and investments. The Primary Bank is required to execute the HUD mandated General Depository Agreement (Form HUD-51999). A key provision of the Agreement is the collateralization of all the Authority's deposits and investments with U.S. government securities in the Authority's name and held by a third party. The Primary Bank also maintains accounts on behalf of the Authority's component units.

#### Short-Term Investments

Custodial Credit Risk - Investments: For an investment, the custodial risk is that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Agency will not be able to recover the value of its investments that are in the possession of another party. The Agency's custodial credit risk policy is to require all securities purchased to be made in such a manner so that the securities are at all times insured, registered in the Agency's name, or in the possession of the Agency. The investments were controlled by the trustee of Greenwich Close Apartments and were invested primarily in overnight Repurchase Agreements. Through agreements associated with the Greenwich Close Apartments' Bond Indenture, the Authority was required to keep investment funds under formal agreement with a trustee. These funds were not collateralized.

In May 2012, short-term investments consisting of money market and repurchase agreements, as required and held by the Bond Trustees, were released in conjunction with the refinancing of the Greenwich Close bonds (see note 7).

#### Concentration of Credit Risk

The Authority's Cash Management and Investment Policy does not place any limits on the amounts that may be invested in any one issuer. The Policy directs that investments will be limited to direct obligations of the Federal Government (U.S. Treasury Bills, U.S. Treasury Notes and Bonds), Obligations of Federal Government

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

Agencies, and Securities of Government Sponsored Agencies, Money-Market Deposit Accounts and Repurchase Agreements.

#### **Interest Rate Risk**

The Authority's Cash Management and Investment Policy limits investments to those capable of being liquidated on one day's notice and to securities maturing in periods of up to one year.

#### **Project Reserves**

The Greenwich Close Apartments, LLC mortgage agreement with the Department of Housing and Urban Development (HUD) requires the project to maintain certain reserves (see note 7). Such reserves are held and administered by the mortgage servicer, and total \$2,735,789. As such, these reserves are subject to the cash management and investment policy of HUD, which is not stated in these notes.

The Quarry Knoll II Corporation mortgage agreement with the Connecticut Housing Finance Authority (CHFA) requires the project to maintain certain reserves (see note 7). Such reserves are held and administered by CHFA, and total \$2,073,970. As such, these reserves are subject to the cash management and investment policy of CHFA, which is not stated in these notes.

The Town Hall Annex Corporation regulatory agreement with the State of Connecticut requires the project to maintain a reserve for replacements. This reserve is held and administered by CHFA and totals \$577,468 at December 31, 2012.

Parsonage Cottage Senior Residence Limited Partnership maintains a reserve for replacements. This reserve totals \$121,395 at December 31, 2012.

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

**Note 3 - Accounts Receivable - Tenants**

	<u>Federal Low Income Housing</u>	<u>State Program</u>	<u>Greenwich Close Apartments, LLC</u>	<u>Quarry Knoll II</u>	<u>Town Hall Annex*</u>	<u>Total</u>
Accounts receivable	\$ 13,095	\$ 58,777	\$ 34,970	\$ 4,502	\$ 94,040	\$ 205,384
Allowance for doubtful accounts	<u>-</u>	<u>(16,227)</u>	<u>-</u>	<u>(3,759)</u>	<u>-</u>	<u>(19,986)</u>
Net	<u>\$ 13,095</u>	<u>\$ 42,550</u>	<u>\$ 34,970</u>	<u>\$ 743</u>	<u>\$ 94,040</u>	<u>\$ 185,398</u>

The allowance for doubtful accounts is based on management's estimates of the amounts to be uncollected.

\* Town Hall Annex includes Town Hall Annex Limited Partnership and Parsonage Cottage Senior Residence Limited Partnership (87% of which comprises of DSS payments paid one month in arrears).

**Note 4 - Interprogram Receivables and Payables**

The following is a summary of the interprogram receivables and payables at December 31, 2012:

	<u>Receivable</u>	<u>Payable</u>
Low-Income Public Housing	\$ 131,222	\$ -
State Moderate Rental	-	75,888
Section 8 Housing Choice Vouchers	-	2,414
Revolving Fund	170,466	652,135
Management Fee Account	170,376	
Capital Fund Program	-	92,164
Home Ownership	410,336	-
State Elderly Housing	<u>-</u>	<u>59,799</u>
	<u>\$ 882,400</u>	<u>\$ 882,400</u>

The interprogram receivables and payables are eliminated in consolidation.

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## Housing Authority of the Town of Greenwich

### Notes to Financial Statements - Continued

December 31, 2012

#### Note 5 - Receivables and Payables with Other Governments

The following is a summary of the accounts receivable - other government at December 31, 2012. The listed entities are related to the Authority by common board membership and management. For some of the entities, an affiliate of the Authority serves as the general partner of the limited partnership.

	Receivable	Payable
Revolving Fund	\$ 1,211,138	\$ 532,408
Town Hall Annex	532,408	320,510
Quarry Knoll II	-	33,666
Greenwich Close LLC	-	923,343
Management Fee	66,381	-
Total related parties	1,809,927	1,809,927
Payment in lieu of taxes (PILOT)/ real estate taxes (non-affiliated)	-	152,024
Total receivables/payables - other government	\$ 1,809,927	\$ 1,961,951

The related parties' receivables and payables with other governments are eliminated in consolidation.

#### Note 6 - Capital Assets

A roll-forward of capital assets for 2012 is as follows:

	Balance December 31, 2011	Additions	Deletions	Reclassification/ Adjustments	Balance December 31, 2012
Land	\$ 7,299,554	\$ -	\$ -	\$ -	\$ 7,299,554
Buildings	55,285,895	170,836	-	(6,017,779)	49,438,952
Furniture, equipment and machinery - dwelling	538,099	18,995	-	(1,247)	555,847
Furniture, equipment and machinery - administrative	453,298	25,225	-	(8,497)	470,026
Construction in progress	2,429,755	899,972	-	(72,648)	3,257,079
	66,006,601	1,115,028	-	(6,100,171)	61,021,458
Less: Accumulated depreciation	(30,959,554)	(1,620,788)	-	6,120,655	(26,459,687)
Net balance	\$ 35,047,047	\$ (505,760)	\$ -	\$ 20,484	\$ 34,561,771

Construction in progress represents costs incurred on open development projects or on major capital improvement projects. These projects were at various stages of

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

completion at December 31, 2012. Upon completion, these costs will be reclassified to buildings and will be depreciated over their estimated useful lives.

**Note 7 - Capital Debt and Notes Payable**

Capital debt at December 31, 2012 consisted of the following:

**State Moderate Rental Housing Programs**

Mortgage and rehabilitation loans	
Beginning balance	\$ 1,453,254
Debt retirement	<u>(53,007)</u>
	1,400,247
Less: current portion	<u>(54,616)</u>
	<u><u>\$ 1,345,631</u></u>

The loans require quarterly payments of principal and interest. The loans bear interest at a rate of 3% per annum, mature in years 2012 through 2029, and are secured by the rental property.

**Multifamily Housing Revenue Bond Series 1997 A & B**

These bonds were issued to finance the acquisition and modernization of the Greenwich Close Project. These accounts were invested primarily in short term investments and were restricted as to use by the trustee. On May 24, 2012, the Authority paid off these bonds with a mortgage insured by HUD in the amount of \$17,500,000. Effective with this refinancing, the Greenwich Close fund has been closed out and the net assets transferred to Greenwich Close Apartments LLC.

**Greenwich Close Apartments, LLC**

On May 24, 2012, Greenwich Close Apartments, LLC entered into a \$17,500,000 HUD insured mortgage to refinance the bonds outstanding on the Greenwich Close project. The mortgage note is collateralized by a deed of trust on the rental property. The note bears interest at the rate of 3.33% per annum. Principal and interest are payable by the corporation in monthly installments of \$70,613 through maturity on June 1, 2047.

Under agreements with the mortgage lender and FHA, the corporation is required to make monthly escrow deposits for taxes, insurance and replacement of project

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures and distributions.

The liability of the corporation under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

The outstanding mortgage balance at December 31, 2012 is as follows:

HUD	\$ 17,344,357
Less: current portion	<u>(273,942)</u>
	<u><u>\$ 17,070,415</u></u>

**Quarry Knoll II Corporation**

The mortgage is payable to CHFA, is collateralized by the land and building owned by the Corporation and is insured by HUD. The monthly installments for principal and interest are \$9,481 with a maturity date of May 1, 2020. Interest is being charged at a rate of 8% per annum. The Corporation also pays into an escrow account to provide for hazard and liability insurance and mortgage insurance payments when they become due. These escrowed accounts are reflected as a component of project reserves on the accompanying statement of net assets and total at \$6,748 at December 31, 2012.

Under its regulatory agreement with HUD, the Corporation is required to make monthly payments into a reserve for replacements account held by CHFA. The reserve may be drawn against (subject to approval by HUD) to fund replacements of fixed assets and major improvements to the property. Required payments into the escrow were \$20,498 during 2012. The Corporation is also required to deposit into the residual receipts reserve, cash balances in excess of current operating needs as defined by HUD. The required deposit to the fund for 2012 is \$58,674. At December 31, 2012, the balance in the reserve for replacements was \$410,871, the balance in the residual receipts was \$1,656,351 and such amounts are reflected as a component of project reserves on the accompanying statements of net assets.

**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

Mortgage balances at December 31, 2012 are:

CHFA	\$ 634,881
Less: current portion	<u>(65,342)</u>
	<u>\$ 569,539</u>

**Town Hall Annex Corporation**

The purchase of the Edgewood Avenue apartment building was financed by an adjustable rate note payable to the Putnam Trust Company of Greenwich. The note is for a 30-year term with an adjustable interest rate which at December 31, 2012 was 3.00%. The rate cannot be increased or decreased by more than 1% each year and can never exceed 13.625%. The purchase of the three apartment buildings on Ritch and Columbus Avenues were financed by a 10-year note payable at a 6.35% interest rate to Wachovia Bank. The purchase of the Oakridge and Homestead duplexes were financed by a 30-year note payable at a 4.75% interest rate to Chase Home Finance. All notes are secured by the property and require monthly payments of principal and interest.

Mortgage balances at December 31, 2012 are:

Edgewood	\$ 184,264
Oakridge	157,354
Ritch/Columbus	189,115
Homestead	<u>199,412</u>
	730,145
Less: current portion	<u>(101,694)</u>
	<u>\$ 628,451</u>

**Parsonage Cottage Senior Residence Limited Partnership**

Parsonage has a promissory note, at 6% per annum interest, payable to the Town of Greenwich with an outstanding balance of \$790,112 at December 31, 2012. The note, entered into on April 17, 1997, is for 30 years with monthly interest and principal payments of \$6,885.

Parsonage has an additional promissory note at 4% per annum interest payable to the Town of Greenwich with an outstanding balance of \$418,480 at December 31,

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## Housing Authority of the Town of Greenwich

### Notes to Financial Statements - Continued

December 31, 2012

2012. The loan is from Community Development Block Grant funds the town received in connection with the rehabilitation of the project. The note, entered into on April 17, 1997, is for 30 years with monthly interest and principal payments of \$3,226.

A loan agreement has been executed between Parsonage and Parsonage Cottage Home for the Aged, Inc. for \$1,000,000 at 6% per annum interest. The loan is for 30 years with monthly interest payments of \$5,000, which were due beginning in April 1997. Principal payments are deferred and payable only out of available cash flow from the project.

The above mentioned notes are secured by mortgages and security agreements covering the property. Certain of the notes are also secured by assignments of leases, rents and profits. The liability of the Parsonage under the notes is limited to the underlying value of the real estate collateral.

Following are the principal payments required for the next five years and thereafter:

Loan	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2047	Total
State of Connecticut	\$ 54,616	\$ 61,648	\$ 63,519	\$ 65,445	\$ 67,431	\$ 369,113	\$ 428,608	\$ 289,867	\$ -	\$ 1,400,247
Greenwich Close	273,942	283,205	292,781	302,681	312,915	1,725,836	2,038,024	2,406,685	9,708,288	17,344,357
CHFA	65,342	70,766	76,641	83,001	89,889	249,242	-	-	-	634,881
Parsonage	58,581	61,726	65,046	68,522	72,250	424,404	458,063	1,000,000	-	2,208,592
Edgewood	19,991	21,355	22,813	24,370	26,033	69,702	-	-	-	184,264
Oakridge	4,684	4,911	5,149	5,399	5,662	32,707	41,456	52,545	4,841	157,354
Ritch/Columbus	71,110	75,759	42,246	-	-	-	-	-	-	189,115
Homestead	5,909	6,195	6,496	6,812	7,142	41,262	52,298	66,287	7,011	199,412
<b>Total</b>	<b>\$ 554,175</b>	<b>\$ 585,565</b>	<b>\$ 574,691</b>	<b>\$ 556,230</b>	<b>\$ 581,322</b>	<b>\$ 2,912,266</b>	<b>\$ 3,018,449</b>	<b>\$ 3,815,384</b>	<b>\$ 9,720,140</b>	<b>\$ 22,318,222</b>

Following are the interest payments required for the next five years and thereafter:

Loan	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2047	Total
State of Connecticut	\$ 36,939	\$ 35,124	\$ 33,253	\$ 31,326	\$ 29,340	\$ 114,743	\$ 55,248	\$ 3,577	\$ -	\$ 339,550
Greenwich Close	574,169	564,932	555,383	545,510	535,304	2,510,931	2,198,743	1,830,082	2,551,800	11,866,854
CHFA	48,430	42,980	37,131	30,771	23,882	25,696	-	-	-	208,890
Parsonage	62,754	59,610	56,291	49,413	49,086	182,273	54,903	-	-	514,330
Edgewood	13,440	12,076	10,619	9,062	7,399	11,134	-	-	-	63,730
Oakridge	7,523	7,296	7,057	6,807	6,545	28,326	19,577	8,489	143	91,763
Ritch/Columbus	9,376	4,727	526	-	-	-	-	-	-	14,629
Homestead	9,491	9,204	8,903	8,588	8,257	35,734	24,697	10,709	180	115,763
<b>Total</b>	<b>\$ 762,122</b>	<b>\$ 735,949</b>	<b>\$ 709,163</b>	<b>\$ 681,477</b>	<b>\$ 659,813</b>	<b>\$ 2,908,837</b>	<b>\$ 2,353,168</b>	<b>\$ 1,852,857</b>	<b>\$ 2,552,123</b>	<b>\$ 13,215,509</b>

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

**Note 8 - Compensated Balances**

Employees are paid by prescribed formula for vacation, sick leave and personal time at termination. The amount of the outstanding accumulated obligation related to such compensated absences reported by the programs was:

Balance at December 31, 2011	\$	392,089
Current year increase (decrease)		<u>49,703</u>
Balance at December 31, 2012	\$	<u><u>441,792</u></u>

**Note 9 - Capital Grant by the State of Connecticut**

The Authority has received financial assistance in the form of capital grants for application to the development costs of its projects. DECD may make advances to the Authority of its capital grant; however, the total of the grant may not exceed the development cost of the project including costs incurred by the State in connection therewith as approved by the Commissioner. No capital grants were received by the Authority in 2012.

**Note 10 - Capital Fund Grant and Other Federal Programs**

**Capital Fund Grants**

HUD presently funds federal modernization projects under various programs and contract numbers. The status of these programs and contracts is as follows:

	<u>CT 19-501-07</u>	<u>CT 19-501-08</u>	<u>CT 19-501-09</u>	<u>CT 19-501-09 ARRA</u>	<u>CT 19-501-10</u>	<u>CT 19-501-11</u>	<u>Total</u>
Funds approved	<u>\$ 458,210</u>	<u>\$ 466,802</u>	<u>\$ 500,606</u>	<u>\$ 590,879</u>	<u>\$ 470,400</u>	<u>\$ 496,731</u>	<u>\$ 2,983,628</u>
Advances	\$ 458,210	\$ 466,802	\$ 500,606	\$ 590,879	\$ 470,400	\$ 66,574	\$ 2,553,471
Project expenditures	<u>458,210</u>	<u>466,802</u>	<u>500,606</u>	<u>590,879</u>	<u>470,400</u>	<u>66,574</u>	<u>\$ 2,553,471</u>
Excess/ (deficiency) of funds advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 11 - Pension Plan**

**Plan Description**

Substantially all full-time employees participate in the Municipal Employees Retirement System (MERS), a cost-sharing multiple employer public employee

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating members. MERS is considered to be part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. The fiscal year end of the plan is June 30, 2012, and information relating to the plan included in these notes to the basic financial statements is as of that fiscal year end.

Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible. As of July 1, 2010, there were 186 participating local government units (counting departments of municipalities which joined or report separately as separate units).

At July 1, 2010, the MERS membership consisted of:

Active vested members	6,042
Active non-vested members	2,537
Vested terminated plan members	720
Retirees and beneficiaries	5,705
Inactive non-vested members	841
	<hr/>
	15,845
	<hr/> <hr/>

A summary of financial information related to the Plan as of June 30, 2012 is presented below:

Active members	8,711
Annual covered payroll	\$ 458,657,578
Employer's contribution for the year	\$ 59,306,770
Employee's contribution for the year	\$ 15,356,707

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases between 3% and 5% are paid to disabled members and non-disabled retired members over age 65. Effective January 1, 2002, all other retired members receive a 2.5% annual adjustment until age 65, at which point they will receive the same cost of living adjustment (COLA) as those currently age 65. For those retiring after December 31, 2001, annual cost of living increases will be between 2.5% and

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

6.0%. Benefits vest after 5 years of continuous service or 15 years of active aggregate service.

Members who retire after age 55 with five years of service or after twenty-five years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1½% of the three highest paid years' average of earnings not in excess of the year's breakpoint, plus 2% of the three year average of earnings in excess of the year's breakpoint. The year's breakpoint for 2011 is \$58,100.

Covered employees are required by State statute to contribute 2¼% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Employees not covered by Social Security are required to contribute 5% of all earnings.

### **Summary of Significant Accounting Policies and Plan Asset Matters**

#### **Basis of Accounting**

MERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

#### **Method Used to Value Investments**

Retirement trust funds can invest in the following investment pools maintained by the State of Connecticut.

Mutual Fixed Income Fund - Investments consist principally of bonds and notes.

Mutual Equity Fund - Investments consist principally of common stocks.

Real Estate Fund - Investments consist principally of interest in commingled equity real estate funds.

Mutual Commercial Mortgage Fund - Investments consist principally of interest in commercial mortgages.

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

Mutual Venture Capital Fund - Investments consist principally of interests in venture capital partnerships which have common stock interests in emerging businesses.

Mutual International Stock Fund - Investments consists principally of international equity securities.

Liquidity Fund - Investments consists principally of money market instruments.

Private Equity - Investments comprised of various limited partnerships, limited liability companies and securities.

Investments in the pooled funds are valued at cost. Market values of the investment pools are determined by the Master Custodian based on the performance of the underlying securities. Investment income is recognized as earned. Gains and losses on sales and redemptions of investments are recognized on the transaction date. There are no investments in any organizations that represent 5% or more of the net assets available for benefits.

#### **Funding Status and Progress**

The actuarial accrued liability is a measure that uses the benefit provisions and is intended to (i) help users assess the plan's funding status on a going-concern basis and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Entry age was established by subtracting credited service from current age on the valuation date. Assumptions, including projected pay increases, were the same as those used to determine the annual required contribution between entry age and assumed exit age.

The actuarial value of assets is based on a market-related method that recognizes (i) 20% of any difference between actual and expected investment income (gain/loss) in the valuation year and (ii) 20% of any previous years' unrecognized investment gains/losses. Such smoothed actuarial assets value shall not be less than 80% or greater than 120% of the market value of assets.

- The actuarial accrued liability was determined as part of an actuarial valuation at July 1, 2010.
- Significant actuarial assumptions used include:

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

- a) Rate of return on the investment of present and future assets of 8.25% per year compounded annually.
  - b) Projected salary increases of 3.75% per year compounded annually, attributable to inflation.
  - c) Additional projected salary increases ranging from 7.50% to .75% per year, attributable to seniority/merit.
  - d) Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.5% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.6% are assumed, regardless of age.
- Actuarial Accrued Liability as of July 1, 2011:

Total actuarial accrued liability	\$ 1,985,267,907
Actuarial value of assets	<u>1,753,331,163</u>
Unfunded actuarial accrued liability	<u>\$ (231,936,744)</u>

**Contributions Required and Contributions Made**

Each covered municipality is required by State statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, may vary for populations covered by Social Security versus those not covered by Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors.

The contributions are actuarially determined using the entry age normal method. The actuarial assumptions are the same as those used to compute the actuarial accrued liability discussed above. Contributions totaling \$74,663,477 (\$59,306,770 employer and \$15,356,707 employee) were made for the plan year ending June 30, 2012 in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of July 1, 2010. These contributions consisted of: (a) \$52,180,274 normal cost and (b) \$22,483,203 amortization of the unfunded

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

actuarial accrued liability. The employer and employee contributions represent 13.5% and 3.5% of covered payroll as of July 1, 2012, respectively.

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# Housing Authority of the Town of Greenwich

## Notes to Financial Statements - Continued

December 31, 2012

### Ten Year Historical Trend Information

Ten-year historical trend information designed to provide information about MERS' progress made in accumulating sufficient assets to pay benefits when due is as follows:

<u>Fiscal Year</u>	<u>Analysis of Funding Progress</u> (in millions of dollars)						
	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) % Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a % of Covered Payroll (4)/(5)	% Actuarial Rate of Return
2002	\$ 1,403	\$ 1,319	106%	\$ (84)	\$ 322	\$ (26)	6%
2003	1,418	1,379	103	(39)	326	(12)	3
2004	1,434	1,393	103	(41)	333	(12)	4
2005	1,512	1,465	103	(47)	352	(13)	7
2006	1,588	1,550	103	(38)	366	(10)	7
2007	1,701	1,640	104	(61)	388	(16)	9
2008	1,779	1,722	103	(57)	412	(14)	6
2009	1,619	1,821	89	202	427	47	-7
2010	1,663	1,881	88	218	422	52	5
2011	1,753	1,985	88	232	439	53	8

# Housing Authority of the Town of Greenwich

## Notes to Financial Statements - Continued

December 31, 2012

Revenues by Source and Expenses by Type  
(in millions of dollars)

Fiscal Year	Revenue by Source						Expenses by Type		
	Employee Contributions	Employer Contributions *	Investment Income	Realized Gains	Other	Total	Benefits	Refunds	Total
2001-02	\$ 11.4	\$ 15.3	\$ 44.8	\$ -	\$ -	\$ 71.5	\$ 55.8	\$ 1.2	\$ 57.0
2002-03	11.2	15.9	52.1	1.4	- **	80.6	59.7	1.1	60.8
2003-04	11.7	16.3	51.6	7.9	-	87.5	63.6	0.9	64.5
2004-05	12.2	21.8	54.0	0.2	-	88.2	68.4	1.3	69.7
2005-06	12.9	28.7	53.2	1.6	-	96.4	72.8	1.2	74.0
2006-07	13.1	39.4	61.0	19.3	-	132.8	78.9	1.5	80.4
2007-08	17.6	38.8	66.1	135.5	-	258.0	83.5	1.1	84.6
2008-09	14.8	35.9	48.5	1.5	-	100.7	89.3	1.3	90.6
2009-10	14.7	38.4	40.4	49.9	-	143.4	93.9	1.1	95.0
2010-11	16.1	51.1	56.1	7.2	-	130.5	98.9	1.1	100.0
2011-12	15.4	59.3	47.2	26.8	-	148.7	105.3	0.9	106.2

\* Contributions were made in accordance with actuarially determined requirements.

\*\* Transfer of assets from Fund A of \$9,977.

## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

#### **Note 12 - Deferred Compensation Plan**

The Authority established a deferred compensation plan effective July 1, 1997, created in accordance with Section 457 of the Internal Revenue Code. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergency.

The Authority replaced the Section 457 plan with a deferred compensation plan effective July 1, 1998, created in accordance with Section 403(b) of the Internal Revenue Code. The 403(b) deferred compensation plan is also not available to employees until termination, retirement, death or unforeseeable emergency.

The Authority then replaced the Section 403(b) plan with a deferred compensation plan created in accordance with Section 457(b) of the Internal Revenue Code. The plan permits employees to defer compensation up to 20% of their salary, or a maximum of \$17,000 (for 2012) and the Authority provides a 50% match up to \$2,500 per year per employee. A third-party plan administrator coordinates the investment of deferred compensation amounts in certain pooled funds or annuity programs chosen by individual participants. Under the plan, the Authority is responsible for exercising "due care" in selecting a third-party administrator.

At December 31, 2012, the cumulative employee and employer contributions and related earnings of the Section 457(b) plan were \$1,670,018, and the Section 403(b) Plan were \$595,761, respectively.

#### **Note 13 - Other Post Employment Benefits**

In addition to pension benefits described above, eligible retirees, terminated employees and their dependents, may purchase post-employment benefits for health care and dental insurance. The Authority does not fund the benefits. The benefits are provided in accordance with Authority policies and the Consolidated Omnibus Reconciliation Act of 1985 (COBRA).

#### **Note 14 - Commitments and Obligations and Guarantees**

The Authority has guaranteed (on behalf of Town Hall Annex Corporation) funding of operating deficits of the Parsonage Cottage Senior Residence, L.P., to the extent they exceed the operating deficit reserves. The maximum liability under this agreement is \$750,000. As of December 31, 2012, advances totaling \$303,580 remain outstanding.

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## **Housing Authority of the Town of Greenwich**

### **Notes to Financial Statements - Continued**

**December 31, 2012**

#### **Note 15 - Contingent Liabilities**

The Authority has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the basic financial statements.

#### **Note 16 - Notes Receivable**

The Authority funded second mortgages to qualified purchasers of homes. The loans are non-interest bearing and are payable upon the sale or transfer of the property. The amount receivable is \$619,500 at December 31, 2012.

THAC has a note receivable from THALP of \$206,507. THAC loaned THALP these funds to finance the renovations to the Town Hall Annex building. Interest on the note accrues at a rate of 8%, with the principal and interest payable at the time the Town Hall Annex building is sold. Accrued interest receivable totals \$563,925 at December 31, 2012. This note and accrued interest are eliminated since THALP is included as a part of the THAC component unit in the accompanying basic financial statements.

#### **Note 17 - Due to Affiliate**

The Authority was advanced funds from an affiliate in prior years. As of December 31, 2012, \$14,433 is owed to the affiliate. The amount is unsecured, non-interest bearing and payable on demand.

#### **Note 18 - Restricted Net Position**

In November 2004, the Authority received \$420,000 from the Town of Greenwich in Community Development Block Grant funds. These funds were used to provide homeownership assistance at the Hollow Wood Development to four low- and moderate-income households which may be in the form of a loan to each household secured by a second mortgage, or any other form of financial assistance or mechanism. Any repayment of the loans by the homeowners, prior to the expiration of the 40 years from the time of initial occupancy, are to be used to issue additional loans or financial assistance to qualified low- and moderate-income households. In the event that no qualified households are available to purchase units at Hollow Wood prior to year 2044, all amounts received from loan repayments will be returned to the Town, after reasonable administrative fees to the Authority. As of December 31, 2012, four loans were made to qualified households totaling \$420,000. Since

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## Housing Authority of the Town of Greenwich

### Notes to Financial Statements - Continued

December 31, 2012

these funds are to be used continuously for 40 years to fund home purchases at Hollow Wood, they are classified as restricted under the homeownership program.

At December 31, 2012, the Authority has temporarily restricted net position totaling \$539,741 representing Section 8 Housing Choice Voucher cash to be released in 2013 for housing assistance payments.

#### Note 19 - Management Fee Revenue

The Authority provides property management services to its affiliated properties. For 2012, management fee revenue of \$105,715 was recorded from Quarry Knoll II Corporation and Town Hall Annex Administration Fund. Such fees are earned as a percentage of rental income of the projects and are approved by the regulatory agencies of the properties. Fees receivable at December 31, 2012 total \$161,634 and are included as a component of accounts receivable - other government in the accompanying statement of net assets. Accordingly, revenue and expense transactions and related assets and liabilities between the Authority and its blended component units have been eliminated in the accompanying financial statements.

The Authority provides property management services to Parsonage. The fee was waived for 2012. As of December 31, 2012, there have been no payments to the Authority for these fees. At December 31, 2012, the Authority is due \$1,136,870. These balances are included as deferred management fees liability in the Town Hall Annex component unit of the accompanying financial statements. These balances have been eliminated in consolidation. The Authority has fully allowed for the receivable balances at December 31, 2012 due to the uncertainty of collection.

The Authority provides management services to Greenwich Close Apartments, LLC. Such fees are earned as a percentage of rental income. The fee totaling \$46,858 has been eliminated in consolidation.

#### Note 20 - Subsequent Events

Events that occur after the date of the statement of net position but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which reflect significant matters but which provide evidence about conditions that existed after the date of the statement of net position, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through **DATE** and concluded that no subsequent events have occurred that would require recognition in the financial statements or

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**Housing Authority of the Town of Greenwich**

**Notes to Financial Statements - Continued**

**December 31, 2012**

disclosure in the notes to the financial statements, with the exception as noted below.

The Authority is in current negotiations with the limited partner of Parsonage Cottage Senior Residences Limited Partnership to purchase their limited partnership interest.

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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*

To the Board of Commissioners  
The Housing Authority of the Town of Greenwich

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 Town of Greenwich, which comprise the statement of net position as of December 31, 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **DATE**.

*Internal Control over Financial Reporting*

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 Town of Greenwich'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.

Bethesda, Maryland

**DATE**

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Independent Auditor's Report on Compliance for Each Major Federal Program and on  
Internal Control over Compliance Required by OMB Circular A-133

To the Board of Commissioners  
The Housing Authority of the Town of Greenwich

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Greenwich's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the Town of Greenwich's major federal programs for the year ended December 31, 2012. The Housing Authority of the Town of Greenwich'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 Town of Greenwich'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 Town of Greenwich'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 Town of Greenwich's compliance.

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### *Opinion on Each Major Federal Program*

In our opinion, the Housing Authority of the Town of Greenwich 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 December 31, 2012.

### Report on Internal Control over Compliance

Management of the Housing Authority of the Town of Greenwich 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 Town of Greenwich's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Greenwich'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 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.

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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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bethesda, Maryland

**DATE**

**Final Draft**

## Housing Authority of the Town of Greenwich

### Schedule of Findings and Questioned Costs

December 31, 2012

#### A. Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on the basic financial statements of the Housing Authority of the Town of the Greenwich.
2. No significant deficiencies related to the audit of the financial statements were reported in the 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*. No material weaknesses were reported.
3. No instances of noncompliance material to the basic financial statements of the Housing Authority of the Town of the Greenwich were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs were disclosed in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133. No material weaknesses were reported.
5. The Auditor's report on compliance for the major federal award programs for the Housing Authority of the Town of Greenwich expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for the Housing Authority of the Town of Greenwich.
7. The program tested as major programs include:
  - CFDA #14.871      Section 8 Housing Choice Vouchers
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Housing Authority of the Town of Greenwich qualified as a low-risk auditee.

#### B. Findings - Financial Statements Audit

None

#### C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

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**Supplementary Information**

**Final Draft**

Housing Authority of the Town of Greenwich

Supplementary Information

Supplementary Schedules

December 31, 2012

	Section 8 Housing Choice Vouchers	Low-Income Public Housing	State Moderate Rent	Elderly Housing	Greenwich Close Apartments	Revolving Fund	Quarry Knoll II	Town Hall Annex	Greenwich Close LLC	Non-Major Programs	Subtotal	Eliminations	TOTAL
<b>Assets</b>													
Current assets:													
Cash - operations	\$ 265,109	\$ 944,820	\$ 1,509,928	\$ 50,637	\$ -	\$ 12,062	\$ 310,935	\$ 560,708	\$ 8,687	\$ 169,256	\$ 3,832,142	\$ -	\$ 3,832,142
Cash - restricted	539,741	-	-	-	-	-	-	-	-	-	539,741	-	539,741
Cash - security deposits held in trust	-	144,000	185,000	12,000	-	-	15,000	35,000	305,327	-	696,327	-	696,327
Accounts receivable - tenants, net	-	13,095	40,755	1,795	-	-	743	94,040	34,970	-	185,398	-	185,398
Accounts receivable - fraud recovery	26,872	-	-	-	-	-	-	-	-	-	26,872	-	26,872
Accounts receivable - miscellaneous	-	-	30,942	-	-	-	-	-	-	66,574	97,516	-	97,516
Accounts receivable - other government	-	-	-	-	-	1,211,138	-	532,408	-	66,381	1,809,927	(1,809,927)	-
Project reserves	-	-	-	-	-	-	2,073,970	577,468	3,098,650	-	5,750,088	-	5,750,088
Prepaid expenses	-	48,601	41,861	7,903	-	-	7,234	34,293	116,200	-	256,092	-	256,092
Interprogram due from	-	131,222	-	-	-	170,466	-	-	-	580,712	882,400	(882,400)	-
Total current assets	831,722	1,281,738	1,808,486	72,335	-	1,393,666	2,407,882	1,833,917	3,563,834	882,923	14,076,503	(2,692,327)	11,384,176
Noncurrent assets:													
Capital assets													
Land	-	778,303	464,391	14,600	-	-	35,237	439,123	5,567,900	-	7,299,554	-	7,299,554
Construction in progress	-	-	187,562	193,699	-	-	108,362	69,218	119,177	2,579,061	3,257,079	-	3,257,079
Structures and equipment, net	-	5,814,477	3,578,542	1,402,249	-	-	607,528	3,810,238	8,792,104	-	24,005,138	-	24,005,138
Total capital assets	-	6,592,780	4,230,495	1,610,548	-	-	751,127	4,318,579	14,479,181	2,579,061	34,561,771	-	34,561,771
Other assets:													
Notes receivables	-	-	-	-	-	-	-	-	-	619,500	619,500	-	619,500
Financing costs, net	-	-	-	-	-	8,550	-	6,187	426,943	-	441,680	-	441,680
Development costs	-	-	-	-	-	-	-	-	-	62,500	62,500	-	62,500
Total other assets	-	-	-	-	-	8,550	-	6,187	426,943	682,000	1,123,680	-	1,123,680
	\$ 831,722	\$ 7,874,518	\$ 6,038,981	\$ 1,682,883	\$ -	\$ 1,402,216	\$ 3,159,009	\$ 6,158,683	\$ 18,469,958	\$ 4,143,984	\$ 49,761,954	\$ (2,692,327)	\$ 47,069,627

Housing Authority of the Town of Greenwich

Supplementary Information - Continued

Supplementary Schedules - Continued

December 31, 2012

	Section 8 Housing Choice Vouchers	Low-Income Public Housing	State Moderate Rent	Elderly Housing	Greenwich Close Apartments	Revolving Fund	Quarry Knoll II	Town Hall Annex	Greenwich Close LLC	Non-Major Programs	Subtotal	Eliminations	TOTAL
<b>Liabilities and Net Position</b>													
Current liabilities:													
Accounts payable - vendors	\$ 35,590	\$ 67,905	\$ 69,657	\$ 4,827	\$ -	\$ 200,812	\$ 5,124	\$ 99,018	\$ 21,001	\$ -	\$ 503,934	\$ -	\$ 503,934
Accounts payable - other government	-	91,625	-	-	-	532,408	94,065	320,510	923,343	-	1,961,951	(1,809,927)	152,024
Accrued salaries and benefit payable	-	-	-	-	-	16,861	-	-	-	-	16,861	-	16,861
Accrued compensated absences	19,574	106,237	88,992	16,656	-	-	14,488	142,234	53,611	-	441,792	-	441,792
Accrued operating expenses	-	-	-	-	-	-	6,297	76,052	40,817	-	123,166	-	123,166
Accrued interest expenses	-	-	10,501	-	-	-	-	41,703	-	-	52,204	-	52,204
Tenant security deposits	-	142,308	183,361	12,103	-	-	14,923	32,692	303,197	-	688,584	-	688,584
Interprogram due to	2,414	-	75,888	59,799	-	652,135	-	-	-	92,164	882,400	(882,400)	-
Current portion of capital debt	-	-	54,616	-	-	-	65,342	160,275	273,942	-	554,175	-	554,175
Total current liabilities	57,578	408,075	483,015	93,385	-	1,402,216	200,239	872,484	1,615,911	92,164	5,225,067	(2,692,327)	2,532,740
Noncurrent liabilities:													
Due to affiliate	-	-	-	-	-	-	-	14,433	-	-	14,433	-	14,433
Deferred management fees	-	-	-	-	-	-	-	1,136,870	-	-	1,136,870	(1,136,870)	-
Capital debt, net of current portion	-	-	1,345,631	-	-	-	569,539	2,778,462	17,070,415	-	21,764,047	-	21,764,047
Total noncurrent liabilities	-	-	1,345,631	-	-	-	569,539	3,929,765	17,070,415	-	22,915,350	(1,136,870)	21,778,480
Total liabilities	57,578	408,075	1,828,646	93,385	-	1,402,216	769,778	4,802,249	18,686,326	92,164	28,140,417	(3,829,197)	24,311,220
Net position (deficit):													
Net invested in capital assets	-	6,592,780	2,830,248	1,610,548	-	-	116,246	1,365,409	(2,865,176)	2,579,061	12,229,116	-	12,229,116
Restricted	539,741	-	-	-	-	-	-	-	-	420,000	959,741	-	959,741
Unrestricted	234,403	873,663	1,380,087	(21,050)	-	-	2,272,985	(8,975)	2,648,808	1,052,759	8,432,680	1,136,870	9,569,550
Total net position (deficits)	774,144	7,466,443	4,210,335	1,589,498	-	-	2,389,231	1,356,434	(216,368)	4,051,820	21,621,537	1,136,870	22,758,407
	\$ 831,722	\$ 7,874,518	\$ 6,038,981	\$ 1,682,883	\$ -	\$ 1,402,216	\$ 3,159,009	\$ 6,158,683	\$ 18,469,958	\$ 4,143,984	\$ 49,761,954	\$ (2,692,327)	\$ 47,069,627

Housing Authority of the Town of Greenwich

Supplementary Information - Continued

Supplementary Schedules - Continued

Year ended December 31, 2012

	Section 8												
	Housing Choice Vouchers	Low-Income Public Housing	State Moderate Rent	Elderly Housing	Greenwich Close Apartments	Revolving Fund	Quarry Knoll II	Town Hall Annex	Greenwich Close LLC	Non-Major Programs	Subtotal	Eliminations	TOTAL
<b>Operating revenues:</b>													
Tenant rental revenue, net	\$ -	\$ 1,438,056	\$ 2,041,079	\$ 302,831	\$ 1,078,656	\$ -	\$ 183,798	\$ 2,268,230	\$ 1,517,449	\$ -	\$ 8,830,099	\$ -	\$ 8,830,099
Tenant revenue - other	-	-	-	-	22,927	-	-	-	22,249	-	45,176	-	45,176
Total tenant revenue	-	1,438,056	2,041,079	302,831	1,101,583	-	183,798	2,268,230	1,539,698	-	8,875,275	-	8,875,275
HUD rental assistance subsidy	5,316,141	793,780	-	-	-	-	473,809	365,131	-	-	6,948,861	-	6,948,861
Other	4,956	45,302	75,219	2,849	202	-	12,385	100,043	77,760	99,956	418,672	(99,956)	318,716
Total operating revenues	5,321,097	2,277,138	2,116,298	305,680	1,101,785	-	669,992	2,733,404	1,617,458	99,956	16,242,808	(99,956)	16,142,852
<b>Expenses:</b>													
Administration	280,250	824,242	754,744	159,268	249,795	-	180,112	833,364	244,466	18,128	3,544,369	(99,956)	3,444,413
Tenant services	69,000	88,253	43,097	9,487	-	-	9,217	814,470	-	-	1,033,524	-	1,033,524
Utilities	-	521,817	315,059	32,240	228,789	-	53,620	105,802	176,743	-	1,434,070	-	1,434,070
Maintenance and operations	-	348,715	322,040	62,207	97,708	-	68,301	209,534	145,301	-	1,253,806	-	1,253,806
Maintenance contracts	-	200,144	180,025	26,210	234,333	-	11,710	162,751	149,780	-	964,953	-	964,953
Insurance	20,609	89,716	82,688	13,901	21,226	-	9,813	76,310	46,251	-	360,514	-	360,514
PILLOT/real estate taxes	-	91,625	-	-	88,451	-	60,399	250	106,554	-	347,279	-	347,279
Housing assistance payments	5,143,975	-	-	-	-	-	-	-	-	-	5,143,975	-	5,143,975
Depreciation and amortization	-	559,786	176,256	91,579	525,924	-	81,788	156,761	386,814	-	1,978,908	-	1,978,908
Total expenses	5,513,834	2,724,298	1,873,909	394,892	1,446,226	-	474,960	2,359,242	1,255,909	18,128	16,061,398	(99,956)	15,961,442
Operating income (loss)	(192,737)	(447,160)	242,389	(89,212)	(344,441)	-	195,032	374,162	361,549	81,828	181,410	-	181,410
<b>Non-operating revenues (expenses):</b>													
Capital grants	-	-	-	-	-	-	-	-	-	183,195	183,195	-	183,195
Interest income	1,175	1,299	425	610	44,841	-	3,716	18,468	2,402	-	72,936	(16,747)	56,189
Interest expense	-	-	(42,601)	-	(906,352)	-	(56,623)	(169,360)	(351,597)	-	(1,526,533)	16,747	(1,509,786)
Total non-operating revenues (expenses)	1,175	1,299	(42,176)	610	(861,511)	-	(52,907)	(150,892)	(349,195)	183,195	(1,270,402)	-	(1,270,402)
Change in net position	\$ (191,562)	\$ (445,861)	\$ 200,213	\$ (88,602)	\$ (1,205,952)	\$ -	\$ 142,125	\$ 223,270	\$ 12,354	\$ 265,023	\$ (1,088,992)	\$ -	\$ (1,088,992)
<b>Change in net position (deficit):</b>													
Net position, beginning of year	\$ 965,706	\$ 7,912,304	\$ 4,010,122	\$ 1,678,100	\$ 977,230	\$ -	\$ 2,247,106	\$ 1,133,164	\$ -	\$ 3,786,797	\$ 22,710,529	\$ 1,136,870	\$ 23,847,399
Transfer of net position	-	-	-	-	228,722	-	-	-	(228,722)	-	-	-	-
Change in net position for the year	(191,562)	(445,861)	200,213	(88,602)	(1,205,952)	-	142,125	223,270	12,354	265,023	(1,088,992)	-	(1,088,992)
Net position (deficit), end of year	\$ 774,144	\$ 7,466,443	\$ 4,210,335	\$ 1,589,498	\$ -	\$ -	\$ 2,389,231	\$ 1,356,434	\$ (216,368)	\$ 4,051,820	\$ 21,621,537	\$ 1,136,870	\$ 22,758,407

Housing Authority of the Town of Greenwich

Supplementary Information - Continued

Supplementary Schedules - Continued

December 31, 2012

	Management Fee	Capital Fund Program	Home Ownership	Total Non- Major Programs
<b>Assets</b>				
Current assets:				
Cash - operations	\$ 143,996	\$ -	\$ 25,260	\$ 169,256
Cash - security deposits held in trust	-	-	-	-
Cash - term investments	-	-	-	-
Accounts receivable - tenants, net	-	-	-	-
Accounts receivable - HUD	-	-	-	-
Accounts receivable - fraud recovery	-	-	-	-
Accounts receivable - miscellaneous	-	66,574	-	66,574
Accounts receivable - other government	66,381	-	-	66,381
Project reserves	-	-	-	-
Prepaid expenses	-	-	-	-
Interprogram due from	170,376	-	410,336	580,712
Total current assets	<u>380,753</u>	<u>66,574</u>	<u>435,596</u>	<u>882,923</u>
Noncurrent assets:				
Capital assets				
Land	-	-	-	-
Construction in progress	-	2,579,061	-	2,579,061
Structures and equipment, net	-	-	-	-
Total capital assets	<u>-</u>	<u>2,579,061</u>	<u>-</u>	<u>2,579,061</u>
Other assets:				
Notes receivables	-	-	619,500	619,500
Financing costs, net	-	-	-	-
Development costs	62,500	-	-	62,500
Total other assets	<u>62,500</u>	<u>-</u>	<u>619,500</u>	<u>682,000</u>
	<u>\$ 443,253</u>	<u>\$ 2,645,635</u>	<u>\$ 1,055,096</u>	<u>\$ 4,143,984</u>

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Housing Authority of the Town of Greenwich

Supplementary Information - Continued

Supplementary Schedules - Continued

December 31, 2012

	Management Fee	Capital Fund Program	Home Ownership	Total Non- Major Programs
<b>Liabilities and Net Position</b>				
Current liabilities:				
Accounts payable - vendors	\$ -	\$ -	\$ -	\$ -
Accounts payable - other government	-	-	-	-
Accrued salaries and benefit payable	-	-	-	-
Accrued compensated absences	-	-	-	-
Accrued operating expenses	-	-	-	-
Accrued interest expenses	-	-	-	-
Tenant security deposits	-	-	-	-
Interprogram due to	-	92,164	-	92,164
Current portion of capital debt	-	-	-	-
Total current liabilities	-	92,164	-	92,164
Noncurrent liabilities:				
Due to affiliate	-	-	-	-
Deferred management fees	-	-	-	-
Capital debt, net of current portion	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	-	92,164	-	92,164
Net position (deficit):				
Net invested in capital assets	-	2,579,061	-	2,579,061
Restricted	-	-	420,000	420,000
Unrestricted	443,253	(25,590)	635,096	1,052,759
Total net position (deficits)	443,253	2,553,471	1,055,096	4,051,820
	\$ 443,253	\$ 2,645,635	\$ 1,055,096	\$ 4,143,984

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Housing Authority of the Town of Greenwich

Supplementary Information - Continued

Supplementary Schedules - Continued

Year ended December 31, 2012

	Management Fee	Capital Fund Program	Home Ownership	Total Non-Major Programs
<b><u>Operating Revenues:</u></b>				
Tenant rental revenue, net	\$ -	\$ -	\$ -	\$ -
Tenant revenue - other	-	-	-	-
Total tenant revenue	-	-	-	-
HUD rental assistance subsidy	-	-	-	-
Operating grants	-	-	-	-
Other	99,956	-	-	99,956
Total operating revenues	99,956	-	-	99,956
<b><u>Expenses:</u></b>				
Administration	18,128	-	-	18,128
Tenant services	-	-	-	-
Utilities	-	-	-	-
Maintenance and operations	-	-	-	-
Maintenance contracts	-	-	-	-
Insurance	-	-	-	-
PILOT/real estate taxes	-	-	-	-
Housing assistance payments	-	-	-	-
Depreciation and amortization	-	-	-	-
Total expenses	18,128	-	-	18,128
Operating income (loss)	81,828	-	-	81,828
<b><u>Non-Operating Revenues (Expenses):</u></b>				
Capital grants	-	183,195	-	183,195
Interest income	-	-	-	-
Interest expense	-	-	-	-
Change in net assets	\$ 81,828	\$ 183,195	\$ -	\$ 265,023
<b><u>Change in Net Position (Deficit):</u></b>				
Net position, beginning of year	\$ 361,425	\$ 2,370,276	\$ 1,055,096	\$ 3,786,797
Transfer of Net Position	-	-	-	-
Change in net position for the year	81,828	183,195	-	265,023
Net position (deficit), end of year	\$ 443,253	\$ 2,553,471	\$ 1,055,096	\$ 4,051,820

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**Housing Authority of the Town of Greenwich**

**Supplementary Information - Continued**

**Schedule of Expenditures of Federal Awards**

**Year ended December 31, 2012**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development, Office of Public and Indian Housing:		
Section 8 Housing Choice Vouchers	14.871	\$ 5,316,141
Public and Indian Housing, Low Rent Public Housing	14.850	793,780
Capital Fund Program Cluster Public Housing Capital Fund	14.872	183,195
Resident Opportunity and Supportive Services - Service Coordinators	14.870	<u>63,688</u>
Total Expenditures of Federal Awards		<u>\$ 6,356,804</u>

Note: The accompanying schedule of expenditures of federal awards includes the federal grant activity for the Housing Authority of the Town of Greenwich and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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