NORWALK REDEVELOPMENT

3 Belden Avenue, Norwalk, CT 06850 • 203-854-7810 • norwalkredevelopmentagency.org

TO: Members, Norwalk Redevelopment Agency

FROM: John Igneri, Chairman

DATE: December 8, 2023

RE: Regular Meeting Notice

****

DECEMBER 12, 2023
5:30 P.M.
REGULAR MEETING AGENDA

The next meeting of the Norwalk Redevelopment Agency Commissioners will be held on **TUESDAY, DECEMBER 12, 2023 at 5:30 p.m.** The meeting will be held as a virtual meeting via the Zoom link provided below. The meeting will also be broadcast on the Norwalk Redevelopment Agency YouTube channel: https://www.youtube.com/channel/UCHMiAZt32k6BnjaKdnUaIug?view_as=subscriber.

ZOOM Meeting Link:
https://us06web.zoom.us/j/87819590706?pwd=c2dMWnRGcEV2Q0h0Vm5USDdWRjNmQT09

I CALL TO ORDER

II ROLL CALL

III PUBLIC PARTICIPATION

IV ADMINISTRATION

a) Approval of Minutes
   i) Approve the minutes of the November 14, 2023 regular meeting.
b) Financials
   i) Approve Norwalk Redevelopment Agency Audited Financial Statements for Fiscal Year Ended June 30, 2023 to be presented by Auditor, Michael Solakian
   ii) Approve Norwalk Redevelopment Agency Statement of Revenues and Expenditures for Operating Fund 100 for Year-to-Date October 31, 2023.

V BUSINESS

a) Community Investment Fund Application - MLK Corridor Improvements
   i) Authorize Executive Director to apply for and execute any documents related to the grant as reflected in the attached resolution.

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b) Change order request for Webster Street Lot Financial Analysis
   i) Authorize Executive Director to execute any and all agreements for change order for Webster Street Lot Financial Analysis.

VI NEW BUSINESS

VII OLD BUSINESS

VIII ADJOURNMENT

CITY OF NORWALK
NORWALK REDEVELOPMENT AGENCY COMMISSION
REGULAR MEETING
NOVEMBER 14, 2023

ATTENDANCE: John Igneri, Chairman; Kelly Bloom, Lisa Cooper, Mary Peniston, David Westmoreland (Arrived at 5:32 after roll call)

OTHER: Redevelopment Agency: Katie O'Leary; Eugenia Lupinski; Brian Bidolli

I. CALL TO ORDER
Chairman Igneri called the meeting to order at 5:30 p.m. and noted members in attendance, as above noted. There was a quorum present.

II. Roll CALL
Chairman noted members in attendance as John Igneri, Mary Peniston, Kelly Bloom and Lisa Cooper. There was a quorum present. (David Westmoreland arrived just after roll call.)

III. PUBLIC PARTICIPATION
There was no Public Participation at this time.

****MR. IGNERI MOVED TO SUSPEND THE RULES TO ADD THE FOLLOWING ITEM UNDER NEW BUSINESS TO THE AGENDA**:

Authorize the Executive Director of the Norwalk Redevelopment Agency to negotiate and execute any and all agreements for grant management and environmental remediation services with 30 Monroe Street and Webster Street Lot Development Project.

****MOTION PASSED UNANIMOUSLY.**

Mr. Bidolli reviewed the item and explained this is to contract for remediation services for administrative oversight in addition to the state agreements for grant funds so that this can be included in the approval documents.

Mr. Igneri asked what the cost implications were, and Mr. Bidolli explained the budget is $120,000 for EPA and DECD grants as multiple funding sources and costs would be covered by the grant.

Mr. Westmoreland asked about the timeframe for the work, and Mr. Bidolli explained the timeline is still being finalized but expects remediation of 30 Monroe to occur this spring/summer and will have more clarity on Webster Street timing once remedial action plan is finalized.

**** MR. IGNERI MOVED TO AUTHORIZE THE EXECUTIVE DIRECTOR OF THE NORWALK REDEVELOPMENT AGENCY TO NEGOTIATE AND EXECUTE ANY AND ALL AGREEMENTS FOR GRANT MANAGEMENT AND ENVIRONMENTAL REMEDIATION SERVICES WITH 30 MONROE STREET AND WEBSTER STREET LOT DEVELOPMENT PROJECT.**
**** MOTION PASSED UNANIMOUSLY.**

IV. ADMINISTRATION

a) Approval of minutes – October 10, 2023

Ms. Peniston requested a change to page 2, paragraph 1, to reflect that Mr. Westmoreland asked about grants, and Ms. Peniston asked if there was timing available to apply for further grant funding from the state.

**** MS. PENISTON MOVED TO APPROVE THE MINUTES OF OCTOBER 10, 2023 AS AMENDED WITH CHANGE NOTED.**
**** THE MOTION PASSED WITH TWO ABSTENTIONS (BLOOM, COOPER)**

b) Approve Norwalk Redevelopment Agency Statement of Revenues and Expenditures and Balance Sheets for All Funds for Year-to-Date September 30, 2023.

Ms. Lupinski presented as follows:

The Operating Fund 100 had revenues of $409,362 versus budgeted revenues of $377,745 which resulted in a favorable variance of $31,616.

Total operating expenditures of $432,645 versus a budget of $477,186 resulted in a favorable variance of $44,541. This is primarily due to lower personnel expenditures of $38,520 and lower administrative expenses of $6,021. Legal expenses include $2,726 paid to Shipman for 15-17 Chestnut Street which will be reimbursed to the Agency.

The actual operating deficit of $23,283 versus the budgeted operating deficit of $99,400 resulted in a favorable variance of $76,157.

The Operating Fund 100 balance sheet for this period had $5,066,000 in cash, accounts receivable, grants receivable, due to other funds, property and right of use assets, and $1,648,000 in net loans receivable. There are $3,762,000 in liabilities and $2,952,000 in total net assets.

Ms. Lupinski stated that the financial statements for the other funds are also included in the agenda packet. There are no major variances except the CDBG non-revolving loan fund had an operating deficit of $169,000 which was drawn down and reimbursed in October, and Fund 500 had an operating deficit of $130,000 which will be breakeven after grants are billed and reimbursed.

**** MR. WESTMORELAND MOVED TO APPROVE THE NORWALK REDEVELOPMENT**

AGENCY STATEMENT OF REVENUES AND EXPENDITURES AND BALANCE SHEETS FOR ALL FUNDS FOR PERIOD ENDING SEPTEMBER 30, 2023.
**** MOTION PASSED UNANIMOUSLY.**

V. BUSINESS

a) Authorize the Executive Director of the Norwalk Redevelopment Agency to execute any and all agreements in accordance with State of Connecticut Department of Economic and Community Development requirements for the Community Investment Fund (CIF) Webster Lot project and pass through agreement for Norwalk Housing Authority's Oak Grove affordable housing and learning center.

Mr. Bidolli reviewed the background on the grant and highlighted the grant agreement as contained in the agenda packet, and fielded questions and comments. Ms. Cooper asked for the location and it was noted by Ms. Peniston it is the land behind Colonial Village to be developed for mixed use.

Ms. Peniston asked for the background on this grant to help understand the mechanism as to why the Redevelopment Agency is helping to fund the project. Mr. Bidolli replied that they were the eligible entity for these funds. Ms. Peniston asked how the amount was derived for the gap funding, at $1.8 million to cover construction costs, and additional detail is available from the Housing Authority.

**** MS. COOPER MOVED TO AUTHORIZE THE EXECUTIVE DIRECTOR OF THE NORWALK REDEVELOPMENT AGENCY TO EXECUTE ANY AND ALL AGREEMENTS IN ACCORDANCE WITH STATE OF CONNECTICUT DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT REQUIREMENTS FOR THE COMMUNITY INVESTMENT FUND (CIF) WEBSTER LOT PROJECT AND PASS THROUGH AGREEMENT FOR NORWALK HOUSING AUTHORITY'S OAK GROVE AFFORDABLE HOUSING AND LEARNING CENTER.**
**** MOTION PASSED UNANIMOUSLY.**

b) Authorize Executive Director to execute any and all agreements for design and construction services for the Harbor Loop Trail.

Mr. Bidolli referred to the agreement in the agenda packet and highlighted the contract amendment and completed phases. He noted that this reflects a $6M grant award through Connecticut DEEP for design and construction; and the initial proposed scope of work would be paid with available city capital funds.

Ms. Peniston asked what the $6 million represented of the loop and Mr. Bidolli outlined it would be used for improvements around 130 and 148 East Ave. Mr. Bidolli added 18-24 months for permitting and the design concurrently, but hopefully an estimate of three years based on DEEP approval and construction timelines.

**** MR. IGNERI MOVED TO AUTHORIZE EXECUTIVE DIRECTOR TO EXECUTE ANY AND ALL AGREEMENTS FOR DESIGN AND CONSTRUCTION SERVICES FOR THE HARBOR LOOP TRAIL.**
**** MOTION PASSED UNANIMOUSLY.**

c) Approve edits to the pamphlet describing the design review process to require Board approval of development projects requiring third party design review.

Mr. Bidolli referred to the pamphlet as contained in the agenda packet and noted proposed edits to the pamphlet that describes the design review process. He added that legal review of these changes has been completed.

**** MR. IGNERI MADE A MOTION TO APPROVE THE EDITS.**
**** THE MOTION PASSED UNANIMOUSLY.**

VI. NEW BUISENESS
There was no New Business.

VII. OLD BUSINESS
There was no Old Business at this time.

VIII. ADJOURNMENT

**** MS. PENISTON MOVED TO ADJOURN.**
**** THE MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 5:55 p.m.

Respectfully submitted,
Telesco Secretarial Services

NORWALK REDEVELOPMENT

Government-wide Financial Statements and Single Audit Reports

Year ended June 30, 2023

NORWALK REDEVELOPMENT AGENCY

Table of Contents

Year ended June 30, 2023

Solakian & Company, LLC
Certified Public Accountants

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AICPA GAQC Member

Independent Auditor's Report

To the Board of Commissioners of
Norwalk Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Norwalk Redevelopment Agency*** (Agency) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Norwalk Redevelopment Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Agency, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-5 and 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of revenues, expenditures and changes in fund balances-budgetary comparison and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 November 30, 2023, on our consideration of the Agency'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 solely 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 effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Solakian & Company, LLC

November 30, 2023

NORWALK REDEVELOPMENT AGENCY, INC.

Management's Discussion and Analysis

June 30, 2023

As management of the Norwalk Redevelopment Agency, Inc. (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Agency's basic financial statements that follow this section.

Financial Highlights – Norwalk Redevelopment Agency

The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by $3,645,620 (net assets). There was a decrease in net assets due to an operating deficit of $448,248 for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. As outlined in GASB 34, this report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner like a private-sector business.

The statement of net position presents information on all the Agency's assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is trending up or down.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position 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 for some items that will only result in cash flows in future fiscal periods. Both government-wide financial statements distinguish functions of the Agency that are principally supported by Federal HUD Community Development Block Grant (CDBG), Connecticut (State) Department of Economic Community Development (DECD), U.S. Environmental Protection Agency (EPA) , Agency and City of Norwalk (City) grants (governmental activities). Agency projects are essential to the City so that the City can maintain stable taxes, avoid stagnation, and preserve the City's AAA bond rating.

(Continued)

Government-Wide Financial Statements (continued)

The governmental activities of the Agency include Non-Revolving Loan Activities funded by the CDBG, Revolving Loan Activities funded by paid-off loans that are invested back into the Norwalk community as new loans, the DECD grants funded by the State, EPA, Agency, and City grants which are used for Urban Renewal projects in Norwalk, and the Operating Activities which manage and perform the daily activities in the various programs and projects. In addition to the governmental funds containing special revenue, the government-wide financial statements can be found on pages 6 - 7 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other redevelopment agencies of local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Agency can be divided into two categories: governmental funds for special revenue, and account groups for general long-term obligations.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The reconciliation usually centers on debt and fixed assets of which the Agency has none. The Agency maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the governmental fund and account group for general long-term obligations. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 8 - 9 of this report.

(Continued)

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 - 18 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an agency's financial position. In the case of the Agency, assets exceeded liabilities by $3,645,620 at the close of the most recent fiscal year. The net position decreased due to an operating deficit of $448,248 for the fiscal year ended June 30, 2023.

The largest portion of the Agency's assets (70%) is made up of cash and investments. Interest earned on cash and investments generate a small portion of the revenue for the Agency's operating budget. The second largest portion of the Agency's assets (27%) is made up of accounts and loans receivable. Accounts receivable is due from government entities, and the loan portfolio consists of loans to qualified sub-prime borrowers priced in accordance with HUD guidelines. At the end of the current fiscal year, the Agency can report positive balances in net position.

	Net Position June 30:	
	2023	**2022**
Assets		
Cash and investments	$ 6,263,104	$ 5,961,467
Grants and accounts receivable	303,960	812,970
Loans receivable, less allowance of $2,032,383	2,090,779	2,323,366
Right of use asset	275,773	112,101
Other assets	45,819	56,304
Total assets	8,979,435	9,266,208
Liabilities and Net Position		
Accounts payable and accrued expenses	752,637	934,142
Due to governmental agencies and third parties	2,625,375	1,886,944
Lease liability	275,773	112,101
Deferred revenues and other liabilities	1,680,030	2,239,153
Total liabilities	5,333,815	5,172,340
Net position:		
Restricted-urban redevelopment	3,645,620	4,093,868
Total net position	$ 3,645,620	$ 4,093,868

(Continued)

Governmental activities

Governmental activities had a decrease on the Agency's net position by $448,248 for the current fiscal year ended June 30, 2023.

	Change in Net Position Years Ended June 30:	
	2023	2022
Revenues:		
Other government grants for City projects	$ 2,500,160	$ 1,792,586
Federal grants	1,022,247	1,758,725
Program and other income	229,647	144,611
Investment income	20,069	113
Total revenues	3,772,123	3,696,035
Expenditures:		
Project outlays	4,220,371	3,780,490
Change in net position	(448,248)	(84,455)
Net position - beginning of year	4,093,868	4,178,323
Net position - end of year	$ 3,645,620	$ 4,093,868

Lessee Right to Use Asset and Lease Liabilities

During 2023, the Agency implemented Governmental Accounting Standards Board Statement No. 87 in the government-wide financial statements, which requires recognition of certain lease right-to-use assets and liabilities previously classified as operating leases and recognized as inflows or outflows of resources. This resulted in approximately $275,773 recognized as a right to use asset and a corresponding lease liability in the government-wide statements as of June 30, 2023.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease asset is amortized on a straight-line basis over its useful life, and the lease liability is reduced by the principal portion of lease payments made.

(Continued)

Expenses and Program Revenues – Government-Wide Activities

Revenues and expenditures decreased the net position by $448,248 in the current fiscal year ended June 30, 2023.

Financial Analysis of the Government's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. Fund balances may serve as a useful measure of a government's net resources available. As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $3,645,620. There was a decrease in net position of $448,248 for the fiscal year ended June 30, 2023.

Governmental Fund Budgetary Highlights

There was no difference between the original budget and the final budget.

Factors Affecting CDBG Federal Funding

The Federal HUD Community Development Block Grant (CDBG) funding has substantially decreased over the years. In the year 2001, the CDBG entitlement grant shared with non-profits was $1,209,000. In the year 2008, the grant had continued its yearly downward spiral to where it was only approximately $935,100. Over the seven-year period, there was an actual decrease in CDBG dollar funding of approximately $274,000, or 23%. In addition, a 3% Cost of Living increase in federal CDBG funding was never provided which resulted in an additional decrease in funding of approximately $278,000, or 23%. This resulted in a significant 46% decrease in total real CDBG dollars received over seven years of approximately $551,300. The CDBG entitlement grant of approximately $848,600 shared with non-profits for the fiscal year ending June 30, 2023 is less than the CDBG entitlement grant received in 2008.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the finances of the Agency. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director at the Norwalk Redevelopment Agency, 3 Belden Avenue, Norwalk, CT 06850.

NORWALK REDEVELOPMENT AGENCY

Statement of Net Position

June 30, 2023

Assets		**Governmental Activities**
Cash	$	1,018,087
Investments		5,245,017
Grants and accounts receivable		303,960
Loans receivable, less allowance of $2,032,383		2,090,779
Right of use asset, less accumlated amortization of $167,566		275,773
Other assets		45,819
Total assets	$	8,979,435
Liabilities and Net Position		
Accounts payable and accrued expenses		752,637
Due to governmental agencies and other third parties		2,625,375
Deferred revenues		28,080
Lease liability		275,773
Other liabilities		1,651,950
Total liabilities		5,333,815
Restricted for urban redevelopment		3,645,620
Total liabilities and net position	$	8,979,435

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See accompanying notes to basic financial statements.

NORWALK REDEVELOPMENT AGENCY

Statement of Activities

Year ended June 30, 2023

Functions/Programs		Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government-Total Governmental Activities
Primary government-governmental activities:					
Operating	$	1,948,812	177,984	1,322,580	(448,248)
Brookfield development		32,040	32,040	-	-
Community Development Block Grant (CDBG)-Revolving Loan Fund (RLF)		17,255	17,255	-	-
CDBG-Non-RLF		1,024,683	2,368	1,022,247	(68)
Other programs and City projects		1,197,581	-	1,177,580	(20,001)
Total governmental activities	$	4,220,371	229,647	3,522,407	(468,317)

General revenues:		
Unrestricted investment income		20,069
Change in net position		(448,248)
Net position-beginning of year		4,093,868
Net position-end of year	$	3,645,620

See accompanying notes to basic financial statements.

NORWALK REDEVELOPMENT AGENCY

Balance Sheet-Governmental Funds

June 30, 2023

Assets		
Cash	$	1,018,087
Investments		5,245,017
Grants and accounts receivable		303,960
Loans receivable, less allowance of $2,032,383		2,090,779
Other assets		45,819
Total assets	$	8,703,662
Liabilities and Fund Balances		
Accounts payable and accrued expenses	$	752,637
Due to governmental agencies and third parties		2,625,375
Deferred revenues		28,080
Other liabilities		1,651,950
Total liabilities		5,058,042
Fund balances-restricted		3,645,620
Total liabilities and fund balances	$	8,703,662

Reconciliation of governmental fund balances:

Total fund balances	$	3,645,620
Right of use assets used in governmental activities are not financial resources and therefore are not reported in the funds		275,773
Lease liabilities are not due and payable in the current period and therefore are not reported in the funds		(275,773)
Net assets of governmental activities	$	3,645,620

See accompanying notes to basic financial statements.

NORWALK REDEVELOPMENT AGENCY

Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds

Year ended June 30, 2023

Revenues:		
Other government grants for City projects	$	2,500,160
Federal grants		1,022,247
Program and other income		229,647
Investment income		20,069
Total revenues		3,772,123
Expenditures:		
Project outlays		4,220,371
Net changes in fund balances		(448,248)
Fund balances - beginning of year		4,093,868
Fund balances - end of year	$	3,645,620

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance:

Total net change in fund balances-governmental funds		(448,248)
Governmental funds report lease payments as expenditures. However, in the Statement of Activities the present value of right of use assets is allocated over the lease term, and reported as right of use depreciation expense. This is the amount by which lease payments exceeded depreciation in the current period		19,521
Governmental funds report lease payments as expenditures. However, in the Statement of Activities the repayment of the present value of lease liabilities includes interest expense based on the discount rate. This is the amount of interest expense in the current period		(19,521)
Change in net position of governmental activities	$	(448,248)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The Norwalk Redevelopment Agency (Agency), an agent of the City of Norwalk, Connecticut (City) is defined by the City as an Administrative Department of the municipality. The Agency was established by state statute and City code to oversee the development of the City's six project areas. The Agency functions autonomously from the City and is managed by a board of five commissioners (Board) who are appointed by the Mayor and approved by the Common Council of the City.

The Agency prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69*; has implemented the financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; and it complies with the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board is appointed by the Mayor and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Agency is a financial reporting entity as defined by GASB in its Statement No. 14, *The Financial Reporting Entity.* There are no component units included within the reporting entity.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all the Agency's non-fiduciary activities. Governmental activities include programs supported primarily by grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the Agency operates have shared in the payment of the direct costs. The "Capital grants and contributions" column includes amounts paid by organizations outside the Agency to help meet the operational or capital requirements of a given function. All funds received by the Agency are generally designated for use in the operation of its urban renewal and community development programs. If revenue is not program revenue, it is general revenue used to support all the Agency's functions.

All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds would remain on the government-wide Statement of Activities. The fund financial statements provide reports on the financial condition and results of operations for governmental funds.

(Continued)

(1) **Summary of Significant Accounting Policies (continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue once all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Agency considers all revenues available if they are collectible within 60 days after year end.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the Agency to refund all or part of the unused amount.

Fund Equity and Net Position

The accounts of the Agency are organized based on funds, each of which is considered 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, fund equity, revenues, expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The fund financial statements in this report consist only of the General Fund due to the nature of the Agency's activities.

In the government-wide financial statements, net position is classified in the following categories:

- Restricted for Urban Redevelopment– This category represents the balance reported by the Agency which is constrained for specific purposes externally imposed by the U.S. Department of Housing and Urban Development (HUD) provider for urban redevelopment.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Fund Equity and Net Position (continued)

When both restricted and unrestricted resources are available for certain expenses, the Agency expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

The Authority adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type* which defines the different types of fund balances that the Authority must use for its governmental funds. GASB 54 requires the fund balances to be properly reported within one of the following categories for fund financial reporting purposes:

- Nonspendable – fund balance amounts associated with inventories, prepaids, and long-term receivables and payables.
- Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.
- Committed – fund balance amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority, the Board.
- Assigned – fund balance amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed fund balances.
- Unassigned – fund balance amounts remaining for the General Fund that are spendable.

The Authority's committed fund balance reporting is required when funds have been committed at an Authority board meeting. The Authority's assigned fund balance reporting is required when funds have been assigned by their nature or for unidentified future capital projects. The Authority's general policy is to apply expenditures against the applicable fund balances in the following order: nonspendable, assigned, committed, restricted, and unassigned.

Cash Equivalents and Concentration of Risk

The Agency considers cash equivalents to be those investments with original maturities of three months or less. The Agency also maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts, and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments, which consist of money market funds, are presented at fair value.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Grants and Accounts Receivable and Payable

All receivables and payables are reported at their gross value. Receivables are reduced by the estimated portion that is expected to be uncollectible. The Authority establishes an allowance for estimated uncollectible accounts when appropriate. There was no allowance for uncollectible accounts as of June 30, 2023.

Loans Receivable

Loans receivable, representing the outstanding balance of amounts advanced to individuals or businesses from federal community development grants, are recorded as assets when the advances are disbursed and are reflected net of any applicable uncollectible amounts.

Interfund Receivables and Payables

Outstanding balances between funds are presented as either due from or due to other funds and are not eliminated in the accompanying financial statements.

Lessee Right to Use Asset and Lease Liabilities

During 2022, the Agency implemented the requirements of GASB Statement No. 87 in the government-wide financial statements, which requires recognition of certain lease right-to-use assets and liabilities previously classified as operating leases and recognized as inflows or outflows of resources.

The Agency is a lessee for noncancellable leases of office space. At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include:

Discount Rate: The Agency uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to its present value. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.

Lease Term: The lease term includes the noncancellable period of the lease.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Agency is reasonably certain to exercise.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Lessee Right to Use Asset and Lease Liabilities (continued)

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Compensated Absences and Post-Employment Benefits

Employees are permitted to accumulate a specified amount of earned but unused sick leave and vacation time, which will be paid to them upon separation from the Agency. These expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The liability for compensated absences at June 30, 2023 was approximately $215,300.

The Agency does not provide any post-employment benefits.

Budgetary Information

Based upon the nature of the operation of the Agency, the Agency is not legally required to adopt a budget. Accordingly, comparative budget analysis has not been presented in these financial statements.

Date through Which Subsequent Events Have Been Evaluated

Subsequent events have been evaluated through November 30, 2023, which is the date the financial statements were available to be issued.

(2) Reconciliation of Government-wide and Fund Financial Statements

The Combined Balance Sheet-Governmental Fund Type provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. There were no major reconciling items for 2023.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. There were no major reconciling items for 2023.

(Continued)

(3) Deposits and Investments

At June 30, 2023, the carrying amount of the Agency's deposits was approximately $1,018,000, and their bank balances totaled approximately $1,019,000. Most of the cash was on deposit with private financial institutions. As of June 30, 2023, the Agency's deposits with financial institutions were in excess of federal depository insurance limits by approximately $519,000.

The Agency's cash consists of the following amounts at June 30, 2023:

Petty cash	$ 150
Cash in bank	1,017,937
Total cash	$ 1,018,087

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it, or it will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency does not have a deposit policy for custodial credit risk.

The Agency's investments in money market accounts at June 30, 2023 totaled approximately $5,245,000 (of which $250,000 was insured).

If a financial institution becomes insolvent and is placed under Federal Deposit Insurance Corporation (FDIC) receivership, this collateral is subject to the FDIC requirements for perfecting security interest under Federal law. In the opinion of the Connecticut State Attorney General, these requirements are met.

(4) Receivables, Payables and Deferred Revenue

Grants and accounts receivables consist of the following at June 30, 2023:

City and federal agencies	$ 272,832
Other	31,128
Total grants and accounts receivable	$ 303,960

Due to governmental agencies and other third parties consist of the following at June 30, 2023:

Due to developer	$ 432,778
Due to Community Development Block Grant (CDBG)	458,394
City and other projects	1,734,203
Total due to governmental agencies	$ 2,625,375

Deferred revenues totaled approximately $28,000 as of June 30, 2023. Grant revenues are considered earned when expenditures are incurred and until then are considered deferred revenues.

(Continued)

(5) City of Norwalk and Program Funding

The Agency receives funding through the City of Norwalk as the City's administrator of the Community Development Block Grant (CDBG) program. The City's operating budget also provides funding for salary and benefits of certain Agency staff that perform services directly for the City. The CDBG funding is distributed to HUD qualified programs and services within the City which are recognized as community needs within the City's Consolidated Plan and are awarded by the Common Council. For the year ended June 30, 2023, the Agency recognized the following revenue:

CDBG – Sub Grantee allocation	$ 443,917
CDBG - Administration	578,330
Other Government Grants for City Projects	2,498,661
Total Non-Agency/CDBG/Sub Grantee Allocations	$ 3,520,908

(6) Right to Use Asset and Lease Liabilities

The Agency's leases agreements are summarized below:

Description	Date	Lease Term in Years	Interest Rate	Original Amount	Balance June 30, 2023
Office space:					
3 Belden Avenue	7/1/19	4.67	6.25%	$ 174,053	$ 44,302
50 Washington Street	7/15/22	5	6.25%	$ 269,286	$ 231,471

All interest rates have been imputed based on the incremental borrowing rate as there were no interest rates specified in the lease agreement. During the term of this lease, the Agency is responsible for the following as additional rent: real estate and sewer use taxes due to the City of Norwalk; all operating expenses for the building; and all costs of utilities and operating expenses of the parking area. The lease for the above office space does not include any renewal options.

The following is a summary of principal and interest payments to maturity:

Year ending June 30	Principal	Interest
2024	$ 92,516	$ 12,192
2025	53,455	8,420
2026	59,068	5,643
2027	70,734	1,848
Totals	$ 275,773	$ 28,103

(Continued)

(7) Employee Benefit Plan

The Agency sponsors a defined contribution pension plan covering substantially all of its employees. The benefits are based on years of service and the accumulation of employer's contribution during years of employment. Contributions and cost are determined at an average of 12 percent of each employee's salary and totaled approximately $108,000 for the fiscal year ended June 30, 2023.

(8) Due to/from Related Parties

Other liabilities include net advances due to North Walke Housing Corporation (North Walke) in the amount of $1,700 as of June 30, 2023. North Walke is a separate nonprofit organization, but they are related parties since certain officers and directors of the Agency also serve in the same capacity with North Walke.

(9) Federal and State of CT Grants

The City awards a portion of its annual CDBG allocation as grants to local organizations through a competitive process and recommended applicants provide various matching funds. Organizations in receipt of these grants received support from an array of public and private sources to provide high quality and innovative programming in service of the community.

The Agency worked strategically so that federal funds can attract additional funding and spur private development to meet the needs of the community. A total of approximately $1,046,600 was expended by the Agency on the HUD CDBG program during the year ended June 30, 2023.

(10) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed costs or claims, including amounts already received by the Agency, could become a liability. In recognition of reasonable cost standards, the Board recently took action to limit the amount of funding and implement cost containment protocols for legal expenses for ongoing litigation matters.

The Agency is involved in various litigation matters. Management and counsel are either unable to determine the effect on the financial statements of these matters as their outcomes are undeterminable as of this report, or the effects are not considered to be material.

(11) Risk Management

The Agency is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions for public officials; injuries to employees; and natural disasters. The Agency has obtained insurance coverage to guard against these events which will provide minimum exposure to the Agency should they occur.

The Agency continues to carry commercial insurance for all other risks of loss, including business liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

(Continued)

(12) Implementation of Future GASB Pronouncements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **Statement No. 99, *Omnibus 2022***. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged and is permitted by topic. The Agency does not believe there is any significant impact of this statement on its operations.

- **Statement No. 100, *Accounting Changes and Error Corrections*.** The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

- **Statement No. 101, *Compensated Absences***. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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GAQC Member

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
Norwalk Redevelopment Agency

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 governmental activities, each major fund, and the aggregate remaining fund information of Norwalk Redevelopment Agency (Agency) as of and for the year then ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Solakian & Company, LLC

November 30, 2023

NORWALK REDEVELOPMENT AGENCY

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Comparison

Year ended June 30, 2023

	Actual-Budgetary Basis			Budgeted Amounts	
	CDBG	**Improvement**	**Total**	**Original**	**Final**
Revenues:					
Other government grants for City projects	$ -	2,500,160	2,500,160	2,500,160	2,500,160
Federal grants	1,022,247	-	1,022,247	1,022,247	1,022,247
Program income	19,623	210,024	229,647	229,647	229,647
Investment income	68	20,001	20,069	20,069	20,069
Total revenues	1,041,938	2,730,185	3,772,123	3,772,123	3,772,123
Expenditures:					
Project outlays	1,041,938	3,178,433	4,220,371	4,220,371	4,220,371
Revenues greater (less) than expenditures	-	(448,248)	(448,248)	(448,248)	(448,248)
Fund balance - beginning of year	669,877	3,423,991	4,093,868	4,093,868	4,093,868
Fund balances - end of year	$ 669,877	2,975,743	3,645,620	3,645,620	3,645,620

See accompanying notes to basic financial statements.

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Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By The Uniform Guidance

To the Board of Commissioners
Norwalk Redevelopment Agency

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Norwalk Redevelopment Agency's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Norwalk Redevelopment Agency's major federal programs for the year ended June 30, 2023. Norwalk Redevelopment Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Norwalk Redevelopment Agency 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Norwalk Redevelopment Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Norwalk Redevelopment Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Norwalk Redevelopment Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Norwalk Redevelopment Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Norwalk Redevelopment Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Norwalk Redevelopment Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Norwalk Redevelopment Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Norwalk Redevelopment Agency's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Solakian & Company, LLC

November 30, 2023

NORWALK REDEVELOPMENT AGENCY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal Agency Federal Agency Program Title	Federal Assistance Listing Number	Current Year Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:			
Passed through the City of Norwalk			
Community Development Block Grant	14.218	$ 1,046,583	$ 443,917
U.S. Department of the Treasury:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	140,579	-
U.S. Environmental Protection Agency:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	38,935	-
Total expenditures of federal awards		$ 1,226,097	$ 443,917

Notes to the Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Norwalk Redevelopment Agency (Agency) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Agency has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

NORWALK REDEVELOPMENT AGENCY

Schedule of Findings and Questioned Costs - Federal Awards

Year ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	______ yes ___X___ no
• Significant deficiency(ies) identified?	______ 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 deficiency(ies) identified?	______ yes ___X___ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	______ yes ___X___ no

Identification of major programs:
CFDA Number(s): 14.218 - HUD Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	___X___ yes ______ no

Section II – Financial Statement Findings

No findings or questioned costs are reported relating to financial statements audit.

Section III– Federal Award Findings and Questioned Costs

No findings or questioned costs are reported relating to Federal award programs.

Norwalk Redevelopment Agency
Explanation of Statement of Revenues & Expenditures
Year-To-Date October 31, 2023

- Operating Fund 100 had actual revenues of $550,632 versus budgeted revenues of $503,661 for a favorable variance of $46,972. This is mostly due to higher interest income earned on money market funds.

- Total actual expenditures of $573,013 versus budgeted total expenditures of $629,209 resulted in a favorable variance of $56,196 which is due to favorable variances in personnel expenditures of $53,854 and in administrative expenses of $2,342. Legal expenses include $2,726 paid to Shipman for 15-17 Chestnut Street which will be reimbursed to the Agency.

- The actual operating deficit of $22,381 versus a budgeted operating deficit of $125,548 resulted in a favorable variance of $103,167.

Norwalk Redevelopment Agency Inc.

Statement of Revenues and Expenditures - Board 2024 Rev&Exp Comparison-YTD,Budget,Prior YTD

100 - NRA Operating - Fund 100

From 7/1/2023 Through 10/31/2023

(In Whole Numbers)

	YTD Actual	YTD Budget	YTD Variance	Prior YTD Actual	Annual Budget	Annual Budget $ Remaining
REVENUES						
Grant Revenues						
Grants - City Positions	55,469	55,469	0	52,355	166,407	110,938
Grants - City Grant for Admin.	166,667	166,667	0	0	500,000	333,333
Grants - City	35,840	67,108	(31,268)	33,235	201,323	165,483
Grants - NRA Project Funds	0	0	0	181,633	0	0
Grants - CDBG City Neighborhoods	155,250	121,333	33,917	96,406	364,000	208,750
Grants - CDBG Program Admin	55,468	62,937	(7,469)	77,184	188,812	133,344
Total Grant Revenues	468,694	473,514	(4,820)	440,813	1,420,542	951,848
Other Revenues						
Interest Income from Notes	28,051	14,213	13,838	28,140	42,640	14,589
Interest Income - Other	49,490	13,333	36,157	6,726	40,000	(9,490)
Miscellaneous Revenues	496	0	496	607	0	(496)
Rental Income	3,900	2,600	1,300	3,900	7,800	3,900
Total Other Revenues	81,938	30,147	51,791	39,373	90,440	8,502
Total REVENUES	550,632	503,661	46,972	480,186	1,510,982	960,350
EXPENDITURES						
Personnel						
Salaries	324,807	358,997	34,190	309,509	1,098,109	773,302
Taxes & Benefits	132,003	151,667	19,664	123,990	455,000	322,997
Total Personnel	456,810	510,664	53,854	433,499	1,553,109	1,096,299
Administrative Expenses						
Professional Fees - Legal	10,226	10,000	(226)	32,702	30,000	19,775
Professional Fees - Other	5,000	5,000	0	4,833	15,000	10,000
Consultants/Contracted Svcs	8,384	6,667	(1,718)	2,974	20,000	11,616
Occupancy	59,358	62,545	3,187	57,014	187,634	128,276
Office Expenses	8,891	10,000	1,109	9,769	30,000	21,109
Insurance	0	6,000	6,000	0	18,000	18,000
I.T. Expense	5,550	5,000	(550)	6,661	15,000	9,450
Training	9,211	6,667	(2,544)	10,124	20,000	10,789
Agency Marketing	8,583	5,000	(3,583)	4,608	15,000	6,418
Miscellaneous	1,001	1,667	666	528	5,000	3,999
Total Administrative Expenses	116,203	118,545	2,342	129,214	355,634	239,431
Total EXPENDITURES	573,013	629,209	56,196	562,713	1,908,743	1,335,730
NET OPERATING SURPLUS/(DEFICIT)	(22,381)	(125,548)	103,167	(82,527)	(397,761)	(375,380)

Norwalk Redevelopment Agency Inc.
Statement of Revenues and Expenditures
100 - NRA Operating - Fund 100
From 10/1/2023 Through 10/31/2023
(In Whole Numbers)

	Month Actual	Month Budget	Month Variance	Prior Year Month
REVENUES				
Grant Revenues				
Grants - City Positions	13,867	13,867	0	13,089
Grants - City Grant for Admin.	41,667	41,667	0	0
Grants - City	8,000	16,777	(8,777)	10,296
Grants - NRA Project Funds	0	0	0	45,408
Grants - CDBG City Neighborhoods	36,922	30,333	6,589	21,587
Grants - CDBG Program Admin	13,501	15,734	(2,234)	17,508
Total Grant Revenues	113,957	118,379	(4,422)	107,888
Other Revenues				
Interest Income from Notes	12,428	3,553	8,875	7,024
Interest Income - Other	13,831	3,333	10,498	1,771
Miscellaneous Revenues	80	0	80	0
Rental Income	975	650	325	975
Total Other Revenues	27,314	7,537	19,777	9,770
Total REVENUES	141,270	125,915	15,355	117,658
EXPENDITURES				
Personnel				
Salaries	75,199	84,470	9,271	74,501
Taxes & Benefits	31,854	37,917	6,063	29,498
Total Personnel	107,053	122,387	15,334	103,999
Administrative Expenses				
Professional Fees - Legal	1,500	2,500	1,000	10,550
Professional Fees - Other	1,250	1,250	0	1,208
Consultants/Contracted Svcs	7,828	1,667	(6,161)	125
Occupancy	13,807	15,636	1,830	14,153
Office Expenses	2,457	2,500	43	3,596
Insurance	0	1,500	1,500	0
I.T. Expense	269	1,250	981	495
Training	4,536	1,667	(2,870)	2,815
Agency Marketing	1,320	1,250	(70)	1,475
Miscellaneous	348	417	68	132
Total Administrative Expenses	33,316	29,636	(3,679)	34,550
Total EXPENDITURES	140,368	152,023	11,655	138,549
NET OPERATING SURPLUS/(DEFICIT)	902	(26,108)	27,010	(20,890)

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
STATE OF CONNECTICUT
(AN EQUAL OPPORTUNITY EMPLOYER)

CERTIFIED RESOLUTION OF THE GOVERNING BODY

I, ______________________ , _____________ , certify that below is a true and correct copy of a

(Name of Official) (Title of Official)

resolution duly adopted by Norwalk Redevelopment Agency
(Name of the Applicant)

at a meeting of its Norwalk Redevelopment Agency Commission
(Governing Body)

duly convened on 12/12/2023 and which has not been rescinded or modified in

(Meeting Date)

any way whatsoever and is at present in full force and effect.

_______________ ____

(Date) (Signature and Title of Official)

SEAL

WHEREAS, pursuant to C.G.S. Section 32-285a as amended ,
(State Statutory Reference)

the Connecticut Department of Economic and Community Development is authorized to extend financial assistance for economic development projects; and **WHEREAS,** it is desirable and in the public interest that the Norwalk Redevelopment Agency make an application to the State for
(Applicant)

$ 6,000,000 in order to undertake the MLK Community Investment Fund
(Name and Phase of Project)

____ and to execute an Assistance Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE
Norwalk Redevelopment Agency Commission
(Governing Body)

1. That it is cognizant of the conditions and prerequisites for the state financial assistance imposed by
C.G.S. Section 32-285a as amended
(State Statutory Reference)

2. That the filing of an application for State financial assistance by
Norwalk Redevelopment Agency
(Applicant)
in an amount not to exceed $ 6,000,000 is hereby approved and that

Executive Director Brian Bidolli

(Title and Name of Authorized Official)

is directed to execute and file such application with the Connecticut Department of Economic and Community Development, to provide such additional information, to execute such other documents as may be required, to execute an Assistance Agreement with the State of Connecticut for State financial assistance if such an agreement is offered, to execute any amendments, decisions, and revisions thereto, and to act as the authorized representative of

Norwalk Redevelopment Agency

(Name of Applicant)

December 7, 2023

Brian Bidolli
Executive Director
Norwalk Redevelopment Agency (NRDA)
3 Belden Avenue
Norwalk CT 06851

Subject –Proposal for Phase 2 of our services for Webster Street Lot Redevelopment Project

Dear Brian,

As requested by you, please find a proposal for taking the Webster Street Lot project forward through a review of the proposal received from Spinnaker in response to NRDA's Supplemental RFP, for the Webster Street Lot Redevelopment Project. We have already identified a number of opportunities to improve NRDA's financial position on this Project in our Phase 1 of services, and remain excited to take this project forward to financial close.

A significant amount of judicious effort is required to take the Project through a well-structured analysis progressing to negotiations and award. The intent will be to engage the developer to commit to the original Project objectives through a public private partnering approach that generates an acceptable level of benefits to the community.

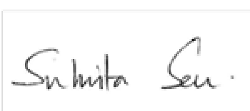
Below are descriptions of Tasks and associated Costs, based on estimated hours and assumptions outlined. The estimation of effort and assumptions have been undertaken based on our current understanding of the Project. Depending on the level of involvement required by NRA, we will remain flexible to any changes to the final effort required for the tasks. We will also provide a onetime update of the numbers from the economic impact study performed previously. Our hourly rates for 2024 will apply to the engagement.

We are pleased to have this opportunity to provide services to NRA. If you have any questions about this letter, please discuss them with Suhrita Sen at 917 238 5468. If the Services and the terms outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to the undersigned.

	Evaluation	Total Hours	Assumption	Estimated Cost
1	**Project Management and Meetings -** internal (IA only) and external calls on an as-needed basis with NRDA only to coordinate understanding of project.	44		$14,658
2	**Evaluate Spinnaker's Proposal -** Identify and assess this proposal's compliance with original objective & intent as well as with the requirements of the Supplemental RFP, identify differences from original Spinnaker & Quarterra proposals , and assess impacts.	27		$7,865
3	**Market Reconaissance** - Calibrate financial risks described in the proposal through independent due diligence on the financial markets for interest rates & associated matters.	12		$4,242
	Evaluation			
4	**Financial Analysis** - Perform a detailed analysis of the bid's financial model provided by Proposer to (a) assess resonableness of assumptions and mathemiatical integrity of model (b) assess opportunities for improvement of transaction and financial structure for the benefit of NRDA, as appropriate (c) identify opportunities for negotiations. Share raw data and analysis with NRDA for finalization of the transaction.	135		$41,003
5	**Analysis of Options -** Discuss possible variations to the transaction structure proposed /alternate structures, cross collateralization, garage encumbrance, maximum persmissible dwelling units, and other risk mitigation measures with lawyers that may be advantageous to NRA.	0	On hourly rates if required	$0
6	**Assist with Negotiations -** Assist NRA with negotiations, closing documentation and financial close.	0	On hourly rates if required	$0
	Total			**$67,767**

Our applicable rates for 2024 are: Principal - $410/hr, Senior Advisor - $388/hr, Advisor - $241/hr

Very truly yours,



Suhrita Sen

Principal

Infrastructure Advisors LLC

NORTHWALKE
HOUSING CORPORATION

3 Belden Avenue, Norwalk, CT 06850 • 203-854-7810

TO: Members, North Walke Housing Corp.

FROM: John Igneri, Chairman

DATE: December 8, 2023

RE: Regular Meeting Notice

****

DECEMBER 12, 2023
5:30 P.M.
REGULAR MEETING AGENDA

The next meeting of the North Walke Housing Corporation Commissioners will be held on **TUESDAY, DECEMBER 12, 2023 at 5:30 p.m.** The meeting will be held as a virtual meeting via the Zoom link provided below. The meeting will also be broadcast on the Norwalk Redevelopment Agency YouTube channel:
https://www.youtube.com/channel/UCHMiAZt32k6BnjaKdnUaIug?view_as=subscriber.

ZOOM Meeting Link:
https://us06web.zoom.us/j/87819590706?pwd=c2dMWnRGcEV2Q0h0Vm5USDdWRjNmQT09

I. CALL TO ORDER

II. ROLL CALL

III. PUBLIC PARTICIPATION

IV. ADMINISTRATION

a. Approval of Minutes
   i. Approve the minutes of the November 14, 2023 regular meeting.
b. Financials
   i. Approve North Walke Housing Corporation Audited Financial Statements for Fiscal Year Ended June 30, 2023 to be presented by Auditor, Michael Solakian.

V. BUSINESS

VI. NEW BUSINESS

VII. OLD BUSINESS

VIII. EXECUTIVE SESSION

IX. ADJOURNMENT

CITY OF NORWALK
NORTH WALKE HOUSING CORPORATION
REGULAR MEETING
NOVEMBER 14, 2023

ATTENDANCE: John Igneri, Chairman; Kelly Bloom, Lisa Cooper, Mary Peniston, David Westmoreland

OTHER: Redevelopment Agency: Katie O'Leary; Eugenia Lupinski; Brian Bidolli,

I. CALL TO ORDER
Chairman Igneri called the meeting to order at 5:55 p.m. and acknowledged members in attendance, as above noted. There was a quorum present.

II. ROLL CALL
Chairman noted the whole commission was in attendance. There was a quorum present.

III. PUBLIC PARTICIPATION
There was no Public Participation at this time.

IV. ADMINISTRATION
a) Approval of minutes – September 12, 2023

**** MS. PENISTON MOVED TO APPROVE THE MINUTES OF SEPTEMBER 12, 2023 AS SUBMITTED.**
**** THE MOTION PASSED UNANIMOUSLY.**

b) Approve North Walke Housing Corporation Statement of Revenues and Expenditures and Balance Sheets for all Funds for year-to-date September 30, 2023.

Ms. Lupinski presented the statements as follows:

The North Walke Housing Corporation Operating Fund 400 had 7,090 in revenues and $305 in expenditures which resulted in an operating surplus of $6,786. The balance sheet has total assets of $744,795 and total liabilities of $370,711 and net assets of $374,084.

The North Walke Revolving Loan Fund 450 had a $750 net operating surplus. This fund's balance sheet had total assets of $124,855 and total liabilities and net assets of $124,855.

**** MS. COOPER MOVED TO APPROVE THE NORTH WALKE HOUSING CORPORATION STATEMENT OF REVENUES AND EXPENDITURES AND BALANCE SHEETS FOR ALL FUNDS FOR YEAR-TO- DATE SEPTEMBER 30, 2023.**
**** MOTION PASSED UNANIMOUSLY.**

V. NEW BUSINESS

Mr. Bidolli mentioned they are in the process of completing the GHG inventory for the City's sustainability project and their agency sent an email looking for data on energy consumption from the Oyster industry. Ms. Bloom replied she did get the email, and she would get back to him.

VI. OLD BUSINESS
There was no Old Business at this time.

VII. ADJOURNMENT

**** MS. COOPER MOVED TO ADJOURN.**
**** THE MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 6:00 p.m.

Respectfully submitted,
Telesco Secretarial Services

North Walke Housing Corporation

Financial Statements and Supplementary Information

Years ended June 30, 2023 and 2022

NORTH WALKE HOUSING CORPORATION

Table of Contents

Years ended June 30, 2023 and 2022

Solakian & Company, LLC
Certified Public Accountants

Michael Solakian, CPA
580 Johns Pass Avenue
Madeira Beach, FL 33708 USA
www.solakiancpa.com

Independent Auditor's Report

To the Board of Commissioners of
North Walke Housing Corporation

Opinion

We have audited the accompanying financial statements of ***North Walke Housing Corporation*** (a non-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***North Walke Housing Corporation*** as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ***North Walke Housing Corporation*** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ***North Walke Housing Corporation's*** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ***North Walke Housing Corporation's*** internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ***North Walke Housing Corporation's*** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Solakian & Company, LLC

November 30, 2023

NORTH WALKE HOUSING CORPORATION

Statements of Financial Position

June 30, 2023 and 2022

Assets		2023	2022
Cash	$	110,660	299,513
Investments		660,937	154,591
Accounts and loans receivable		90,517	459,622
Total assets	$	862,114	913,726
Liabilities and Net Assets			
Accounts payable	$	145	639
Other liabilities		413,508	471,809
Loans payable		50,722	50,722
Total liabilities		464,375	523,170
Net assets without restrictions		397,739	390,556
Total liabilities and net assets	$	862,114	913,726

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statements of Activities

Years ended June 30, 2023 and 2022

		2023	2022
Revenues:			
State grant	$	53,300	-
Program income		9,450	13,650
Interest income		9,125	7,998
Total revenues		71,875	21,648
Expenses:			
Program:			
Project expenses		53,300	-
Management and general:			
Professional fees		10,000	11,591
Office and miscellaneous expenses		1,392	1,392
Total expenses		64,692	12,983
Change in net assets		7,183	8,665
Net assets - beginning of year		390,556	381,891
Net assets - end of year	$	397,739	390,556

See accompanying notes to financial statements.

NORTH WALKE HOUSING CORPORATION

Statements of Cash Flows

Years ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	7,183	8,665
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Decrease (increase) in:			
Accounts and loans receivable		369,105	(103,951)
Increase (decrease) in:			
Accounts payable		(494)	494
Other liabilities		(58,301)	349,389
Net cash provided by operating activities		317,493	254,597
Cash flows from investing activities:			
Redemption (purchase) of investments		(506,346)	(120)
Net cash used in investing activities		(506,346)	(120)
Net increase (decrease) in cash		(188,853)	254,477
Cash - beginning of year		299,513	45,036
Cash - end of year	$	110,660	299,513

See accompanying notes to financial statements.

(1) Reporting Entity

The North Walke Housing Corporation (NWHC or Corporation) is a non-stock, nonprofit corporation established in 1987 to act as a community development housing corporation to provide housing opportunities for low-and-moderate income individuals and families in Norwalk, Connecticut.

(2) Summary of Significant Accounting Policies

Financial Statement Presentation

NWHC follows accounting for not-for-profit organizations as outlined in professional standards. Accordingly, it is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grants and Contracts

Grants and contracts are generally considered to be exchange transactions in which the grantor or contractor requires the performance of specified activities.

Entitlement to cost reimbursement grants and contracts is based on the expenditure of funds in accordance with grant restrictions and, therefore, revenue is recognized to the extent of grant expenditures. Entitlement to performance-based grants and contracts are based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

(2) Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events have been evaluated through November 30, 2023, which is the date the financial statements were available to be issued.

Cash and Investments

The carrying amount of cash and money market investments at June 30, 2023 and 2022 was approximately $771,600 and $454,100, respectively, as shown in the accompanying statement of financial position. The bank balances of these funds totaled approximately $771,600 and $454,100 as of June 30, 2023 and 2022, respectively, of which $250,000 was covered through the Federal Deposit Insurance Corporation.

Income Tax Status

NWHC is exempt from federal income taxes pursuant to provisions of Section 501(c) (3) of the Internal Revenue Code and has been classified as “other than a private foundation.”

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by NWHC and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has analyzed the tax positions, and has concluded that as of June 30, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

NWHC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.

(3) Related Party Transactions

Norwalk Redevelopment Corporation (NRA) owed NWHC approximately $1,700 and $363,800 as of June 30, 2023 and 2022, respectively, which is included in accounts receivable and due from other funds.

Certain management and commissioners of the NRA function in the same capacity at the NWHC.

(4) Loan Payable

During the year ended June 30, 2006, the Corporation obtained approximately $51,000 of loan proceeds payable to Federal Home Loan Bank. The outstanding balance was approximately $51,000 as of June 30, 2023 and 2022.

(Continued)

(5) Adoption and Future Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic entities for periods beginning after December 15, 2021. Management of the Corporation does not believe this standard has a significant impact on the financial statements.

(6) Liquidity and Availability of Resources

The Corporation has approximately $862,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and equivalents of $771,000 and accounts and loans receivable of $91,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Corporation has a goal to maintain financial assets, which consist of cash and equivalents and pledges and other receivables, on hand to meet one year of annual operating expenses, which are, on average, approximately $12,000 (excluding any special projects). The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Corporation invests cash in excess of daily requirements in various short-term investments.