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EAST HAVEN HOUSING AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2012

**EAST HAVEN HOUSING AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
East Haven Housing Authority
250 Main Street
East Haven, Connecticut 06512

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Haven Housing Authority, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the East Haven Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

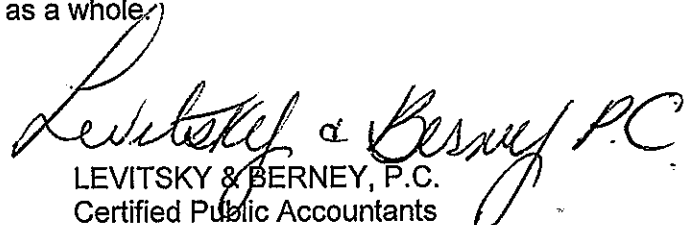
In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the East Haven Housing Authority as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013 on our consideration of the East Haven Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 6 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Haven Housing Authority's 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 financial statements of the East Haven Housing Authority. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Financial Assessment Subsystem (FASS-PH) Financial Data Schedule (FDS) is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


LEVITSKY & BERNEY, P.C.
Certified Public Accountants

March 25, 2013



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the East Haven Housing Authority, we offer readers of the East Haven Housing Authority's financial statements this narrative overview and analysis of the financial activities of the East Haven Housing Authority for the fiscal year ended June 30, 2012.

Financial Highlights

- The assets of the East Haven Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$108,955 (net assets). This amount is considered to be restricted and may only be used to meet the Authority's ongoing obligations to citizens in need of housing assistance who are participating in the Federal Department of Housing and Urban Development's Section 8 Housing Choice Voucher Program.
- The East Haven Housing Authority's Section 8 Housing Choice Voucher Program total net assets decreased by \$5,121.
- The East Haven Housing Authority continues to have no debt obligations for the fiscal year ended June 30, 2012.

In comparing the FYE 6/30/12 to the FYE 6/30/11, the statement of revenues and expenditures and changes in net assets can be found on page 5 of this report.

- The program revenues for the Section 8 program increased by \$61,076. In addition, program expenses increased by \$85,862.

The overall financial position of the East Haven Housing Authority Section 8 Housing Choice Voucher Program is well depicted on page 5 of report, showing net assets of \$108,955 which is a decrease of \$5,121 in comparison to FYE 6/30/11.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the East Haven Housing Authority's basic financial statements. The East Haven Housing Authority's basic financial statements comprise two components: 1) government-wide financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the East Haven Housing Authority's finances in a matter similar to a private-sector business.

The *statement of net assets* presents information on all of the East Haven Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the East Haven Housing Authority is improving or deteriorating.

The *statement of revenues, expenditures and changes in net assets* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguished functions of the East Haven Housing Authority that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the East Haven Housing Authority are general government. There are no business-type activities of the East Haven Housing Authority.

The government-wide financial statements can be found on pages 7-9 of this report.

Financial Analysis

The Net assets of the Section 8 Housing Choice Voucher Fund totaled \$109 thousand. This represents a decrease in net assets of \$5 thousand from the prior year. The decrease in net assets in this fund is primarily the result of more program expense resulting from portability in payments made during the fiscal year. Also, the decrease in net assets can be partly attributed to the payments of wages and related expenses (\$13 thousand in total) to the Housing Authority's former Administrative Assistant. This situation was changed during the year as a new management team from the Town of East Haven took over the administration of the Housing Authority in November 2011. The new Executive Director and Administrative Assistant of the Housing Authority are Town employees and Authority resources are not be used to pay these individuals.

Section 8 Housing Choice Voucher Program

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% Change</u>
Assets				
Cash	\$ 110,941	99,387	11,554	12%
Due From Town of East Haven	14,690	14,690	-	-
Total Assets	<u>\$ 125,631</u>	<u>114,077</u>	<u>11,554</u>	<u>10%</u>
Liabilities				
Accounts Payable	\$ 16,675	-	16,675	100%
Total Liabilities	<u>\$ 16,675</u>	<u>-</u>	<u>16,675</u>	<u>100%</u>
Net Assets				
Unrestricted Net Assets	\$ -	-	-	-
Restricted Net Assets	108,956	114,077	(5,121)	-4%
Total Net Assets	<u>\$ 125,631</u>	<u>114,077</u>	<u>11,554</u>	<u>10%</u>
Revenues				
HUD Funding:				
Housing Assistance	\$ 473,362	518,090	(44,728)	-9%
Portability	573,236	467,432	105,804	23%
Rental & Other	3,733	3,058	675	22%
Total Revenues	<u>\$ 1,050,331</u>	<u>988,580</u>	<u>61,751</u>	<u>6%</u>
Expenses				
Housing Assistance Payments	\$ 953,609	867,747	85,862	10%
Administrative Fees	69,335	67,455	1,880	3%
Payroll Expenses	12,679	51,641	(38,962)	-75%
Professional & Other Fees	17,875	16,738	1,137	7%
Other Expenses	1,954	1,905	49	3%
Total Expenses	<u>\$ 1,055,452</u>	<u>1,005,486</u>	<u>49,966</u>	<u>5%</u>
Excess of Revenues Over (Under) Expenses	\$ (5,121)	(16,906)	11,785	70%
Net Assets, Beginning of Year	<u>114,076</u>	<u>130,982</u>	<u>(16,906)</u>	<u>-13%</u>
Net Assets, End of Year	<u>\$ 108,955</u>	<u>114,076</u>	<u>(5,121)</u>	<u>-4%</u>

During 2012, the primary change to the assets and liabilities of the East Haven Housing Authority was the recording of accounts payable at June 30, 2012 relating to the auditing fees to be paid for the completion of the June 30, 2011 audit, which was completed in the June 30, 2013 fiscal year.

Also during 2012, the two reasons for the change in revenue were a decrease in Housing Assistance Payments funding for the fiscal year ending June 30, 2012 and an increase in funding for the portability in vouchers during the fiscal year. The first change regarding the decrease in HAP funding is due to there being less Housing Assistance Payment Funding that was received from the Department of Housing and Urban Development for Fiscal Year 2011. This current year funding is determined by HUD in the prior year based on enrollment in the program in that year. Therefore, during Fiscal Year 2011, there was a decrease in enrollment which resulted in HUD decreasing their Housing Assistance Payments during Fiscal Year 2012. The second change is that there was an increase in portability in received in Fiscal Year 2012 as compared to Fiscal Year 2011. During Fiscal Year 2012, the average number of portability in vouchers issued during the year was approximately 51, as opposed to Fiscal Year 2011 when the average number of portability in vouchers issued was 44.

Finally, the change in expenses can be attributed to the decrease in HAP voucher activity being offset by a larger increase in portability in activity. The change in expenses was also attributable to the decrease in wages and fringe benefits paid to the Housing Authority's Administrative Assistant during Fiscal Year 2012. The Administrative Assistant was laid off in November 2011 and the new Administrative Assistant is being paid through the Town of East Haven and not the Housing Authority.

Arthur L. DeSorbo
Executive Director

EXHIBIT A**EAST HAVEN HOUSING AUTHORITY****STATEMENT OF NET ASSETS**
JUNE 30, 2012

		Section 8 Housing Choice Voucher Program
ASSETS		
Cash	\$	110,940
Interfund Receivables		-
Due From Town of East Haven		<u>14,690</u>
Total Assets	\$	<u>125,630</u>
LIABILITIES		
Liabilities:		
Accounts Payable	\$	<u>16,675</u>
Total Liabilities	\$	<u>16,675</u>
Net Assets		
Unrestricted Net Assets	\$	
Restricted Net Assets		<u>108,955</u>
Total Net Assets	\$	<u>108,955</u>

The notes to the financial statement are an integral part of this statement.

EAST HAVEN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Section 8
Housing Choice
Voucher
Program

Revenues:

Department of Housing and
Urban Development Funding:

Housing Assistance

\$ 473,362

Portability

573,236

Rental and Other

3,733

Total Revenues

\$ 1,050,331

Expenses:

Housing Assistance Payments

\$ 953,609

Administrative Fees

69,335

Payroll Expenses

12,679

Professional Fees and Other Fees

17,875

Other Expenses

1,954

Total Expenses

\$ 1,055,452

**Excess of Revenues Over
(Under) Expenses**

\$ (5,121)

Net Assets - July 1, 2011

114,076

Net Assets - June 30, 2012

\$ 108,955

The notes to the financial statement are an integral part of this statement.

EXHIBIT C**EAST HAVEN HOUSING AUTHORITY****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012****Section 8
Housing Choice
Voucher
Program****Cash Flows From (To) Operating Activities:**

Cash Received From HUD for Operations	\$ 473,362
Cash Received From Portability	573,236
Cash Paid For Housing Assistance	(953,609)
Cash Paid For Other Services	(85,168)
Cash Received from Other Sources	3,733
Total Cash Flows From (To) Operating Activities	\$ 11,554

Net Increase in Cash and Cash Equivalents \$ 11,554

Cash and Cash Equivalents - Beginning 99,386

Cash and Cash Equivalents - Ending \$ 110,940

Cash Flows From Operating Activities:

Operating Income (Loss)	\$ (5,121)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) By Operating Activities:	
Increase (Decrease) in Accounts Payable	16,675
Total Cash Flows From Operating Activities	\$ 11,554

The notes to the financial statements are an integral part of this statement.

EAST HAVEN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

East Haven Housing Authority is a governmental agency located in the Town of East Haven, Connecticut whose responsibilities are the administration of a housing rental program for eligible individuals. The following program comprises the East Haven Housing Authority:

Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher Program assists 40 units, for a total of 480 unit months, with rental assistance. The rental units are provided by various landlords within the Town of East Haven. The tenants pay a percentage of their monthly rent based upon their income levels. The balance of their rents are paid through Department of Housing and Urban Development (H.U.D.) Section 8 housing assistance funds for which the East Haven Housing Authority serves as the administrator.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the East Haven Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Authority are described below.

The Authority is comprised of individual proprietary funds which are described below. The Authority is responsible for its debt and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Intergovernmental revenues grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met. Payments received prior to meeting the eligible requirements are recorded as unearned revenue.

The Authority and its funds are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchanges and exchange-like transactions are recognized when the exchange takes place.

EAST HAVEN HOUSING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

The Authority follows all pronouncements of the Governmental Accounting Standards Board, and in accordance with Statement No. 20 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Accounting has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. Accordingly, under the PHA's election, it must apply all GASB pronouncements and the following pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principle's Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Principles. The enterprise 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 an enterprise fund's principle ongoing operations. The principal operating revenues of all the Authority's enterprise funds are governmental grants used for maintaining and operating low income housing assistance programs. Operating expenses for these enterprise funds include administrative expense, utilities and maintenance of housing units and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority reports the following major proprietary funds:

- Section 8 Housing Choice Voucher Program

Assets, Liabilities, and Net Assets

Cash and cash equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

Accounts receivable are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans).

EAST HAVEN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Capital assets

Capital assets, which would include property, and equipment, are stated at cost with a capitalization threshold of \$5,000. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. No depreciation is computed on these assets until they are complete and placed into service.

The Authority did not own or purchase property or equipment during the fiscal year with the criteria to capitalize.

Net assets

In the financial statements, net assets are classified in the following categories:

The **restricted net assets** present external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Section 8 Housing Choice Voucher Program net assets were restricted for future housing assistance payments.

The **unrestricted net assets** represents net assets of the Authority which are not restricted for any project or other purpose.

Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Budgets

Individual program budgets where applicable are presented and approved by the U.S. Department of Housing and Urban Development.

Note 2 - Deposits and Investments

The cash and investing activity within the Authority is the responsibility of the Executive Director. The types of investments allowed are not specified within the Authority's governing documents.

At June 30, 2012, East Haven Housing Authority's carrying amount of cash on deposit with banks totaled \$110,940. The bank balances of these accounts amounted to \$116,160, which was fully insured by Federal Deposit Insurance Corporation.

The Authority had no investments at June 30, 2012.

EAST HAVEN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Note 5 – Subsequent Events

Subsequent events were evaluated through March 25, 2013 which was the date that the financial statements were available to be issued. On November 20, 2012 the Town of East Haven transferred a total sum of \$114,690 to the Housing Authority of which, \$14,690 represented the payment of a long-outstanding receivable owed from the Town and \$100,000 represented the insurance proceeds received from a claim arising from fraudulent activity occurring at the Housing Authority in 2008.

EAST HAVEN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>		
Section 8 Housing Choice Voucher Program	14.871	\$ <u>473,362</u>
Total Expenditures of Federal Awards		\$ <u><u>473,362</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

EAST HAVEN HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the East Haven Housing Authority 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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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

Board of Directors
East Haven Housing Authority
East Haven, CT 06512

We have audited the financial statements of the East Haven Housing Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated March 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

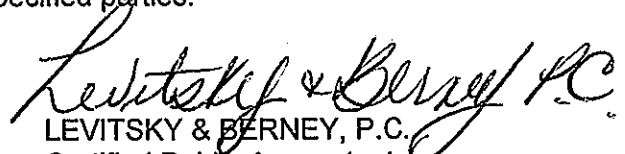
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Aldermen and others within the East Haven Housing Authority and is not intended to be and should not be used by anyone other than these specified parties.


LEVITSKY & BERNEY, P.C.
Certified Public Accountants

March 25, 2013



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

Board of Directors
East Haven Housing Authority
East Haven, Connecticut

Compliance

We have audited East Haven Housing Authority'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 East Haven Housing Authority's major federal programs for the year ended June 30, 2012. The East Haven Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the East Haven Housing Authority's management. Our responsibility is to express an opinion on the East Haven Housing Authority's compliance based on our audit.

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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the East Haven Housing Authority'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. Our audit does not provide a legal determination of the East Haven Housing Authority's compliance with those requirements.

In our opinion, the East Haven Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 12-1 and 12-2.

Internal Control Over Compliance

Management of the East Haven Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the East Haven Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 East Haven Housing Authority's internal control over compliance.

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

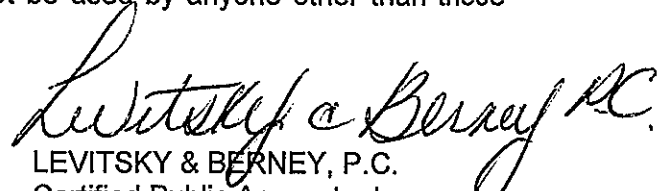
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Haven Housing Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated March 25, 2013. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the East Haven Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, Board of Commissioners, others within the East Haven Housing Authority, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


LEVITSKY & BERNEY, P.C.
Certified Public Accountants

March 25, 2013

EAST HAVEN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I – Summary of Audit Results

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? _____ Yes X No

Significant Deficiencies Identified That Are Not
Considered To Be Material Weakness(es)? _____ Yes X None Reported

Noncompliance Material to Financial
Statements Noted _____ Yes X No

Federal Awards

Internal Control Over Major Programs:

Material Weakness(es) Identified? _____ Yes X No

Significant Deficiencies Identified that are not
Considered To Be Material Weakness(es)? X Yes _____ No

Type of auditor's report issued on compliance
For major programs: Unqualified

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

Major Programs

<u>CFDA Number</u>	<u>Name</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between
Type A and Type B Program: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

EAST HAVEN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II – Findings and Questioned Costs – Audit of Financial Statements Performed in Accordance With Government Auditing Standards

There were no significant deficiencies required to be reported.

Section III – Findings and Questioned Costs – Major Federal Award

12-1 Reporting – Financial Assessment Sub-system, FASS-PH

Agency: U.S Department of Housing and Urban Development
Program: Section Eight Housing Choice Voucher Program
C.F.D.A Number: 14.871

Condition

The Housing Authority failed to maintain a complete set of accounting records that recorded all transactions of the Authority until an employee of the Town of East Haven's Finance Office was contracted to record the transactions in an accounting software package. The failure to record these transactions meant that the hired contractor responsible for filing the unaudited submission to HUD missed the deadline to file the unaudited financial information for Fiscal Year 2012 to HUD.

Planned Corrective Action

The East Haven Housing Authority contracted with an employee of the Town of East Haven's Finance Department to perform bookkeeping services for the Housing Authority on a regular basis and in the future the necessary financial information will be submitted to the contractor responsible for filing the unaudited submission in time to insure timely filing of the unaudited submission.

12-2 Special Tests and Provisions – Depository Agreements

Agency: U.S Department of Housing and Urban Development
Program: Section Eight Housing Choice Voucher Program
C.F.D.A Number: 14.871

Condition

The East Haven Housing Authority could not locate a Depository Agreement for the one bank that it has active bank accounts. This was probably due to the fact that the Housing Authority had originally started with a different bank which had been subsequently merged with other banks. The Depository Agreement should have been completed with the current bank when that bank merged with the Authority's bank. The agreement is needed to serve as a safe-guard for Federal funds and to provide third-party rights to HUD.

Planned Corrective Action

The Housing Authority will complete a new Depository Agreement with their existing bank as soon as is possible.

EAST HAVEN HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

Finding 11-2

CFDA 14.871

Section 8 Housing Choice Voucher Program

Year: 2011

Finding Description

This finding related to the failure to timely file unaudited and audited information for Fiscal Year June 30, 2011 on the HUD Financial Assessment Sub-system. The East Haven Housing Authority appointed an Executive Director in December 2011 to oversee the timely submission of this information.

Finding Status

Not Corrected

Planned Corrective Action

The Housing Authority did not have a complete set of books for Fiscal Year 2011 that was auditable until July 2012. At that point an audit for that year commenced and the filing of the audited information for the year took place in the fall of 2012. Due to the filing of the audited 2011 information after the expiration of the deadline for the filing of the 2012 unaudited information, the filing of the unaudited 2012 information was late. The contracting of the Housing Authority's bookkeeping services to a member of the Town of East Haven Finance office in July 2012 has allowed the books to be ready for audit much earlier than in the past few years and allow the filing of the unaudited and audited submissions to the HUD FASS-PH system to be done timely.

Finding 11-3

CFDA 14.871

Section 8 Housing Choice Voucher Program

Year: 2011

Finding Description

This finding related to the Housing Authority not having in place a depository agreement with the financial institution which it uses.

Finding Status

Not Corrected

Planned Corrective Action

The Housing Authority will contact the financial institution that it uses and complete a new depository agreement as soon as possible.