

**HOUSING AUTHORITY OF THE
CITY OF DAYTONA BEACH, FLORIDA**
Daytona Beach, Florida

AUDIT REPORT

For the Year Ended June 30, 2020

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

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June 30, 2020

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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Daytona Beach, Florida ("Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of "Lakeside Village Housing, Ltd.", "Pine Haven Housing, Ltd., LLLP", "Villages at Halifax Housing, Ltd., LLLP" and "Villages at Halifax II LP" (four discretely presented component units collectively referred to as the "Discrete Component Units"), which represent 44 percent, 18 percent, and 14 percent, respectively, of the assets, net position, and revenues of the Authority. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Discrete Component Units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Daytona Beach, Florida, as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Daytona Beach, Florida's basic financial statements. The accompanying financial information listed in the Table of Contents as Supplementary Information and the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

This other 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed in the Table of Contents as Supplementary Information, the Financial Data Schedule 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 March 19, 2021, on our consideration of the Housing Authority of the City of Daytona Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Daytona Beach, Florida's internal control over financial reporting and compliance.



Barton, Gonzalez & Myers, P.A.
Certified Public Accountants
March 19, 2021

Management's Discussion and Analysis

As management of the Housing Authority of the City of Daytona Beach, Florida (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information, including requests for financial statements of the component units, should be addressed to the CEO, Terril L. Bates, Housing Authority of the City of Daytona Beach, 211 N. Ridgewood Avenue, Suite 300, Daytona Beach, Florida 32114.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of June 30, 2020 by \$55,411,197 (net position).
- The Authority's cash balances as of June 30, 2020 were \$13,097,673, representing an increase of \$835,675.
- The Authority had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$15,298,745, which includes funds for capital asset activities and pass-through activity.
- As of June 30, 2020, Public Housing had occupancy of 97% for both the Elderly and Family AMPs. In addition, the Low-Income Housing Tax Credit developments, Lakeside Village, Pine Haven and Villages at Halifax, had 96% of the subsidized units occupied.
- The Authority's lease-up rate for the Housing Choice Voucher program was 82%, based upon an ACC total of 1,337 and 1,100 actual units leased. Total Housing Assistance Payments (HAP) for the calendar year ended December 31, 2020 were equal to the amount of \$9,106,721. This amount represents an increase of \$436,497. The local HUD Field Office is closely monitoring the unit months leased and net restricted position. The Authority has initiated maximizing its budget authority and HCV issuance. The Housing Authority submits a monthly recap of its activities in addition to submitting monthly projections and comments on shortfalls.

The HCV department continues to improve upon expenditure of program funding and has undergone a restructuring, which has positively impacted the financial management of the department. The cumulative percent of Eligibility Expended, as of January 2020, was 96.3%. By May 2020, cumulative eligibility rose to 100.1 percent and remained at 100% or better throughout the fiscal year. Additionally, the department was awarded \$968,568 by the U. S. Department of Housing and Urban Development in response to COVID-19.

Mainstream vouchers assist non-elderly persons with disabilities. There was an ACC for Mainstream awarded in the amount of \$451,217, for 60 vouchers, effective February 2020. Subsequent additional Mainstream awards totaled \$146,744, for 18 vouchers, in October 2020 and \$646,740, for 75 vouchers, effective March 2021.

The Authority administered HUD CARES funds during this audit period in accordance with HUD regulation. Total CARES funds receipts were \$85,921 through June 30, 2020 and \$256,496 through December 31, 2020.

The Authority administered a Rental Assistance Program (“RAP”) for the City of Daytona Beach, which represented \$69,300 in additional administrative fees. The program provided \$609,344 worth of emergency rental assistance payments to eligible community participants who were adversely impacted by COVID-19.

The Authority entered into an agreement to administer a State funded program with Career Source, with an annual budget of \$174,275 and administrative earnings based upon cost reimbursement.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority’s net position serves as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program changes, and the physical condition of capital assets. The following statements are included:

- Statement of Net Position - reports the Authority’s assets, liabilities and net position at the end of the fiscal year. You can think of the Authority’s net position as the difference between the Authority’s rights (assets and deferred outflows of resources) and the Authority’s obligations (liabilities and deferred inflows of resources).
- Statement of Revenue, Expenses, and Changes in Net Position - this statement presents information showing how the Authority’s net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in the future periods.
- Statement of Cash Flows - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable etc.).
- Notes to the Basic Financial Statements - the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Authority’s various programs and the required information mandated by regulatory bodies that fund the Authority’s various programs.

Financial Analysis

The following table summarizes the changes in assets, liabilities, and net position between June 30, 2020, and 2019:

	<u>2020</u>	<u>2019</u>	<u>Total Change</u>
Current assets	\$ 14,743,318	\$ 13,718,313	\$ 1,025,005
Capital assets, net	15,682,014	16,842,763	(1,160,749)
Notes receivable	26,151,538	24,931,761	1,219,777
Other noncurrent assets	189,982	165,694	24,288
Total Assets	<u>56,766,852</u>	<u>55,658,531</u>	<u>1,108,321</u>
Current liabilities	1,124,865	628,220	496,645
Noncurrent liabilities	230,790	220,805	9,985
Total Liabilities	<u>1,355,655</u>	<u>849,025</u>	<u>506,630</u>
Net investment in capital assets	15,682,014	16,842,763	(1,160,749)
Restricted net position	31,085,540	29,860,093	1,225,447
Unrestricted net position	8,643,643	8,106,650	536,993
Total Net Position	<u>\$ 55,411,197</u>	<u>\$ 54,809,506</u>	<u>\$ 601,691</u>

Changes in Net Position

Current Assets increased by \$1,025,005 primarily due to an increase of funds from the Housing Choice Voucher program, an increase of receivables from HUD, and tenant receivables outstanding.

Capital Assets decreased by \$1,160,749 primarily due to depreciation and there were no significant disposals in this fiscal year.

Notes Receivable increased by \$1,219,777 due to unpaid interest being capitalized into the balance of note. We received no payment on interest this fiscal year.

Other Noncurrent Assets increased by \$24,288 due to increase in FSS participation and FSS deposits.

Current and Total Liabilities increased by \$506,630 primarily due to (1) an increase in the FSS escrow liability, (2) a year-over-year doubling of accounts payable and accrued liabilities from \$170,176 to \$348,796, and (3) a sharp increase in year-over-year unearned revenue from \$40,617 to \$263,978.

Net Position - The difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources) is its net position. Net position is categorized as one of three types.

1. Net investment in capital assets - capital assets, net of accumulated depreciation and related debt is the capital asset balance offset by long-term debt;
2. Restricted - the Authority's net position whose use is subject to constraints imposed by law or agreement;

Financial Analysis (continued)

3. Unrestricted - the Authority's net position that is neither invested in capital assets nor restricted which change principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

The Authority's restricted net position increased by \$1,225,447. The increase is mainly due to the \$3.04 million increase in HUD Grant Funding, which includes the aforementioned Cares funding of \$968,568, driving up Total Operating Revenue relative to Total Operating Expenses.

	<u>Changes in Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Total Change</u>
Operating Revenues			
HUD grant funding	\$ 15,035,778	\$ 11,995,169	\$ 3,040,609
Tenant revenue, net	1,910,356	1,867,243	43,113
Other operating revenue	398,406	346,896	51,510
Total Operating Revenues	<u>17,344,540</u>	<u>14,209,308</u>	<u>3,135,232</u>
Operating Expenses			
Administrative	2,263,681	2,222,316	41,365
Tenant Services	120,306	4,969	115,337
Utilities	908,212	924,368	(16,156)
Maintenance	2,412,987	1,531,500	881,487
Protective Services	189,354	193,328	(3,974)
General	1,703,924	1,624,802	79,122
Depreciation	1,547,589	1,631,684	(84,095)
Housing assistance payments	9,164,549	7,777,297	1,387,252
Total Operating Expenses	<u>18,310,602</u>	<u>15,910,264</u>	<u>2,400,338</u>
Operating Income (Loss)	<u>(966,062)</u>	<u>(1,700,956)</u>	<u>734,894</u>
Nonoperating Revenues (Expenses)	<u>1,310,786</u>	<u>1,271,229</u>	<u>39,557</u>
Capital contributions			
HUD capital grants	256,967	336,056	(79,089)
Change in net position	601,691	(93,671)	695,362
Total net position - beginning	54,809,506	54,889,293	(79,787)
Prior period adjustment	-	13,884	(13,884)
Total net position - ending	<u>\$ 55,411,197</u>	<u>\$ 54,809,506</u>	<u>\$ 601,691</u>

Total Operating Revenue increased by \$3,135,232 in 2020 primarily due to an increase in both HUD grant funding and tenant rental revenue.

Operating Expenses are categorized by the Authority as administrative, tenant services, utilities, maintenance, protective services, general, depreciation and housing assistance payments.

Total Operating Expenses increased by \$2,400,338 in 2020 primarily due to an increase in Housing Assistance Payments to landlords and General Maintenance Expenses.

Non-Operating Revenues increased by \$39,557 from the previous year primarily due to the interest on mortgage.

Total Capital Contributions decreased by \$79,089 primarily due to a decrease in capital improvement activities during the fiscal year.

Capital Asset and Debt Activity

At the end of fiscal year 2020, the Authority's capital assets had decreased primarily due to the depreciation expense exceeding the net of additions and disposals of fixed assets.

At the end of the fiscal year 2020 the Authority had no Long-Term Debt.

Factors Affecting Next Year's Budget

The Authority is primarily dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher, FSS and Capital Fund programs; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2020 federal budget.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- COVID-19
- Federal funding provided by Congress to the Department of Housing and Urban Development, as well as changes in rules and regulations;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income; and
- Inflationary pressure on utility rates, housing costs, supplies and other costs.

Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Statement of Net Position - Proprietary Fund Type

As of June 30, 2020

	Primary Government June 30, 2020	Discrete Component Units Dec 31, 2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 8,413,107	\$ 569,671
Cash and cash equivalents - restricted	4,494,584	2,615,255
Investments - unrestricted	-	-
Investments - restricted	-	-
Due from HUD	345,814	-
Receivables, net	462,191	27,008
Accrued interest receivable	776,583	-
Prepaid insurance	207,808	15,075
Inventory, net	43,231	-
Total current assets	<u>14,743,318</u>	<u>3,227,009</u>
Noncurrent Assets:		
Cash and cash equivalents - restricted	189,982	-
Notes receivable from related parties - restricted	26,151,538	-
Capital assets, net	15,682,014	40,402,805
Other assets	-	399,571
Total non-current assets	<u>42,023,534</u>	<u>40,802,376</u>
Total assets	<u>56,766,852</u>	<u>44,029,385</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>\$ 56,766,852</u>	<u>\$ 44,029,385</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 348,796	\$ 133,553
Accrued compensated absences	70,971	-
Accrued interest	-	23,989
Unearned revenue	263,978	38,831
Tenant security deposits	140,487	145,659
Other current liabilities	300,633	270,960
Current portion of long term debt	-	135,259
Total current liabilities	<u>1,124,865</u>	<u>748,251</u>
Noncurrent Liabilities:		
Accrued compensated absences	40,808	-
FSS escrow liability	189,982	-
Unearned revenue, non current	-	67,344
Long term debt, net of current portion	-	31,344,295
Total noncurrent liabilities	<u>230,790</u>	<u>31,411,639</u>
Total liabilities	<u>1,355,655</u>	<u>32,159,890</u>
Deferred Inflows of Resources		
Total liabilities, deferred inflows of resources, and net position	<u>-</u>	<u>-</u>
Net Position:		
Net investment in capital assets	15,682,014	19,875,520
Restricted net position	31,085,540	2,469,596
Unrestricted net position	8,643,643	(10,475,621)
Total net position	<u>55,411,197</u>	<u>11,869,495</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 56,766,852</u>	<u>\$ 44,029,385</u>

See auditor's report.

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

Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Statement of Revenues, Expenses, and Changes in Fund
Net Position - Proprietary Fund Type

For the Year Ended June 30, 2020

	For the years ended:	
	June 30, 2020	Dec 31, 2019
	Primary Government	Discrete Component Units
Operating revenues:		
Tenant rental revenue (net)	\$ 1,910,356	\$ 3,091,998
HUD operating grants	15,035,778	-
Other operating revenue	392,406	99,683
Other government grants	6,000	-
Total operating revenues	<u>17,344,540</u>	<u>3,191,681</u>
Operating expenses:		
Administration	2,263,681	747,743
Tenant services	120,306	-
Utilities	908,212	633,639
Ordinary maintenance	2,412,987	813,459
Protective services	189,354	-
General expenses	1,703,924	434,005
Depreciation	1,547,589	1,594,471
Amortization	-	53,257
Housing assistance payments	9,164,549	-
Total operating expenses	<u>18,310,602</u>	<u>4,276,574</u>
Operating loss	<u>(966,062)</u>	<u>(1,084,893)</u>
Nonoperating revenue (expenses):		
Interest income - unrestricted	51,677	10,439
Interest income - restricted	2,986	-
Mortgage interest income - restricted	1,256,123	-
Gain on disposal of fixed assets	-	-
Interest expense	-	(1,632,879)
Net nonoperating revenue	<u>1,310,786</u>	<u>(1,622,440)</u>
Net income (loss)	344,724	(2,707,333)
Capital contributions:		
HUD capital grants	256,967	-
Distributions to partners	-	(38,501)
Total capital contributions	<u>256,967</u>	<u>(38,501)</u>
Change in net position	601,691	(2,745,834)
Net position, beginning of year	<u>54,809,506</u>	<u>14,615,329</u>
Net position, end of year	<u>\$ 55,411,197</u>	<u>\$ 11,869,495</u>

See auditor's report.

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

Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Statement of Cash Flows - Proprietary Fund Type

For the Year Ended June 30, 2020

<u>Cash flows from operating activities:</u>	
Cash received from tenants and others	\$ 2,391,327
Cash from operating grants and subsidies	15,214,876
Cash paid for goods and services	(5,445,010)
Housing assistance payments	(9,164,549)
Cash paid to employees for services	(1,915,658)
Net cash provided by operating activities	1,086,986
<u>Cash flows from capital and related financing activities:</u>	
Proceeds from capital grants	78,025
Acquisition of capital assets	(386,840)
Net cash used by capital and related financing activities	(308,815)
<u>Cash flows from investing activities:</u>	
Interest income	57,504
Net cash provided by investing activities	57,504
Net increase in cash and cash equivalents	835,675
Cash and cash equivalents, beginning of year	12,261,998
Cash and cash equivalents, end of year	\$ 13,097,673
<u>As presented in the accompanying statement of net position:</u>	
Cash and cash equivalents - unrestricted	8,413,107
Cash and cash equivalents - restricted (current)	4,494,584
Cash and cash equivalents - restricted (noncurrent)	189,982
	\$ 13,097,673
<u>Reconciliation of operating loss to net cash used by operating activities:</u>	
Operating loss	\$ (966,062)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,547,589
(Increase) decrease in assets	
Receivables, net	38,509
Prepaid expenses	(13,842)
Inventory, net	(25,838)
Increase (decrease) in liabilities	
Accounts payable	260,503
Accrued compensated absences	(7,315)
Unearned revenue	223,361
Tenant security deposits	5,793
Other liabilities	24,288
Total adjustments	2,053,048
Net cash provided by operating activities	\$ 1,086,986

Supplemental Disclosure of Non-Cash Information

During the year, mortgage interest of \$1,219,777 was capitalized into the balance of the note receivable (see Note 4).

See auditor's report.

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

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies:

Reporting Entity

The Housing Authority of the City of Daytona Beach, Florida, (the "Authority"), a governmental agency, was created in 1938 pursuant to Florida Statutes, Chapter 421, by the City of Daytona Beach, Florida (the "City"). The primary purpose of the Authority is to develop, acquire and operate safe, decent, sanitary and affordable housing for low-income families in Daytona Beach, Florida while operating the housing programs in accordance with federal legislation.

The Authority's governing board consists of a five member Board of Commissioners (the "Board"), which is appointed by the Mayor of the City of Daytona Beach, Florida, and approved by the City Council. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*, ("GASB No. 61") since the Board independently oversees the Authority's operations.

The definition of the reporting entity as defined by GASB No. 61 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government. The Authority's operations include seven blended component units, which are included in the basic financial statements and consist of legally separate entities for which the Authority is financially accountable and that have the same governing board as the Authority. The blended component units are as follows:

- Lakeside Village Partners, Inc.
- Villages at Halifax Partners, Inc.
- Villages at Halifax Partners II, LLC
- Halifax Development II, LLC
- Pine Haven Partners, Inc.
- Daytona Beach Housing Development Corporation
- Southeast Housing Compliance Corporation
- Pine Haven (Daytona Beach) Property Owners' Association, Inc.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Reporting Entity (Continued)

All of the above component units are associated with the redevelopment of public housing that was demolished under the Hope VI program, except for the Daytona Beach Housing Development Corporation and Southeast Housing Compliance Corporation, which are nonprofit entities incorporated to assist the Authority with low-income housing activities.

Discrete Component Units

The Authority has relationships with for-profit, limited liability companies listed below which were formed to develop and operate mixed finance housing properties. Various blended component units serve as general partners of these partnerships. The general partners have certain rights and responsibilities which enable it to impose its will on the limited partnerships. The Authority has also entered into agreements with the partnerships to provide loans. Neither the Authority nor its blended component units are served exclusively or almost exclusively by the partnerships. Therefore, the partnerships are presented as discretely presented component units.

- Lakeside Village Housing, Ltd., LLLP (“Lakeside”)
- Pine Haven Housing, Ltd., LLLP (“Pine Haven”)
- Villages at Halifax Housing, Ltd., LLLP (“Halifax”)
- Villages at Halifax II LP (“Halifax II”)

The limited liability limited partnerships listed above (the “Partnerships”, collectively) were created to redevelop public housing properties that were demolished under the Hope VI program. Villages at Halifax Partners, Inc., Lakeside Village Partners, Inc., Pine Haven Partners, Inc., and Villages at Halifax Partners II, LLC are blended component units of the Authority, and are the general partners of each respective partnership.

As stipulated in the Amended and Restated Agreements of Limited Partnership (the “Agreements”), Lakeside, Halifax, and Pine Haven received capital contributions from their Limited Partners in the amounts of \$10,582,942, \$7,507,167 and \$9,515,620, respectively as of December 31, 2019. In addition, construction was further funded through mortgage loans from the Hope VI program in the total amount of \$15,315,000, an infrastructure agreement from the City of Daytona Beach in the amount of \$1,884,590 and through other sources.

Halifax II received capital contributions from their Limited Partners in the amount of \$12,852,358 as of June 30, 2020. In addition, construction was further funded through a mortgage loan from First Housing Development Corporation in the amount of \$1,500,000 and through other sources.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Reporting Entity (Continued)

As part of the relationship with the Authority, the Authority earned a developer fee and has provided a construction loan to Halifax, Lakeside, and Pine Haven in the amounts of \$2,165,000, \$4,260,000 and \$8,890,000, respectively. In addition, the Authority will provide funding of any operating shortfalls and development deficits of the Annual Contributions Contract ("ACC") units of the complex.

The Authority (through its blended component unit "Halifax Development II, LLC") earned and collected a developer fee from Halifax II of \$724,435 (all of which was earned in prior years).

More information regarding the discrete component units are listed below:

- **Lakeside Village Housing, Ltd., LLLP ("Lakeside")**

Lakeside Village Housing, LTD., LLLP (the "Lakeside") was formed as a limited partnership under the laws of the State of Florida on March 24, 2004 for the purpose of constructing, owning and operating a low-income rental housing project. The project consists of a 103-unit senior housing project located in Daytona Beach, Florida.

The partnership has received an allocation of low-income housing tax credits from the State of Florida. To qualify for the tax credits, the partnership must meet certain requirements, including attaining a qualified eligible basis sufficient to support the allocation. Each unit in the project has qualified for and was allocated low-income housing credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each unit in the project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the credits. The credit allocation will be allowed annually in the amount of \$1,080,000 for ten years if the project remains in compliance. As of December 31, 2019, the partnership has received all of the tax credits it was allocated.

- **Pine Haven Housing, Ltd., LLLP ("Pine Haven")**

Pine Haven Housing, Ltd., LLLP (the "Pine Haven") was formed as a limited partnership under the laws of the State of Florida on March 24, 2004 for the purpose of constructing, owning and operating a low-income rental housing project. The project consists of a 136-unit project located in Daytona Beach, Florida.

The partnership has received an allocation of low-income housing tax credits from the state of Florida. To qualify for the tax credits, the partnership must meet certain requirements, including attaining a qualified eligible basis sufficient to support the allocation. Each unit in the project has qualified for and was allocated low-income housing credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Reporting Entity (Continued)

Each unit in the project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the credits. The credit allocation will be allowed annually in the amount of \$1,000,000 for ten years if the project remains in compliance. As of December 31, 2019, the partnership has received all of the tax credits it was allocated.

- **Villages at Halifax Housing, Ltd., LLLP ("Halifax")**

The Villages at Halifax Housing, Ltd., LLLP ("Halifax") was formed as a limited liability limited partnership under the laws of the State of Florida on March 26, 2004 for the purpose of constructing, owning and operating a low-income rental housing project. The project consists of a 71-unit project located in Daytona Beach, Florida.

The partnership has received an allocation of low-income housing tax credits from the State of Florida. To qualify for the tax credits, the partnership must meet certain requirements, including attaining a qualified eligible basis sufficient to support the allocation. Each unit in the project has qualified for and was allocated low-income housing credits pursuant to Internal Revenue Code Section 42 ("Section 42"), which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each unit in the project must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the credits. The credit allocation will be allowed annually in the amount of \$772,196 for ten years if the project remains in compliance.

- **Villages at Halifax II LP ("Halifax II")**

Villages at Halifax II, LP ("Halifax II") was formed on November 28, 2011 as a limited partnership under the laws of the state of Florida for the purpose of acquiring, owning, and operating a low-income rental housing project (the "Project"). The Project consists of 80 units located in Daytona Beach, Florida.

The Partnership has been awarded allocation of low-income housing tax credits from the State of Florida. To qualify for the tax credits, the Partnership must meet certain requirements, including attaining a qualified eligible basis sufficient to support the allocation. Each building of the Project has qualified for and was allocated low-income housing credits pursuant to Internal Revenue Code Section 42 ("Section 42") which regulates the use of the Project as to occupant eligibility and unit gross rent, among other requirements. Each building of the Project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. The credit allocation will be allowed annually in the amount of \$1,259,100 for ten years if the Project remains in compliance.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Reporting Entity (Continued)

The discrete component units are for-profit entities and as such are governed by the Financial Accounting Standards Board (FASB) standards, which differ from GASB. The most significant difference is FASB requires debt issuance costs to be capitalized and amortized (and offset against the related debt), while the GASB considers debt issuance costs to be period expenses and expensed as incurred. Separately issued financial statements for the year ended December 31, 2019 can be obtained by contacting the Authority.

Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities rely to a significant extent on user fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD") and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include administrative, tenant services, utilities, maintenance, protective services, general, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately. When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, this fund is maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded in the period incurred.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. Grants from HUD that are associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

Budgets

Budgets are prepared on an annual basis for each major HUD program, approved by the Board, and are used as a management tool throughout the accounting cycle. Budgets are not legally adopted nor required for financial statement presentation.

Summary of programs

The accompanying basic financial statements include the activities of several housing programs of the Authority, most of which are subsidized by HUD. A summary of each significant program is provided below.

Low-Rent Public Housing Programs

The Low Rent Public Housing Programs include the following: asset management projects ("AMPs"), which collect operating subsidy, Public Housing Capital Fund and other HUD related grants.

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development and Public Housing Capital Fund programs.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Summary of programs (Continued)

Low-Rent Public Housing Programs (Continued)

Funding of the program's operations and development is provided by annual federal contributions or appropriations, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Central Office Cost Center

The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenue through fee for service from other Authority programs and activities.

Housing Assistance Payments Programs

Housing Assistance Payments ("HAP") Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Housing Choice Voucher ("HCV") program is funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

Assets, liabilities and net position

a. *Cash and cash equivalents*

For financial statement purposes, cash and cash equivalents are considered to be cash in banks and highly liquid investments with original maturities of three months or less.

b. *Receivables and amounts due from HUD*

Receivables consist of revenues earned and not yet received. Amounts due from HUD represent reimbursable expenses or grant subsidies earned that have not been collected as of June 30, 2020. For tenant receivables, the allowance for uncollectible amounts is based on periodic aging; for other receivables, the allowance is based on management's prior experience.

c. *Inventory*

Inventory, consisting principally of materials held for use or consumption, are valued at cost using the first in, first out method. Inventory is being presented in the financial statements net of an allowance for obsolescence of \$1,900.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Assets, liabilities and net position (Continued)

d. Capital assets

The Authority's policy is to capitalize assets with an individual cost in excess of \$1,000 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available and contributed assets are valued at fair market value on the date contributed.

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	5-30 years
Land improvements	15 years
Equipment	2-10 years

e. Accrued compensated absences

Full-time regular employees are granted leave benefits to specified maximums depending on tenure with the Authority. Generally, after ninety days of service, employees are entitled to all annual leave upon termination. Annual leave not taken by employees may be accumulated, not to exceed thirty working days or 240 hours. Sick leave may be accumulated up to ninety working days or 720 hours. Sick leave, up to a maximum of 200 hours, is paid out to employees upon termination with at least ten consecutive years of employment at the Authority. The estimated liability for vested leave benefits is expensed when earned by the employee and is reflected as a liability in the basic financial statements.

f. Eliminations

For financial reporting purposes, certain amounts are internal and are therefore eliminated. The following have been eliminated from the financial statements:

i.) Interprogram

In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. These interprogram receivables and payables normally offset and are eliminated for the presentation of the Authority as a whole. As of June 30, 2020, \$212,131 was eliminated.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Assets, liabilities and net position (Continued)

f. Eliminations (Continued)

ii.) Advancements and development receivables

The Authority has accounts receivable in the amount of \$872,718 that is due from its blended component units. The Authority has advanced \$549,186 to Daytona Beach Housing Development Corporation for affordable housing purposes and has \$323,532 receivable from the General Partner entities (see Note 1 "Reporting Entity"). This amount consists of partnership fees due and amounts that will be repaid based on cash flow requirements of the developments. For financial reporting purposes \$872,718 has been eliminated in both accounts receivable and current liabilities for the year ended June 30, 2020.

iii.) Internal rent charges

The Authority internally charges rent to programs within the Authority. For financial reporting purposes \$38,112 of internal rent charges have been eliminated for the year ended June 30, 2020.

iv.) Fee for service

The Authority's Central Office Cost Center internally charges fees to the AMPs of the Authority. These charges include management fees, bookkeeping fees, asset management fees, and other fees. For financial reporting purposes \$1,217,624 of fee for service charges have been eliminated for the year ended June 30, 2020.

g. Net position

In accordance with GASB No. 65, total equity as of June 30, 2020, is classified into three components of net position:

Net investment in capital assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Assets, liabilities and net position (Continued)

g. Net position (Continued)

Restricted net position

This category consists of restricted assets and deferred outflows of resources offset by related liabilities and deferred inflows of resources restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The Authority: The statement of net position of the Authority reports \$31,085,540 of restricted net position, which consists of the following:

Notes receivable (See Note 4)	\$ 26,151,538
Accrued interest receivable (See Note 4)	776,583
Accounts receivable - restricted	18,645
Cash restrictions:	
HAP reserves (See Note 11b)	173,936
Hope VI endowment fund	697,705
Hope VI program income earned	1,492,221
Homeownership funds	427,064
Modernization and development	1,347,848
Total restricted net position	<u>\$ 31,085,540</u>

The Discrete Component Units: The statement of net position of the Discrete Component Unit reports \$2,469,596 of restricted net position which consists of the following:

Replacement reserves	\$ 62,970
Real estate and tax escrows	347,304
Operating deficit reserves	1,502,956
Other reserves	556,366
Total restricted net position	<u>\$ 2,469,596</u>

Unrestricted net position

This category includes all of the remaining components of net position that do not meet the definition of the other two components.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 1: Summary of Significant Accounting Policies: (Continued)

Use of estimates

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

Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements.

The Authority's blended component units have adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

The component units paid no federal and state income taxes for the year ended June 30, 2020. The Authority's component units open audit periods are 2017 through 2020.

Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss, if any, is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management has determined that long-lived assets were not impaired as of June 30, 2020.

NOTE 2: Deposits

As of June 30, 2020, the Authority's cash consists of deposits with carrying values of \$13,097,673.

In accordance with GASB No. 40, the Authority's exposure to deposit and investment risk is disclosed as follows:

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 2: Deposits (Continued)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy to limit its exposure to declines in fair values of its investment portfolio is to only invest in HUD allowed investments and to monitor investments. As of June 30, 2020, the Authority's interest rate risk is minimal since they do not have investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of June 30, 2020, the Authority did not have investments, and therefore was not exposed to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does have a deposit policy for custodial credit risk, which requires collateral to be held in the Authority's name by its agent or by the bank's trust department. The Authority's deposits are insured by the Federal Depository Insurance Corporation up to \$250,000. Deposits greater than the insurance coverage are secured by qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Authority pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Florida Security for Public Deposits Act, under Chapter 280, Florida Statutes, before any deposits are made with those institutions. As of June 30, 2020, none of the Authority's total bank balance of \$13,238,498 was exposed to custodial credit risk.

Restricted cash and cash equivalents

As of June 30, 2020, The Authority's restricted cash and cash equivalents consist of:

HAP reserves	\$ 173,936
Mainstream cash	39,136
CARES Act funds	176,188
Hope VI endowment fund	697,705
Hope VI program income earned	1,492,221
Modernization and development	1,774,911
Family self sufficiency escrows - current	-
Tenant security deposits	140,487
Subtotal current	<u>4,494,584</u>
Family self sufficiency escrows - noncurrent	189,982
	<u>\$ 4,684,566</u>

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 2: Deposits (Continued)

The discretely presented component unit's restricted cash and cash equivalents consists of the following:

Replacement reserves	\$	62,970
Real estate and tax escrows		347,304
Operating deficit reserves		1,502,956
Other reserves		556,366
Tenant security deposits		145,659
Total restricted cash	\$	<u>2,615,255</u>

NOTE 3: Receivables, net

As of June 30, 2020, receivables, net consist of:

	<u>Total</u>	<u>Allowance</u>	<u>Net</u>
Due from other governments	\$ 215,728	\$ (211,734)	\$ 3,994
Fraud recovery receivable	19,750	(10,424)	9,326
Tenant accounts receivable	209,880	(51,624)	158,256
Accounts receivable - FEMA	52,593	0	52,593
Miscellaneous receivables	238,022	0	238,022
	<u>\$ 735,973</u>	<u>\$ (273,782)</u>	<u>\$ 462,191</u>

Due from other governments consists primarily of unreimbursed costs due from the City for administrative expenses related to the Neighborhood Stabilization Program grant. Due to delay of collection, the Authority has booked a full allowance of \$211,734. Allowance for doubtful accounts for tenant receivables is estimated by management based on prior experience and the nature of the receivable at the end of the year. All other receivables are determined by management to be 100% collectible based on prior experience and the nature of the specific accounts.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 4: Notes receivable

As provided by mixed finance agreements, notes receivable consists of construction loans made to the Discrete Component Units ("Partnerships") through Hope VI funding from HUD (See Note 1 Page 12). The loans bear interest rates equal to the Applicable Federal Rate at the time of closing. For Halifax, the loan bears interest at 5.21% and matures in September 2061. For Lakeside, the loan bears interest at 4.90% and matures in November 2061. For Pine Haven, the loan bears interest at 4.81% and matures in April 2062. As of June 30, 2020, notes receivable consists of the following:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020
Villages at Halifax Housing, Ltd., LLLP				
Principal	\$ 3,647,967	\$ 190,059	\$ -	\$ 3,838,026
Interest	142,153	197,466	(190,059)	149,560
Subtotal	3,790,120	387,525	(190,059)	3,987,586
Lakeside Village Housing, Ltd., LLLP				
Principal	6,677,760	327,168	-	7,004,928
Interest	190,026	336,480	(327,168)	199,338
Subtotal	6,867,786	663,648	(327,168)	7,204,266
Pine Haven Housing, Ltd., LLLP				
Principal	14,606,034	702,550	-	15,308,584
Interest	408,057	722,178	(702,550)	427,685
Subtotal	15,014,091	1,424,728	(702,550)	15,736,269
Total interest and notes receivable	\$ 25,671,997	\$ 2,475,901	\$ (1,219,777)	\$ 26,928,121
<u>Reconciliation to the above:</u>				
Accrued interest receivable on the above - current				\$ 776,583
Notes receivable from related parties - noncurrent				26,151,538
				\$ 26,928,121
<u>Reconciliation to the Statement of Net Position:</u>				
Accrued interest receivable on the above - current				\$ 776,583
Misc interest receivable - current				-
Accrued Interest Receivable on the Statement of Net Position				\$ 776,583

As provided by the mortgage note agreements, interest accrued on each of these loans is due annually. If the interest is not paid when due, it is capitalized into the loan. All payments are considered program income when collected. The additions to principal consist of interest capitalized into the notes in the amount of \$1,219,777. Upon collection, the cash is deemed restricted, therefore the equity associated with the note and interest receivables are presented within restricted net position (see Note 1 Page 20). The notes are secured by an open-end leasehold mortgage and assignment of rents.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 5: Capital Assets, Net

The capital assets (at cost) of the Housing Authority of the City of Daytona Beach, Florida at June 30, 2020 consisted of the following:

	Balance at July 1, 2019	Additions	Deletions	Transfers & Reclass- ifications	Balance at June 30, 2020
Nondepreciable Capital Assets:					
Land	\$ 4,744,545	\$ -	\$ -	\$ -	\$ 4,744,545
	<u>4,744,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,744,545</u>
Depreciable Capital Assets:					
Buildings and improvements	37,770,291	194,292	-	(39,222)	37,925,361
Equipment - dwelling	270,111	1,783	(4,200)	36,442	304,136
Equipment - administrative	1,456,660	193,546	(4,438)	-	1,645,768
Land improvements	7,484,842	-	-	-	7,484,842
	<u>46,981,904</u>	<u>389,621</u>	<u>(8,638)</u>	<u>(2,780)</u>	<u>47,360,107</u>
Total Capital Assets	51,726,449	389,621	(8,638)	(2,780)	52,104,652
Accumulated Depreciation:					
Buildings and improvements	(27,670,588)	(1,155,205)	-	(1)	(28,825,794)
Equipment	(1,438,769)	(78,242)	8,638	-	(1,508,373)
Land improvements	(5,774,329)	(314,142)	-	-	(6,088,471)
Accumulated Depreciation	(34,883,686)	(1,547,589)	8,638	(1)	(36,422,638)
Total Capital Assets, net	\$ 16,842,763	\$ (1,157,968)	\$ -	\$ (2,781)	\$ 15,682,014

A summary of Capital Assets for the discretely presented component units at December 31, 2019 is as follows:

	Balance at Jan 1, 2019	Additions	Deletions	Transfers & Reclass- ifications	Balance at Dec 31, 2020
Nondepreciable Capital Assets:					
Land	\$ 988,325	\$ -	\$ -	\$ -	\$ 988,325
	<u>988,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>988,325</u>
Depreciable Capital Assets:					
Buildings and improvements	48,306,802	-	-	-	48,306,802
Furniture and equipment	320,845	-	-	-	320,845
Land improvements	6,132,658	-	-	-	6,132,658
	<u>54,760,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,760,305</u>
Total Capital Assets	55,748,630	-	-	-	55,748,630
Accumulated Depreciation	(13,751,354)	(1,594,471)	-	-	(15,345,825)
Total Capital Assets, net	\$ 41,997,276	\$ (1,594,471)	\$ -	\$ -	\$ 40,402,805

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 6: Other Assets

Other assets of \$399,571 for the discrete component units are composed of tax credit monitoring fees of \$374,571 (net of accumulated amortization of \$424,295) and other miscellaneous assets of \$25,000. Tax credit monitoring fees are costs related to obtaining low-income housing tax credits and are being amortized over the 15-year mandatory compliance period.

NOTE 7: Other Current Liabilities

As of June 30, 2020, other current liabilities consist of the following:

Payment in lieu of taxes	\$	81,951
Accrued salaries		46,887
Other accruals		<u>171,795</u>
Total other current liabilities	\$	<u><u>300,633</u></u>

NOTE 8: Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the Authority is as follows:

	Payable at July 1, 2019	Additions	Reductions	Payable at June 30, 2020	Due Within One Year	Non-Current Portion
Compensated absences	\$ 119,094	\$ 144,345	\$ (151,660)	\$ 111,779	\$ 70,971	\$ 40,808
FSS escrow	202,978	-	(12,996)	189,982	-	189,982
	<u>\$ 322,072</u>	<u>\$ 144,345</u>	<u>\$ (164,656)</u>	<u>\$ 301,761</u>	<u>\$ 70,971</u>	<u>\$ 230,790</u>

A summary of noncurrent liabilities for the Discrete Component Units (as of December 31, 2019) are as follows:

	Lakeside	Pine Haven	Halifax	Halifax II	Total
HOPE VI Mortgage	\$ 4,260,000	\$ 8,890,000	\$ 2,165,000	\$ -	\$15,315,000
HOPE VI Accrued Interest	2,765,426	6,466,781	1,720,062	-	10,952,269
Total HOPE VI (Due to the Authority)	7,025,426	15,356,781	3,885,062	-	26,267,269 *
Mortgage Payable	1,261,512	1,833,397	708,650	1,408,726	5,212,285
Less Current Portion	(45,123)	(45,453)	(29,721)	(14,962)	(135,259)
Long Term Portion	<u>\$ 8,241,815</u>	<u>\$17,144,725</u>	<u>\$ 4,563,991</u>	<u>\$ 1,393,764</u>	<u>\$31,344,295</u>
Mortgage Accrued Interest	<u>\$ 7,857</u>	<u>\$ 11,650</u>	<u>\$ 4,482</u>	<u>\$ -</u>	<u>\$ 23,989</u>

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Notes to Financial Statements

June 30, 2020

NOTE 8: Noncurrent Liabilities (Continued)

* Due to the Authority (see Note 4). Amounts for the HOPE VI mortgage and accrued interest as shown above will not agree to the Authority amounts. As the interest is compounded, the Authority adds the interest to the principal (while the Discrete Component Units track the interest accrual separately). Also, the amounts will differ due to the different fiscal periods.

The details for the above discrete component unit non-current liabilities are as follows:

Lakeside Village Housing, Ltd., LLLP ("Lakeside")

- **HOPE VI Mortgage and Accrued Interest** - The partnership has a loan with the Housing Authority of the City of Daytona Beach, Florida ("DBHA"), an affiliate of the General Partner, in the amount of \$4,260,000. Proceeds of the loan were financed by a HUD HOPE VI Implementation Grant to DBHA and are required to be used solely for costs incurred in connection with the construction and development of the project. The loan is secured by an open-end leasehold mortgage and assignment of rents. The terms of the loan provide for interest accrual at the highest long-term applicable federal rate in effect based on the outstanding balance of the loan at such date. The interest rate is 4.90 percent. Interest only is payable annually on December 1 to the extent of Net Cash Flow, as defined. The loan matures November 15, 2061 at which time all unpaid interest and principal shall be due and payable in full. For the year ended December 31, 2019, the partnership incurred interest of \$326,994 and \$2,765,426 remains payable. The principal balance outstanding at December 31, 2019 is \$4,260,000.
- **Mortgage Payable** - The partnership had a construction loan with PNC Bank, National Association, an affiliate of the Limited Partners, in an amount not to exceed \$1,700,000. After certain conversion conditions were met, the construction loan converted to a permanent loan on December 15, 2008. During conversion the loan was extended for a term of 15 years and the interest rate is fixed at 6.96 percent, as defined. Monthly payments of principal and interest in the amount of \$9,204 are required beginning February 1, 2009, with a final maturity date of January 1, 2024. Payments are based on a 35-year amortization schedule. During the year ended December 31, 2019, the partnership incurred interest of \$105,784, including amortization of debt issuance costs of \$12,719, on the permanent loan. The principal balance outstanding on the permanent loan as of December 31, 2019 is \$1,261,512 (\$1,310,896 principal less unamortized debt issuance costs of \$49,384). The current portion is \$45,123. The loan is secured by a mortgage security agreement and the partnership's assignments of leases and rents.

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Notes to Financial Statements

June 30, 2020

NOTE 8: Noncurrent Liabilities (Continued)

Pine Haven Housing, Ltd., LLLP ("Pine Haven")

- **HOPE VI Mortgage and Accrued Interest** - The partnership has a loan with the Housing Authority of the City of Daytona Beach, Florida ("DBHA"), an affiliate of the General Partner, in the amount of \$8,890,000. Proceeds of the loan were financed by a HUD HOPE VI Implementation Grant to DBHA and are required to be used solely for costs incurred in connection with the construction and development of the project. The loan is secured by an open-end leasehold mortgage and assignment of rents. The terms of the loan provide for interest accrual at the highest long-term applicable federal rate in effect based on the outstanding balance of the loan at such date. The interest rate is 4.81%. Interest only is payable annually on December 1 to the extent of Net Cash Flow, as defined. The loan matures April 19, 2062 at which time all unpaid interest and principal shall be due and payable in full. During the year ended December 31, 2019, the partnership incurred interest of \$702,140. As of December 31, 2019, accrued interest of \$6,466,781 remains payable. The principal balance outstanding at December 31, 2019 is \$8,890,000.
- **Mortgage Payable** - The partnership had a construction loan with PNC Bank, National Association in an amount not to exceed \$2,271,000. The terms of the loan provide for monthly payments of interest only payable in arrears at a rate per annum equal to the Prime Rate plus one-quarter of one percent. After certain conversion conditions were met, the construction loan converted to a permanent loan. Conversion occurred on August 19, 2009 at which time the permanent loan amount was reduced to \$2,202,000. The loan was extended for a term of 15 years with a final maturity of May 1, 2024 and the interest rate is a fixed rate of 7.07 percent, as defined. Monthly payments of principal and interest in the amount of \$14,754 are required. Payments are based on a 30-year amortization schedule. During the year ended December 31, 2019, the partnership incurred interest of \$157,107 (including amortization of debt issuance costs of \$18,675), of which \$11,650 is payable at December 31 2019. The principal balance outstanding on the permanent loan as of December 31, 2019 is \$1,833,397 (\$1,913,548 principal less unamortized debt issuance costs of \$80,151). The current portion is \$45,453.

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Notes to Financial Statements

June 30, 2020

NOTE 8: Noncurrent Liabilities (Continued)

Villages at Halifax Housing, Ltd., LLLP (“Halifax”)

- **HOPE VI Mortgage and Accrued Interest** - The partnership has a loan with the Housing Authority of the City of Daytona Beach ("DBHA"), an affiliate of the General Partner, in an amount of \$2,165,000. Proceeds of the loan were financed by a HUD HOPE VI Implementation Grant to DBHA and are required to be used solely for costs incurred in connection with the construction and development of the project. The terms of the HOPE VI loan provide for interest accrual at the highest long-term applicable federal rate in effect based on the outstanding balance of the loan at such date. Based upon the terms of the agreement the interest rate is 5.21%. The loan matures on September 28, 2061 at which time all unpaid interest and principal shall be due and payable in full. For the year ended December 31, 2019, the partnership incurred interest costs of \$192,362, all of which was expensed and \$1,720,062 remains payable. The principal balance outstanding at December 31, 2019 is \$2,165,000.
- **Mortgage Payable** - The partnership had a construction loan note with PNC Bank, National Association, an affiliate of the Limited Partners, in amounts not to exceed \$950,000. After certain conversion conditions were met, the construction loan converted to a permanent loan. Conversion occurred on May 31, 2008. The loan was extended for a term of 15 years to May 31, 2023 and the interest rate is a fixed rate of 6.88 percent, as defined. Monthly payments of principal and interest in the amount of \$6,244 are required. Payments are based upon a 30-year amortization schedule. During the year ended December 31, 2019, the partnership incurred interest costs on the permanent loan of \$62,650, including amortization of debt issuance costs of \$9,318. As of December 31, 2019, \$4,482 remains payable. The principal balance outstanding on the permanent loan as of December 31, 2019 is \$708,650 (\$756,475 principal less unamortized debt issuance costs of \$47,825). The current portion is \$29,721. The permanent loan is secured by a mortgage security agreement.

Villages at Halifax II LP (“Halifax II”)

- **Mortgage Payable** - The Partnership has a mortgage with First Housing Development Corporation of Florida, in an original amount of \$3,200,000 which was to be used during the construction of the project. During the period ended December 31, 2018, \$1,700,000 of the loan was repaid and the remaining \$1,500,000 converted to a permanent loan. The terms of the loan provide for monthly payments of principal and interest in the amount of \$8,055. The first mortgage loan will mature on February 17, 2033. Interest expense for the year ended December 31, 2019 was \$85,842, including amortization of debt issuance of \$4,665. The principal balance outstanding on the loan as of December 31, 2019 is \$1,408,726 (\$1,467,490 principal less unamortized debt issuance costs of \$58,764). The current portion is \$14,962. The permanent loan is secured by a mortgage security agreement.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 9: Schedule of Changes in Net Position

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
Balance, beginning of year	\$ 16,842,763	\$ 29,860,093	\$ 8,106,650	\$ 54,809,506
Decrease in net position	-	-	601,691	601,691
Changes in restricted net position	-	1,225,447	(1,225,447)	-
Changes in net investment in capital assets	(1,160,749)	-	1,160,749	-
Balance, end of year	<u>\$ 15,682,014</u>	<u>\$ 31,085,540</u>	<u>\$ 8,643,643</u>	<u>\$ 55,411,197</u>

NOTE 10: Pension Plan

The Authority provides pension benefits for all of its full time regular employees through a defined contribution plan, which is administered by Mutual of America. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees hired before July 1, 2007 were eligible for the plan after completion of six months of service and employees hired on or after that date and 21 years or older are eligible after completion of one year of service. The plan requires that the employee contribute between 5.5% and 10% of their annual salary. The employer will contribute 7.5% of the employee's base salary each month for employees hired before July 1, 2007 and 5.5% if hired on or after that date. Employer contributions are fully vested after five years of services. Pension expense for the year ended June 30, 2020 was \$52,440.

NOTE 11: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of the Authority's risk management program, the Authority participates in a risk retention group to cover designated exposures and potential loss situations. The group is not retrospectively rated and the Authority is not directly liable for any other participants' claims if the group becomes insolvent. There were no significant reductions of insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 12: Commitments and Contingencies

a. Legal

In the normal course of operations, the Authority may be party to various pending or threatened legal actions. As of the date of this report, management is not aware of legal matters that would have a materially adverse effect on the Authority's financial position.

b. Grants and contracts

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such examinations.

In accordance with HUD regulations, the amount of current year program subsidy received in excess of associated qualifying expenses of the Housing Choice Voucher program is presented as net program income or loss with the cumulative excess funding being reflected in restricted net position in the basic financial statements. As of June 30, 2020, the Authority had unspent cumulative excess funding of \$173,936 which is presented as restricted net position.

c. Funds awarded

The Authority receives funding from HUD through the Public Housing Capital Fund Programs to help subsidize the cost of project repairs, improvements, certain operating costs and loans to tax credit projects. Unspent awarded amounts as of June 30, 2020 amounted to \$3,364,982 for the Capital Fund Program and \$629,133 for the Replacement Housing Program.

NOTE 13: Concentrations

For the year ended June 30, 2020, approximately 81% of revenues and 22% of receivables reflected in the basic financial statements are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. In addition, any excess reserves may reduce future funding levels and possibly be subject to recapture.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 14: Financial Data Schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as nonoperating such as depreciation expense and housing assistance payments. In addition, the schedule's format includes nonoperating items such as investment revenue, HUD capital grants revenue, interest expense, and gains and losses on the disposal of fixed assets. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

NOTE 15: Leasing Activities

a. Public Housing

The Authority is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue. Primarily all of the capital assets of the Authority are for these leasing activities except for certain administrative offices and equipment.

b. Office space

The Authority is a lessor of a significant amount of office space in their administration buildings. The Authority receives rent from commercial tenants, a blended component unit and the HCV program in the amounts of \$69,422, \$7,560 and \$30,552, respectively. The rent received from the blended component unit and the HCV program is eliminated for financial statement purposes (see Note 1 Page 19).

c. Ground lease

a. Halifax

On September 28, 2006, the Authority entered into an amended and restated ground lease agreement whereby the Authority is the Landlord and the Villages at Halifax Housing Ltd., LLLP is the tenant. The lease is associated with the redevelopment of the Authority's site formerly known as Halifax Park, and is for a duration of 65 years, for one dollar a year, which commenced on March 24, 2004.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 15: Leasing Activities (Continued)

c. Ground lease (Continued)

b. Lakeside

On November 15, 2006, the Authority entered into an amended and restated ground lease agreement whereby the Authority is the Landlord and Lakeside Village Housing Ltd., LLLP is the tenant. The lease is associated with the redevelopment of the Authority's site formerly known as Martin Luther King, Jr. Apartments and the surrounding area, and is for a duration of 65 years, for one dollar a year, which commenced on March 24, 2004.

c. Pine Haven

On April 19, 2007, the Authority entered into an amended and restated ground lease agreement whereby the Authority is the Landlord and Pine Haven Housing Ltd., LLLP is the tenant. The lease is associated with the redevelopment of the Authority's site formerly known as Bethune Village and the surrounding area, and is for a duration of 65 years, for one dollar a year, which commenced on March 24, 2004.

NOTE 16: Infrastructure agreements

The Authority has entered into an agreement with the City of Daytona Beach, Florida (the "City") to improve the final plat of each of the projects associated with the Partnerships (see Note 1 Page 12). As stipulated in the agreement, all capital contributions from the City in the amounts of \$284,590 for Halifax, \$600,000 for Lakeside, and \$1,000,000 for Pine Haven have been received by the Authority. The unspent and available cash balance of \$58,055 has been designated by HUD for modernization and development, and is included in restricted net position of the Authority as of June 30, 2020.

NOTE 17: Partnership activity

During this fiscal year, the Authority and the Partnerships engaged in several transactions that are reflected in these basic financial statements. For the year ended June 30, 2020, the Authority recognized \$1,256,123 of interest income on the mortgage note from the Partnerships, of which \$1,219,777 was capitalized into the principal balance of the notes (See Note 4). At June 30, 2020, the Authority's receivables from the Partnerships are \$26,151,538 for the construction loan and \$776,583 for interest.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 18: Subsequent events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 19, 2021 and concluded that nothing occurred subsequent to the balance sheet date that would require disclosure in the Notes to the Financial Statements, except for the following:

- In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The pandemic impacts the Authority's operations. These impacts include disruptions or restrictions on employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions impacted include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.
- In 2018, the Authority successfully applied for HUD's Rental Assistance Demonstration (RAD) to convert all public housing units, with the exception of the public housing units embedded in the tax credit property. HUD recognizes two AMPs, one is known as the Maley/Windsor, the other is Caroline Village, which represents the family properties.

The Authority was authorized to receive a \$20,000,000 bond allocation in the capacity of a conduit bond issuer. The allocation was returned to the state in November in order to provide additional engagement for the board with the Bond Attorney. A new allocation will be applied for in 2021 for the Windsor Maley. The developer is suggesting that the bond allocation for the family projects be applied for directly with the State of Florida.

RAD activity includes substantial rehabilitation of 625 public housing units and an estimated 55 new construction units. The units will be managed by a third party. A Master Development Agreement was executed with BGC Advantage, after procurement was completed in accordance with HUD regulations. The agreement represents a 50/50 arrangement. The HACDB instrumentality represents the non-profit in the structure. Applications for tax credits as well as private loan funds will be considered as a financing plan is completed.

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Notes to Financial Statements

June 30, 2020

NOTE 19: Condensed blended component unit information

Condensed component unit information for the Authority's blended component units as listed in Note 1 (Page 11) is presented below. Four of the blended component units had no activity as of June 30, 2020.

	<u>Statement of Net Position</u>					
	Daytona Beach Housing Development Corporation	Lakeside Village Partners, Inc.	Villages at Halifax Partners, Inc.	Pine Haven Partners, Inc.	Villages at Halifax Partners II, LLC	Total Blended Component Units
Assets						
Current assets	\$ 1,997,597	\$ 103,832	\$ 64,440	\$ 137,764	\$ 22,778	\$ 2,326,411
Capital assets, net	2,758	-	-	-	-	2,758
Total assets	<u>\$ 2,000,355</u>	<u>\$ 103,832</u>	<u>\$ 64,440</u>	<u>\$ 137,764</u>	<u>\$ 22,778</u>	<u>\$ 2,329,169</u>
Liabilities						
Current liabilities	\$ 580,294	\$ 59,287	\$ 46,186	\$ 106,513	\$ -	\$ 792,280
Noncurrent liabilities	-	-	-	-	-	-
Total liabilities	<u>580,294</u>	<u>59,287</u>	<u>46,186</u>	<u>106,513</u>	<u>-</u>	<u>792,280</u>
Net position						
Net investment in capital assets	2,758	-	-	-	-	2,758
Restricted	1,995,167	59,147	19,755	93,079	22,778	2,189,926
Unrestricted	(577,864)	(14,602)	(1,501)	(61,828)	-	(655,795)
Total net position	<u>1,420,061</u>	<u>44,545</u>	<u>18,254</u>	<u>31,251</u>	<u>22,778</u>	<u>1,536,889</u>
Total liabilities and net position	<u>\$ 2,000,355</u>	<u>\$ 103,832</u>	<u>\$ 64,440</u>	<u>\$ 137,764</u>	<u>\$ 22,778</u>	<u>\$ 2,329,169</u>

	<u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u>					
	Daytona Beach Housing Development Corporation	Lakeside Village Partners, Inc.	Villages at Halifax Partners, Inc.	Pine Haven Partners, Inc.	Villages at Halifax Partners II, LLC	Total Blended Component Units
Operating revenues:						
Management fees	\$ 63,544	\$ -	\$ -	\$ -	\$ -	\$ 63,544
Other operating expenses	-	-	-	-	-	-
Total operating revenues	<u>63,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,544</u>
Operating expenses:						
Administrative	209,345	750	750	750	10	211,605
Utilities	7,232	-	-	-	-	7,232
Maintenance	17,794	-	-	-	-	17,794
General	17,265	-	-	-	-	17,265
Depreciation	896	-	-	-	-	896
Total operating expenses	<u>252,532</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>10</u>	<u>254,792</u>
Operating income (loss)	<u>(188,988)</u>	<u>(750)</u>	<u>(750)</u>	<u>(750)</u>	<u>(10)</u>	<u>(191,248)</u>
Nonoperating revenues and (expenses)						
Interest income - restricted	2,986	-	-	-	-	2,986
Change in net position	<u>(186,002)</u>	<u>(750)</u>	<u>(750)</u>	<u>(750)</u>	<u>(10)</u>	<u>(188,262)</u>
Beginning net position (restated)	<u>1,606,063</u>	<u>45,295</u>	<u>19,004</u>	<u>32,001</u>	<u>22,788</u>	<u>1,725,151</u>
Ending net position	<u>\$ 1,420,061</u>	<u>\$ 44,545</u>	<u>\$ 18,254</u>	<u>\$ 31,251</u>	<u>\$ 22,778</u>	<u>\$ 1,536,889</u>

	<u>Condensed Statement of Cash Flows</u>					
	Daytona Beach Housing Development Corporation	Lakeside Village Partners, Inc.	Villages at Halifax Partners, Inc.	Pine Haven Partners, Inc.	Villages at Halifax Partners II, LLC	Total Blended Component Units
Net cash used in:						
Operating activities	\$ (247,372)	\$ 1	\$ 1	\$ 53,017	\$ (12)	\$ (194,365)
Net increase (decrease) in cash	(247,372)	1	1	53,017	(12)	(194,365)
Beginning cash	<u>2,242,539</u>	<u>59,146</u>	<u>19,754</u>	<u>40,062</u>	<u>22,790</u>	<u>2,384,291</u>
Ending cash	<u>\$ 1,995,167</u>	<u>\$ 59,147</u>	<u>\$ 19,755</u>	<u>\$ 93,079</u>	<u>\$ 22,778</u>	<u>\$ 2,189,926</u>

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
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Notes to Financial Statements

June 30, 2020

NOTE 20: Financial Statement Information – Discrete Component Units

The combining state of net position for the discretely presented component units as of December 31, 2019 is as follows:

	Lakeside Village Housing, Ltd., LLLP	Pine Haven Housing, Ltd., LLLP	Villages at Halifax, Ltd., LLLP	Villages at Halifax II LP	Total
ASSETS AND DEFERED OUTFLOW OF RESOURCES					
Current Assets:					
Cash	\$ 17,947	\$ 201,851	\$ 8,758	\$ 341,115	\$ 569,671
Restricted Reserves	855,560	661,654	423,251	529,131	2,469,596
Tenant Security Deposits	33,527	46,976	23,300	41,856	145,659
Miscellaneous Receivable	-	224	-	-	224
Tenant Receivables	8,449	6,651	6,299	5,385	26,784
Prepaid Expense	<u>8,480</u>	<u>3,123</u>	<u>1,635</u>	<u>1,837</u>	<u>15,075</u>
Total Current Assets	923,963	920,479	463,243	919,324	3,227,009
Fixed Assets:					
Land	-	-	-	988,325	988,325
Building/Improvements	12,707,182	16,916,598	7,596,433	11,086,589	48,306,802
Furniture/Equipment	-	-	-	320,845	320,845
Land Improvements	1,728,270	2,104,851	1,687,098	612,439	6,132,658
Accumulated Depreciation	<u>(4,883,026)</u>	<u>(6,015,791)</u>	<u>(3,393,759)</u>	<u>(1,053,249)</u>	<u>(15,345,825)</u>
Net Fixed Assets	9,552,426	13,005,658	5,889,772	11,954,949	40,402,805
Other Assets:					
Other Assets	8,584	2,389	13,059	968	25,000
Tax Credit Monitoring	<u>34,387</u>	<u>44,359</u>	<u>23,105</u>	<u>272,720</u>	<u>374,571</u>
Total Other Assets	<u>42,971</u>	<u>46,748</u>	<u>36,164</u>	<u>273,688</u>	<u>399,571</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 10,519,360</u>	<u>\$ 13,972,885</u>	<u>\$ 6,389,179</u>	<u>\$ 13,147,961</u>	<u>\$ 44,029,385</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities:					
Accounts Payable	\$ 20,251	\$ 19,432	\$ 17,662	\$ 8,369	\$ 65,714
Property Management Fee	5,858	7,696	3,050	2,531	19,135
Due to Related Parties	-	-	-	48,704	48,704
Accrued Interest Payable	7,857	11,650	4,482	-	23,989
Tenant Security Deposits	33,527	46,976	23,300	41,856	145,659
Unearned Revenue	6,404	19,570	3,805	9,052	38,831
Current Portion Long Term Debt	45,123	45,453	29,721	14,962	135,259
Accrued Expenses	<u>38,908</u>	<u>110,051</u>	<u>120,340</u>	<u>1,661</u>	<u>270,960</u>
Total Current Liabilities	<u>157,928</u>	<u>260,828</u>	<u>202,360</u>	<u>127,135</u>	<u>748,251</u>
Noncurrent Liabilities:					
Mortgage Payable	5,476,389	10,677,944	2,843,929	1,393,764	20,392,026
Accrued Interest HOPE VI	2,765,426	6,466,781	1,720,062	-	10,952,269
Deferred Revenue - Long Term	-	-	-	67,344	67,344
Total Noncurrent Liabilities	<u>8,241,815</u>	<u>17,144,725</u>	<u>4,563,991</u>	<u>1,461,108</u>	<u>31,411,639</u>
Total Liabilities	<u>8,399,743</u>	<u>17,405,553</u>	<u>4,766,351</u>	<u>1,588,243</u>	<u>32,159,890</u>
Net Position:					
Net Investment In Capital Assets	4,030,914	2,282,261	3,016,122	10,546,223	19,875,520
Restricted Net Position	855,560	661,654	423,251	529,131	2,469,596
Unrestricted Net Position	<u>(2,766,857)</u>	<u>(6,376,583)</u>	<u>(1,816,545)</u>	<u>484,364</u>	<u>(10,475,621)</u>
Total Net Position	<u>2,119,617</u>	<u>(3,432,668)</u>	<u>1,622,828</u>	<u>11,559,718</u>	<u>11,869,495</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 10,519,360</u>	<u>\$ 13,972,885</u>	<u>\$ 6,389,179</u>	<u>\$ 13,147,961</u>	<u>\$ 44,029,385</u>

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Notes to Financial Statements

June 30, 2020

NOTE 20: Financial Statement Information – Discrete Component Units (Continued)

The combining statement of revenue, expenses and changes in fund net position for the discretely presented component units for the year ended December 31, 2019 is as follows:

	Lakeside Village Housing, Ltd., LLLP	Pine Haven Housing, Ltd., LLLP	Villages at Halifax, Ltd., LLLP	Villages at Halifax II LP	Total
Operating Revenues:					
Tenant Rental Revenue (Net)	\$ 829,705	\$ 1,166,625	\$ 478,923	\$ 616,745	\$ 3,091,998
Other Operating Revenues	<u>38,448</u>	<u>34,277</u>	<u>13,936</u>	<u>13,022</u>	<u>99,683</u>
Total Operating Revenues	868,153	1,200,902	492,859	629,767	3,191,681
Operating Expenses:					
Administration	195,931	252,877	138,540	160,395	747,743
Utilities	237,004	215,008	79,197	102,430	633,639
Ordinary Maintenance	288,382	271,660	157,590	95,827	813,459
General Expenses	130,696	142,094	57,781	103,434	434,005
Depreciation	406,398	531,199	275,725	381,149	1,594,471
Amortization	<u>11,460</u>	<u>11,570</u>	<u>8,402</u>	<u>21,825</u>	<u>53,257</u>
Total Operating Expenses	<u>1,269,871</u>	<u>1,424,408</u>	<u>717,235</u>	<u>865,060</u>	<u>4,276,574</u>
Operating Loss	<u>(401,718)</u>	<u>(223,506)</u>	<u>(224,376)</u>	<u>(235,293)</u>	<u>(1,084,893)</u>
Nonoperating Revenue (Expenses):					
Interest income	4,213	2,849	3,368	9	10,439
Interest Expense	<u>(432,778)</u>	<u>(859,247)</u>	<u>(255,012)</u>	<u>(85,842)</u>	<u>(1,632,879)</u>
Total Nonoperating Revenue (Expenses)	<u>(428,565)</u>	<u>(856,398)</u>	<u>(251,644)</u>	<u>(85,833)</u>	<u>(1,622,440)</u>
Net Loss	(830,283)	(1,079,904)	(476,020)	(321,126)	(2,707,333)
Contributions (Distributions) from/to Partners:	-	-	-	(38,501)	(38,501)
Change in Net Position	(830,283)	(1,079,904)	(476,020)	(359,627)	(2,745,834)
Net Position, Beginning of Year	<u>2,949,900</u>	<u>(2,352,764)</u>	<u>2,098,848</u>	<u>11,919,345</u>	<u>14,615,329</u>
Net Position, End of Year	<u>\$ 2,119,617</u>	<u>\$ (3,432,668)</u>	<u>\$ 1,622,828</u>	<u>\$ 11,559,718</u>	<u>\$ 11,869,495</u>

Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Statement and Certification of Actual Capital Fund Program Costs - Completed

June 30, 2020

Annual Contributions Contract

1. The capital fund program costs are as follows:

	<u>FL29P007501-16</u>	<u>TOTAL</u>
Funds approved	\$ 865,973	\$ 865,973
Funds expended	865,973	865,973
Excess (deficiency) of funds approved	\$ -	\$ -
Funds advanced	\$ 865,973	\$ 865,973
Funds expended	865,973	865,973
Excess (deficiency) of funds advanced	\$ -	\$ -

2. Costs incurred during the current audit period

\$ 17,938 \$ 17,938

3. All costs have been paid and all related liabilities have been discharged through payment.

4. The Actual Modernization Cost Certificates, submitted to HUD, are in agreement with the Authority's records.

Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Statement of Capital Fund Program Costs - Uncompleted

June 30, 2020

Annual Contributions Contract

1. The capital fund (CFP) program costs are as follows:

	<u>FL29P00</u> <u>7501-17</u>	<u>FL29P00</u> <u>7501-18</u>	<u>FL29P00</u> <u>7501-19</u>	<u>FL29P00</u> <u>7501-20</u>	<u>FL29R00</u> <u>7502-14</u>	<u>FL29R00</u> <u>7502-15</u>	<u>FL29R00</u> <u>7502-16</u>	<u>TOTAL</u>
Funds approved	\$ 916,947	\$ 1,418,563	\$ 1,592,073	\$ 1,536,290	\$ 418,629	\$ 452,910	\$ 136,816	\$ 6,472,228
Funds expended	<u>903,940</u>	<u>876,537</u>	<u>318,414</u>	<u>-</u>	<u>379,222</u>	<u>-</u>	<u>-</u>	<u>2,478,113</u>
Excess (deficiency) of funds approved	<u>\$ 13,007</u>	<u>\$ 542,026</u>	<u>\$ 1,273,659</u>	<u>\$ 1,536,290</u>	<u>\$ 39,407</u>	<u>\$ 452,910</u>	<u>\$ 136,816</u>	<u>\$ 3,994,115</u>
Funds advanced	\$ 892,984	\$ 620,430	\$ 318,414	\$ -	\$ 379,222	\$ -	\$ -	\$ 2,211,050
Funds expended	<u>903,940</u>	<u>876,537</u>	<u>318,414</u>	<u>-</u>	<u>379,222</u>	<u>-</u>	<u>-</u>	<u>2,478,113</u>
Excess (deficiency) of funds advanced	<u>\$ (10,956)</u>	<u>\$ (256,107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (267,063)</u>
2. Costs incurred during the current audit period	<u>\$ 424,277</u>	<u>\$ 876,537</u>	<u>\$ 318,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,619,228</u>

See auditor's report.

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

Board of Commissioners
Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

We have audited, in accordance with the 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 business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Daytona Beach, Florida ("Authority") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 19, 2021

Our report includes a reference to other auditors who audited the financial statements of "Lakeside Village Housing, Ltd.", "Pine Haven Housing, Ltd., LLLP", "Villages at Halifax Housing, Ltd., LLLP" and "Villages at Halifax II LP" (four discretely presented component units collectively referred to as the "Discrete Component Units"), as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Discrete Component Units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

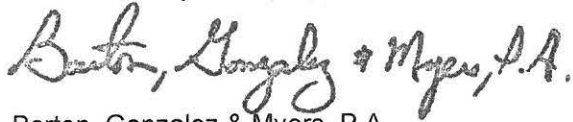
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Authority in a separate letter dated March 19, 2021.

Purpose of this Report

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



Barton, Gonzalez & Myers, P.A.
Certified Public Accountants
March 19, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Daytona Beach, Florida's (the "Authority")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Housing Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding the Housing Voucher Cluster (CFDA 14.871 Section 8 Housing Choice Vouchers and CFDA 14.879 Mainstream Vouchers), as described in finding number 2020-001 for Eligibility and 2020-002 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on Section 8 Housing Choice Vouchers Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Housing Voucher Cluster for the year ended June 30, 2020.

Other Matters

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

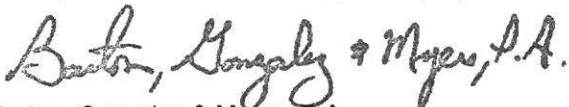
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be material weaknesses.

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

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Barton, Gonzalez & Myers, P.A.
Certified Public Accountants
March 19, 2021

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Schedule of Findings and Questioned Costs

June 30, 2020

Section I - Summary of Auditor's Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major program:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Type of report issued on the compliance for major programs:	
<u>Housing Voucher Cluster</u>	
14.871 Section 8 Housing Choice Vouchers	Qualified
14.879 Mainstream Vouchers	Qualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
Identification of major programs:	<u>Housing Voucher Cluster</u> 14.871 Section 8 Housing Choice Vouchers 14.879 Mainstream Vouchers
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Did the Authority qualify as a low-risk auditee?	No

Section II - Financial Statement Findings:

None.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Schedule of Findings and Questioned Costs

June 30, 2020

Section III - Federal Award Findings:

2020-001 Eligibility: Tenant Files

Section 8 Housing Voucher Cluster (Section 8):

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871

Mainstream Vouchers – CFDA Number 14.879

Material Weakness in Internal Control, Material Noncompliance

Repeat Finding from June 30, 2019 (Finding 2019-001 and originally reported in 2017 as Finding 2017-001)

Condition: Out of a total tenant population of approximately 1300 vouchers, 40 files were selected for testing, but stopped testing after 22 files after it was determined this would be a repeat finding. Exceptions were noted as follows:

- 1 tenant file had incomplete 214 affidavits.
- 7 tenant files had Form 9886 issues. 6 files had missing forms and 1 had a missing signature for the other adult.
- 9 tenant files had income errors. 4 files had missing support and 5 files had discrepancies between support and what was on the 50058 form.
- 3 tenant files had 50058 Form issues. 1 file had an incorrect bedroom size, 1 file had incorrect type coding, and 1 file had incorrect date of birth.
- 3 tenant files had utility allowance errors. 1 file had an incorrect amount and 2 files were missing the utility allowance sheet confirming amounts on Form 50058.
- 8 tenant files had HAP contract errors. 5 files were missing the landlord signature and 3 files did not have an updated HAP contract with the new landlord business name.
- 6 tenant files had lease agreement errors. 5 files were missing signed lease agreements and 1 file did not have an updated lease agreement with the new landlord business name.
- 1 tenant file had a missing EIV

In addition, we also noted as part of new admissions testing (10 files tested out of approximately 93 new admissions) the following:

- 6 tenant files did not have a copy of the signed HAP contract
- 4 tenant files where there was no evidence of criminal background checks being performed on the tenant prior to the tenant's admission into the Section 8 program.
- 1 tenant file where a criminal background check was performed, but the background check revealed a criminal history. There was no documentation in the file to determine if the applicant was eligible to be enrolled in the program due to the criminal history and as such the applicant may not have been eligible.
- 1 tenant file where the tenant was issued the wrong bedroom voucher size based on the family size of the tenant.

Criteria: 24 CFR 982.516 requires internal controls to be in place to ensure compliance with HUD requirements, as well as complete and accurate tenant files. In addition, the Authority's Administrative Plan also requires following proper procedures for determination of HAP and documentation in the tenant files.

Questioned Costs: None.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Schedule of Findings and Questioned Costs

June 30, 2020

2020-001 Eligibility: Tenant Files (Continued)

Effect: The Authority is not in compliance with all of the HUD requirements regarding eligibility and tenant recertification, which could result in incorrect total tenant payments for rent and HAP payments to landlords.

Cause: Procedures to ensure compliance with all of the HUD requirements were not being carefully followed.

Auditor's Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

Views of Responsible Officials of the Auditee: The Authority agrees with the finding and has taken corrective action. See the "Action Taken" on the Corrective Action Plan.

2020-002 Special Tests and Provisions: Waiting List

Section 8 Housing Voucher Cluster (Section 8):

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871

Mainstream Vouchers – CFDA Number 14.879

Material Weakness in Internal Control, Material Noncompliance

Condition: It appears the waiting list was not maintained properly. The local residency preference was implemented, but the Yardi software was not assigning applicants the local preference and as such applicants are not ranked properly on the waiting list and as such applicants may be selected out of order. This was a software issue that is being corrected.

Criteria: Applicants on the waiting list must be kept in the proper order based on application date and/or approved preferences. The Authority is required to admit tenants based on the waiting list in accordance with HUD requirements and the Authorities policies. The Authority must have written policies in its HCV administrative plan for selecting applicants from the waiting list and Authority documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. All proper documentation must be kept in the tenant file.

Questioned Costs: None.

Effect: The Authority is not in compliance with applicable HUD regulations and admission policies.

Cause: Procedures to ensure compliance with all of the HUD requirements were not being carefully followed.

Auditor's Recommendation: The Authority should review procedures and increase training to employees and reviewers to ensure that the Authority is in compliance with HUD rules for waiting list maintenance and have the software corrected to assure the local residency preference is included.

Views of Responsible Officials of the Auditee: The Authority agrees with the finding and has taken corrective action. See the "Action Taken" on the Corrective Action Plan.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Summary Schedule of Prior Year Findings

June 30, 2020

The prior audit report for the year ended June 30, 2019 contained the following finding:

Finding

No.

2019-001 Eligibility: Tenant Files

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871

Material Weakness in Internal Control, Material Noncompliance

Repeat Finding from June 30, 2018 and June 30, 2017 (Findings 2018-001 and 2017-001)

Condition: Out of a total tenant population of approximately 1300 vouchers, 40 files were selected for testing, but stopped testing after 20 files after it was determined this would be a repeat finding. Exceptions were noted as follows:

- 1 tenant files did not have Form 214 affidavit for dependents
- 3 tenant files had an incomplete 214 affidavit for dependents
- 1 tenant files had Form 9886 missing
- 1 tenant file missing application
- 1 tenant file missing income support
- 3 tenant files with utility allowance errors
- 1 tenant file with incorrect address on 50058
- 1 tenant file missing HAP contract
- 3 tenant files where there was no documentation of rent reasonableness being performed
- 5 tenant files missing annual inspection forms
- 1 tenant file missing lead base paint form
- 2 tenant files missing signed lease agreements
- 1 tenant file missing EIV form
- 1 tenant file where the voucher bedroom size was reported incorrectly on the Form 50058

In addition, we also noted as part of new admissions testing (21 files tested out of approximately 204 new admissions) the following:

- 5 tenant files where the HAP contract was missing
- 2 tenant files where the HAP contract was signed 3-6 months after the tenant's move-in date.
- 1 tenant file where the HAP contract was not signed by the Authority
- 2 tenant files where there was no documentation of rent reasonableness being performed
- 1 tenant with an incomplete 214 form.

Auditor's Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

Current Year Status: Not cleared – see Finding 2020-001.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Summary Schedule of Prior Year Findings

June 30, 2020

2019-002 Special Tests and Provisions: Housing Quality Standard (HQS) Failed Inspections

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871

Material Weakness in Internal Control, Material Noncompliance

Repeat Finding from June 30, 2018 (Finding 2018-002)

Condition: In testing 13 failed HQS inspections (out of a population of approximately 130), the following instances of noncompliance were noted:

- 1 tenant file noted where there was no support and no indication if the unit passed re-inspection.
- 2 tenant files where abatement of HAP payment was not done timely. 1 of the files had a life threatening deficiency that was not corrected within 24 hours.

Auditor's Recommendation: The Authority should assure failed HQS inspections are properly documented on the inspection report, and done within the required time frame or are properly abated. If the Authority doesn't perform the inspection within the required time frame and doesn't abate the HAP payment, the Authority should document the reason in order to determine if it was reasonable. Also, the Authority should assure that all critical repairs for life threatening deficiencies are completed within 24 hours.

Current Year Status: The finding has been corrected and will not be repeated.

2019-003 Special Tests and Provisions: New Admissions and Waiting List

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871

Material Weakness in Internal Control, Material Noncompliance

Condition: In testing 21 new admissions (out of a population of 204), we noted the following:

- 3 tenant files did not have any documentation of when the tenants were selected from the Section 8 waiting list to be issued a voucher. Therefore, we are unable to test whether or not the tenant was admitted properly to the Section 8 program.
- 2 tenant files where the criminal background checks were not performed on the tenant prior to the tenant's admission.
- 1 tenant file where the tenant was issued the wrong bedroom voucher size based on the family size of the tenant.
- 1 tenant file where the request of tenancy addendum was signed 1 month after the voucher expiration date.
- 2 tenant files where the tenant did not sign and date the request of tenancy addendum.
- 1 tenant file where either the initial passed inspection never occurred or the initial passed inspection forms have been misplaced.

Auditor's Recommendation: The Authority should review procedures and increase training to employees and reviewers to ensure that the Authority is in compliance with HUD rules for new admissions and waiting list maintenance. In addition, the Authority should implement a review procedure to make sure that all tenants are admitted in the proper order with proper supporting documentation.

Current Year Status: Not cleared – see Finding 2020-001.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Corrective Action Plan

June 30, 2020

The following is the corrective action planned by the Authority regarding the current finding:

Finding

No.

2020-001 Eligibility: Tenant Files

Section 8 Housing Voucher Cluster (Section 8):

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871

Mainstream Vouchers – CFDA Number 14.879

Material Weakness in Internal Control, Material Noncompliance

Repeat Finding from June 30, 2019 (Finding 2019-001 and originally reported in 2017 as Finding 2017-001)

Condition: Out of a total tenant population of approximately 1300 vouchers, 40 files were selected for testing, but stopped testing after 22 files after it was determined this would be a repeat finding. Exceptions were noted as follows:

- 1 tenant file had incomplete 214 affidavits.
- 7 tenant files had Form 9886 issues. 6 files had missing forms and 1 had a missing signature for the other adult.
- 9 tenant files had income errors. 4 files had missing support and 5 files had discrepancies between support and what was on the 50058 form.
- 3 tenant files had 50058 Form issues. 1 file had an incorrect bedroom size, 1 file had incorrect type coding, and 1 file had incorrect date of birth.
- 3 tenant files had utility allowance errors. 1 file had an incorrect amount and 2 files were missing the utility allowance sheet confirming amounts on Form 50058.
- 8 tenant files had HAP contract errors. 5 files were missing the landlord signature and 3 files did not have an updated HAP contract with the new landlord business name.
- 6 tenant files had lease agreement errors. 5 files were missing signed lease agreements and 1 file did not have an updated lease agreement with the new landlord business name.
- 1 tenant file had a missing EIV

In addition, we also noted as part of new admissions testing 10 files tested out of approximately 93 new admissions) the following:

- 6 tenant files did not have a copy of the signed HAP contract
- 4 tenant files where there was no evidence of criminal background checks being performed on the tenant prior to the tenant's admission into the Section 8 program.
- 1 tenant file where a criminal background check was performed, but the background check revealed a criminal history. There was no documentation in the file to determine if the applicant was eligible to be enrolled in the program due to the criminal history and as such the applicant may not have been eligible.
- 1 tenant file where the tenant was issued the wrong bedroom voucher size based on the family size of the tenant.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Corrective Action Plan

June 30, 2020

2020-001 Eligibility: Tenant Files (Continued)

Auditor's Recommendation: The Authority should correct the deficiencies noted in the tested files and utilize an ongoing quality control review process on the entire tenant population to ensure proper compliance with the requirements related to tenant eligibility. Ongoing staff training and timely management reviews should be utilized to ensure staff is aware of acceptable procedures. In addition, the Authority should review staffing levels, skill sets and case load.

Action Taken: HACDB hired a staff person to support the corrections to and purging of files in August 2020. To date data from 2010 through 2017 has been purged. File management and purging had not been carried out by the department in the past. Three hundred eighty-seven files have been purged, with corrections to 2018 files processed. The number of necessary document management issues is massive. As a result, an additional clerk position was posted as well as an additional administrative staff in the HCV department. The five-part file folders were incorporated and do provide for better file management. While the department is aggressively reviewing current work and is in no way pleased with the findings, the historical data weighs heavily on outcomes. A significant number of the issues cited have to do with work performed in 2018/2019. Twenty-two of a possible 1300 files represents 1.69% of the departments file work. The outstanding data in the file review have all been corrected. It is anticipated that the department will have the opportunity to complete review and correction of a more significant number of files this fiscal year.

It should be noted that HACDB like the rest of the nation was significantly impacted during the COVID crisis. In March 2020 the department began reviewing and implementing numerous waivers related to COVID. The offices were closed for a full month during the Governors stay at home orders. Every effort was made to maintain customer service which included processing of 186 rent adjustments during the period March-June for participants impacted by COVID. HUD ultimately provided additional HAP of \$900k+ to HCV to cover what would have resulted as a short fall. The department spent significant time and resources in preparing a safe work space and managing HUD CARES activities for the department. Several staff have been impacted personally by COVID. It is assumed that some of these issues result from the total revamping of the management of HCV business in a manner that limited personal contact and forced virtual or mail communication. The department has established a computer center in the building for those HCV participants who do not have access to computers, incorporated Adobe E Sign and other software to support the program while the pandemic management progresses.

HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA
Daytona Beach, Florida

Corrective Action Plan

June 30, 2020

2020-002 Special Tests and Provisions: Waiting List

Section 8 Housing Voucher Cluster (Section 8):

Section 8 Housing Choice Vouchers Program – CFDA Number 14.871
Mainstream Vouchers – CFDA Number 14.879

Condition: It appears the waiting list was not maintained properly. The local residency preference was implemented, but the Yardi software was not assigning applicants the local preference and as such applicants are not ranked properly on the waiting list and as such applicants may be selected out of order. This was a software issue that is being corrected.

Auditor's Recommendation: The Authority should review procedures and increase training to employees and reviewers to ensure that the Authority is in compliance with HUD rules for waiting list maintenance and have the software corrected to assure the local residency preference is included.

Action Taken: The department has reviewed this matter with Yardi, a correction to the preference points was made. All applicants on the waitlist were contacted during the fiscal year 2019-2020 until the list was exhausted.

Effective Date: March 19, 2021

Contact Information

Terril Bates, Executive Director/CEO
Housing Authority of the City of Daytona Beach, Florida
211 N. Ridgewood Avenue, Suite 300
Daytona Beach, Florida 32114
(386) 253-5653

Housing Authority of the City of Daytona Beach, Florida
Daytona Beach, Florida

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

<u>FEDERAL GRANTOR</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Disbursements or Expenditures</u>
U. S. Department of HUD			
Public Housing:			
Public and Indian Housing Program	*	14.850	\$ 3,472,875
Public Housing Capital Fund Program	*	14.872	7,338,201
Resident Opportunities and Supportive Services	**	14.870	69,637
Family Self-Sufficiency Program	**	14.896	110,820
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	* +	14.871	9,928,579
Mainstream Vouchers	* +	14.879	73,668
Total		<u>\$ 20,993,780</u>	<u>\$ 15,292,745</u>

This schedule includes the federal grant activity of the Housing Authority of the City of Daytona Beach, Florida and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance (Title 2 U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Authority has not elected to use the 10% de minimis cost rate.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher program ("HCV") to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the total expenditures paid by the Authority.

During fiscal year June 30, 2020, the Authority received CARES Act funding and expended \$62,886 in the Public and Indian Housing Program (CFDA 14.850) and \$4,002 in the Section 8 Housing Choice Vouchers Program (CFDA 14.871).

- * Type A Program
- ** Type B Program
- + Major Program



**Barton,
Gonzalez
& Myers, P.A.**

Certified Public Accountants

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March 19, 2021

Terril Bates, Executive Director/CEO and Board of Commissioners
Housing Authority of the City of Daytona Beach, Florida
211 N. Ridgewood Avenue, Suite 300
Daytona Beach, Florida 32114

Dear Ms. Bates and Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of the City of Daytona Beach, Florida for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

However, during our audit we became aware of certain matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated March 19, 2021, on the financial statements of the Housing Authority of the City of Daytona Beach, Florida.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Authority personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

MC2020-001 Section 8 Admin Plan

HUD requires the Authority establish and adopt written policies for admission of tenants. We noted during our testing the Authority allows the use of preferences in ranking and maintaining the waiting list. However, it doesn't appear the HCV Administrative Plan reflects the actual points assigned for each preference listed in the Administrative Plan. The local residency preference does not have any preference points listed on the Administrative plan (and should reflect 99 points) We recommend the Authority update the Section 8 Administrative Plan to reflect the actual points assigned for each preference list in the policy.

MC2020-002 Bank Reconciliations

We noted that bank reconciliations for certain bank accounts were either not prepared or could not be located. A bank reconciliation is the process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement. The goal of this process is to ascertain the differences between the two, and to book changes to the accounting records as appropriate. Therefore, if a bank reconciliation is not prepared, it is unknown if the cash balances on the entity's general ledger are accurate. We highly recommend that bank reconciliations are performed monthly and bank balances reconciled to the general ledger balances.

MC2020-003 Public Housing FSS Escrows

We noted that the amount of cash recorded for Public Housing FSS escrows did not agree to the liability recorded for those deposits and as such, we adjusted the liability and cash to agree to the correct tenant escrow amounts. The amount of the FSS liability to the tenant should agree to the amounts recorded in the general ledger (for both the cash and liability recorded) and should be reconciled each month.

MC2020-004 Public Housing Tenant Receivables

We noted that tenant receivables as of June 30, 2020 were very large in comparison to other years. This was most likely due to the pandemic as some tenants stopped paying their rents. However, we noted that the Authority did not evaluate if the year-end receivables were collectable and did not adjust the allowance for uncollectable receivables. We discussed with the Authority and adjusted the allowance for uncollectable receivables to a more reasonable amount. We recommend the Authority regularly monitor the collectability of receivables and adjust the allowance for uncollectable receivables as necessary.

MC2020-005 Approval of Journal Entries

It was noted the Finance Director would review Journals Entries prepared by staff but no official sign off was documented supporting the review procedure. The review and approval of journal entries is a control that helps to insure that financial information in the journals accurately reflect the activity and that journal entry postings are charged to the appropriate accounts. Each journal entry should be reviewed by someone other than the preparer to assure effective internal control. As such, we recommend the Authority document the review over journal entry preparation.

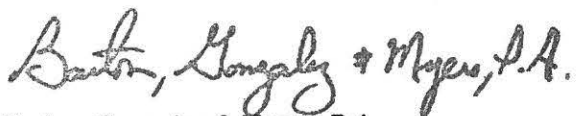
MC2020-006 Budget

The Authority prepares its budget by program. The use of a budget is an excellent control procedure in monitoring expenditures. We compared the budget to actual results and noted there was a significant variance for maintenance expenses. We recommend the Authority continually monitor its actual costs and compare to budgeted and formerly amend the budget when significant unbudgeted expenditures occur.

No other conditions came to our attention that should be disclosed. It appears that management makes every effort to ensure that financial data is reliable and that the Authority's assets are safeguarded against fraud and abuse. We wish to thank the CEO and her staff for their support and assistance during the audit.

This report is intended solely for the information and use of management, Board of Commissioners, others within the Authority, and the Department of Housing and Urban Development (HUD), and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Barton, Gonzalez & Myers, P.A.

Financial Data Schedule

Housing Authority of City of Daytona Beach (FL007)
Daytona Beach, FL
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14 PHC Public Housing CARES Act Funding	14 HCC HCV CARES Act Funding	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$6,513,958	\$569,671			\$1,213,352		\$292,658						\$393,139	\$8,992,778	\$8,992,778
112 Cash - Restricted - Modernization and Development	\$1,231,165	0	\$1,492,221		\$116,683	\$427,064							\$3,267,133		\$3,267,133
113 Cash - Other Restricted	\$70,031	\$2,489,596	\$697,705				\$293,886			\$172,186	\$39,136		\$3,742,540		\$3,742,540
114 Cash - Tenant Security Deposits	\$133,000	\$145,659			\$7,487								\$286,146		\$286,146
115 Cash - Restricted for Payment of Current Liabilities		0								\$4,002	\$0		\$4,002		\$4,002
100 Total Cash	\$7,946,154	\$3,184,926	\$2,189,926	\$0	\$1,337,522	\$427,064	\$586,544	\$0	\$0	\$176,188	\$39,136	\$393,139	\$16,282,599	\$0	\$16,282,599
121 Accounts Receivable - PHA Projects	\$2,780	0											\$2,780		\$2,780
122 Accounts Receivable - HUD Other Projects	\$267,063	0		\$15,700				\$165	\$62,886			\$0	\$345,814		\$345,814
124 Accounts Receivable - Other Government	\$52,593	0			\$211,734		\$1,214						\$266,541		\$266,541
125 Accounts Receivable - Miscellaneous	\$18,645	\$224	\$134,056									\$408,853	\$1,110,964	-\$872,718	\$238,246
126 Accounts Receivable - Tenants	\$202,820	\$26,784			\$7,060		\$0						\$236,664		\$236,664
126.1 Allowance for Doubtful Accounts - Tenants	-\$51,624	\$0			\$0		\$0						-\$51,624		-\$51,624
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	-\$211,734	\$0	\$0	\$0	\$0			\$0	-\$211,734		-\$211,734
127 Notes, Loans, & Mortgages Receivable - Current															
128 Fraud Recovery	0						\$19,750						\$19,750		\$19,750
128.1 Allowance for Doubtful Accounts - Fraud	0						-\$10,424						-\$10,424		-\$10,424
129 Accrued Interest Receivable	\$776,583	0											\$776,583		\$776,583
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,268,660	\$27,008	\$134,056	\$15,700	\$7,060	\$549,186	\$10,540	\$165	\$62,886	\$0	\$0	\$408,853	\$2,484,314	-\$872,718	\$1,611,596
131 Investments - Unrestricted															
132 Investments - Restricted															
135 Investments - Restricted for Payment of Current Liability															
142 Prepaid Expenses and Other Assets	\$118,822	\$15,075	\$576		\$7,125		\$2,674						\$78,611	\$222,883	\$222,883
143 Inventories	\$43,530	0											\$1,601	\$45,131	\$45,131
143.1 Allowance for Obsolete Inventories	-\$1,900	0											\$0	-\$1,900	-\$1,900
144 Inter Program Due From	\$118,540	0	\$1,853										\$91,738	\$212,131	-\$212,131
145 Assets Held for Sale															\$0
150 Total Current Assets	\$9,496,006	\$3,227,009	\$2,326,411	\$15,700	\$1,351,707	\$976,250	\$599,758	\$165	\$62,886	\$176,188	\$39,136	\$973,942	\$19,245,158	-\$1,084,849	\$18,160,309
161 Land	\$4,641,008	\$988,325			\$61,254	\$10,523							\$31,760	\$5,732,870	\$5,732,870
162 Buildings	\$36,074,888	\$48,306,802			\$1,850,473								\$86,232,163		\$86,232,163
163 Furniture, Equipment & Machinery - Dwellings	\$304,136	0											\$304,136		\$304,136
164 Furniture, Equipment & Machinery - Administration	\$785,807	\$320,845	\$42,962	\$15,910	\$35,850		\$63,441						\$1,966,813		\$1,966,813
165 Leasehold Improvements	\$681,200	\$6,132,658										\$701,798	\$6,813,858		\$6,813,858
166 Accumulated Depreciation	-\$35,369,728	-\$15,345,825	-\$40,204	-\$15,910	-\$329,709		-\$83,441						-\$603,646	-\$51,768,463	-\$51,768,463
167 Construction in Progress															
168 Infrastructure	\$6,803,642	0											\$6,803,642		\$6,803,642
160 Total Capital Assets, Net of Accumulated Depreciation	\$13,920,953	\$40,402,805	\$2,758	\$0	\$1,617,868	\$10,523	\$0	\$0	\$0	\$0	\$0	\$129,912	\$56,084,819	\$0	\$56,084,819
171 Notes, Loans and Mortgages Receivable - Non-Current	\$26,151,538	0											\$26,151,538		\$26,151,538
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due															
173 Grants Receivable - Non Current															
174 Other Assets		\$399,571											\$399,571		\$399,571
176 Investments in Joint Ventures		\$0											\$0		\$0
180 Total Non-Current Assets	\$40,072,491	\$40,802,376	\$2,758	\$0	\$1,617,868	\$10,523	\$0	\$0	\$0	\$0	\$0	\$129,912	\$82,635,928	\$0	\$82,635,928
200 Deferred Outflow of Resources															
290 Total Assets and Deferred Outflow of Resources	\$49,568,497	\$44,029,385	\$2,329,169	\$15,700	\$2,969,575	\$986,773	\$599,758	\$165	\$62,886	\$176,188	\$39,136	\$1,103,854	\$101,881,086	-\$1,084,849	\$100,796,237
311 Bank Overdraft															
312 Accounts Payable <= 90 Days	\$281,655	\$133,653	\$730	\$69	\$2,883		\$18,284	\$105		\$4,002			\$41,068	\$482,349	\$482,349
313 Accounts Payable >90 Days Past Due															
321 Accrued Wage/Payroll Taxes Payable	\$21,664	0	\$3,841				\$5,550						\$15,832	\$46,887	\$46,887
322 Accrued Compensated Absences - Current Portion	\$23,698	0	\$5,244				\$10,498						\$31,531	\$70,971	\$70,971
324 Accrued Contingency Liability															

Housing Authority of City of Daytona Beach (FL007)
Daytona Beach, FL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14. PHC Public Housing CARES Act Funding	14 HCC HCV CARES Act Funding	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
325 Accrued Interest Payable		\$23,989											\$23,989		\$23,989
331 Accounts Payable - HUD PHA Programs															
332 Account Payable - PHA Projects															
333 Accounts Payable - Other Government	\$79,791	0			\$2,160								\$81,951		\$81,951
341 Tenant Security Deposits	\$133,000	\$145,659			\$7,487								\$286,146		\$286,146
342 Unearned Revenue	\$46,995	\$38,831			\$1,358					\$172,186	\$39,136	\$4,303	\$302,809		\$302,809
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$135,259											\$135,259		\$135,259
344 Current Portion of Long-term Debt - Operating Borrowings															
345 Other Current Liabilities	\$6,210	0	\$754,507		\$191,567		\$19,750					\$8,715	\$980,749	-\$872,718	\$108,031
346 Accrued Liabilities - Other	\$59,272	\$270,960	\$205									\$4,286	\$334,724		\$334,724
347 Inter Program - Due To	\$42,242	0	\$27,752	\$15,631			\$7,907	\$60	\$62,886			\$55,653	\$212,131	-\$212,131	\$0
348 Loan Liability - Current															
310 Total Current Liabilities	\$694,527	\$748,251	\$792,280	\$15,700	\$205,455	\$0	\$61,989	\$165	\$62,886	\$176,188	\$39,136	\$161,388	\$2,957,965	-\$1,084,849	\$1,873,116
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$31,344,295											\$31,344,295		\$31,344,295
352 Long-term Debt, Net of Current - Operating Borrowings															
353 Non-current Liabilities - Other	\$70,031	\$67,344					\$119,951						\$257,326		\$257,326
354 Accrued Compensated Absences - Non Current	\$15,522	0					\$1,613					\$23,673	\$40,808		\$40,808
355 Loan Liability - Non Current															
356 FASB 5 Liabilities															
357 Accrued Pension and OPEB Liabilities															
350 Total Non-Current Liabilities	\$85,553	\$31,411,639	\$0	\$0	\$0	\$0	\$121,564	\$0	\$0	\$0	\$0	\$23,673	\$31,642,429	\$0	\$31,642,429
300 Total Liabilities	\$780,080	\$32,159,890	\$792,280	\$15,700	\$205,455	\$0	\$183,553	\$165	\$62,886	\$176,188	\$39,136	\$185,061	\$34,600,394	-\$1,084,849	\$33,515,545
400 Deferred Inflow of Resources															
508.4 Net Investment in Capital Assets	\$13,920,953	\$19,875,520	\$2,758	\$0	\$1,617,868	\$10,523	\$0	\$0	\$0	\$0	\$0	\$129,912	\$35,557,534		\$35,557,534
511.4 Restricted Net Position	\$28,177,931	\$2,469,596	\$2,189,926	\$0	\$116,683	\$427,064	\$173,936	\$0	\$0	\$0	\$0	\$0	\$33,555,136		\$33,555,136
512.4 Unrestricted Net Position	\$5,689,533	-\$10,475,621	-\$655,795	\$0	\$1,029,569	\$549,186	\$242,269	\$0	\$0	\$0	\$0	\$788,881	-\$1,831,978		-\$1,831,978
513 Total Equity - Net Assets / Position	\$48,788,417	\$11,869,495	\$1,536,889	\$0	\$2,764,120	\$986,773	\$416,205	\$0	\$0	\$0	\$0	\$918,793	\$67,280,692	\$0	\$67,280,692
000 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$49,568,497	\$44,029,385	\$2,329,169	\$15,700	\$2,969,575	\$986,773	\$599,758	\$165	\$62,886	\$176,188	\$39,136	\$1,103,854	\$101,881,086	-\$1,084,849	\$100,796,237

Housing Authority of City of Daytona Beach (FL007)
Daytona Beach, FL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14 PHC Public Housing CARES Act Funding	14 HCC HCV CARES Act Funding	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total	
70300 Net Tenant Rental Revenue	\$1,708,348	\$3,068,517			\$100,299								\$4,877,164		\$4,877,164	
70400 Tenant Revenue - Other	\$101,709	\$23,461											\$125,190		\$125,190	
70500 Total Tenant Revenue	\$1,810,057	\$3,091,998	\$0	\$0	\$100,299	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,002,354	\$0	\$5,002,354	
70600 HUD PHA Operating Grants	\$4,790,188	0		\$110,820			\$9,924,577	\$69,637	\$62,886	\$4,002	\$73,668		\$15,035,778		\$15,035,778	
70610 Capital Grants	\$256,967	0											\$256,967		\$256,967	
70710 Management Fee		0										\$985,499	\$985,499	-\$985,499	\$0	
70720 Asset Management Fee		0										\$76,200	\$76,200	-\$76,200	\$0	
70730 Book Keeping Fee		0										\$155,925	\$155,925	-\$155,925	\$0	
70740 Front Line Service Fee		0														
70750 Other Fees		0										\$15,450	\$15,450		\$15,450	
70700 Total Fee Revenue		0										\$1,233,074	\$1,233,074	-\$1,217,624	\$15,450	
70800 Other Government Grants		0										\$6,000	\$6,000		\$6,000	
71100 Investment Income - Unrestricted		\$10,439										\$51,677	\$62,116		\$62,116	
71200 Mortgage Interest Income	\$1,256,123	0											\$1,256,123		\$1,256,123	
71300 Proceeds from Disposition of Assets Held for Sale																
71310 Cost of Sale of Assets																
71400 Fraud Recovery		0					\$12,028						\$12,028		\$12,028	
71500 Other Revenue	\$27,324	\$99,683	\$63,544		\$3,996		\$184,472						\$113,704	\$502,723	-\$38,112	\$464,611
71600 Gain or Loss on Sale of Capital Assets																
72000 Investment Income - Restricted		0	\$2,986										\$2,986		\$2,986	
70000 Total Revenue	\$8,140,659	\$3,202,120	\$66,530	\$110,820	\$104,295	\$0	\$10,131,077	\$69,637	\$62,886	\$4,002	\$73,668	\$1,404,455	\$23,370,149	-\$1,255,736	\$22,114,413	
91100 Administrative Salaries	\$284,607	\$241,844	\$102,315	\$76,870	\$4,876		\$234,234	\$48,366				\$809,245	\$1,602,357		\$1,602,357	
91200 Auditing Fees	\$31,083	\$39,480	\$4,500				\$6,218						\$81,281		\$81,281	
91300 Management Fee	\$753,858	\$309,055	\$63,544		\$6,168		\$168,096						\$1,300,721	-\$985,499	\$315,222	
91310 Book-keeping Fee	\$55,102	0					\$100,822						\$155,924	-\$155,925	-\$1	
91400 Advertising and Marketing		\$2,967					\$465						\$3,432		\$3,432	
91500 Employee Benefit Contributions - Administrative	\$87,657	\$36,473	\$12,248	\$28,098	\$1,179		\$63,278	\$16,234				\$162,262	\$407,429		\$407,429	
91600 Office Expenses	\$151,861	\$65,890	\$24,239	\$1,155	\$4,480		\$93,523	\$1,961				\$132,630	\$465,739	-\$38,112	\$427,627	
91700 Legal Expense	\$46,731	\$8,963	\$1,806		\$952							\$35,677	\$94,139		\$94,139	
91800 Travel		\$7,832	\$959	\$70	\$212			\$943					\$10,016		\$10,016	
91810 Allocated Overhead																
91900 Other	\$3,886	\$45,239	\$1,994		\$142		\$4,480						\$14,181	\$69,922	\$69,922	
91000 Total Operating - Administrative	\$1,414,785	\$747,743	\$211,605	\$108,193	\$18,019	\$0	\$671,116	\$67,504	\$0	\$0	\$0	\$953,995	\$4,190,960	-\$1,179,598	\$3,011,424	
92000 Asset Management Fee	\$76,200	0											\$76,200	-\$76,200	\$0	
92100 Tenant Services - Salaries																
92200 Relocation Costs																
92300 Employee Benefit Contributions - Tenant Services																
92400 Tenant Services - Other	\$8,764	0					\$4,002		\$62,886	\$4,002			\$40,652	\$120,306	\$120,306	
92500 Total Tenant Services	\$8,764	\$0	\$0	\$0	\$0	\$0	\$4,002	\$0	\$62,886	\$4,002	\$0		\$40,652	\$120,306	\$0	
93100 Water	\$220,320	\$170,289	\$728		\$3,691								\$13,739	\$408,767	\$408,767	
93200 Electricity	\$248,768	\$49,568	\$5,129		\$1,952								\$43,423	\$348,840	\$348,840	
93300 Gas	\$8,502	\$5,256											\$13,758		\$13,758	
93400 Fuel																
93500 Labor																
93600 Sewer	\$349,502	\$306,096	\$1,375		\$6,638								\$4,445	\$668,056	\$668,056	
93700 Employee Benefit Contributions - Utilities																
93800 Other Utilities Expense		\$102,430											\$102,430		\$102,430	
95000 Total Utilities	\$827,092	\$633,639	\$7,232	\$0	\$12,281	\$0	\$0	\$0	\$0	\$0	\$0	\$61,607	\$1,541,851	\$0	\$1,541,851	
94100 Ordinary Maintenance and Operations - Labor	\$385,778	\$188,057			\$4,200								\$578,035		\$578,035	
94200 Ordinary Maintenance and Operations - Materials and Other	\$532,881	\$63,318			\$7,323								\$17,947	\$621,469	\$621,469	
94300 Ordinary Maintenance and Operations Contracts	\$1,064,355	\$533,727	\$17,794	\$173	\$13,128		\$64,872	\$768					\$205,166	\$1,899,983	\$1,899,983	

Housing Authority of City of Daytona Beach (FL007)
Daytona Beach, FL
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
94500 Employee Benefit Contributions - Ordinary Maintenance	\$98,602	\$28,357											\$126,959		\$126,959
94000 Total Maintenance	\$2,081,616	\$813,459	\$17,794	\$173	\$24,651	\$0	\$64,872	\$768	\$0	\$0	\$0	\$223,113	\$3,226,446	\$0	\$3,226,446
95100 Protective Services - Labor															
95200 Protective Services - Other Contract Costs	\$171,677	0											\$17,677		\$189,354
95300 Protective Services - Other															
95500 Employee Benefit Contributions - Protective Services															
95000 Total Protective Services	\$171,677	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,677	\$189,354	\$0	\$189,354
96110 Property Insurance	\$196,719	\$251,662			\$9,524								\$12,233		\$470,138
96120 Liability Insurance	\$29,366	0					\$6,298						\$15,844		\$51,508
96130 Workmen's Compensation	\$19,953	\$6,536	\$3,385	\$2,201	\$140		\$6,790	\$776					\$19,312		\$59,093
96140 All Other Insurance	\$8,370	\$0			\$49			\$589					\$12,094		\$21,102
96100 Total Insurance Premiums	\$254,408	\$258,198	\$3,385	\$2,201	\$9,713	\$0	\$13,088	\$1,365	\$0	\$0	\$0	\$59,483	\$601,841	\$0	\$601,841
96200 Other General Expenses	\$963,973	\$26,951	\$2,510	\$2,253	\$3,184		\$16,286						\$58,131		\$1,073,288
96210 Compensated Absences	\$45,282	0	\$11,370										\$66,620		\$144,345
96300 Payments in Lieu of Taxes	\$79,791	\$137,738			\$6,504								\$3,243		\$227,276
96400 Bad debt - Tenant Rents	\$70,198	\$11,118			\$1,491		\$8,372						\$91,179		\$91,179
96500 Bad debt - Mortgages															
96500 Bad debt - Other															
96800 Severance Expense															
96000 Total Other General Expenses	\$1,159,244	\$175,807	\$13,880	\$2,253	\$11,179	\$0	\$45,731	\$0	\$0	\$0	\$0	\$127,994	\$1,536,088	\$0	\$1,536,088
96710 Interest of Mortgage (or Bonds) Payable		\$1,632,879											\$1,632,879		\$1,632,879
96720 Interest on Notes Payable (Short and Long Term)															
96730 Amortization of Bond Issue Costs		\$53,257											\$53,257		\$53,257
96700 Total Interest Expense and Amortization Cost	\$0	\$1,686,136	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,686,136	\$0	\$1,686,136
96900 Total Operating Expenses	\$5,993,786	\$4,314,982	\$253,896	\$110,820	\$75,843	\$0	\$798,809	\$69,637	\$62,886	\$4,002	\$0	\$1,484,521	\$13,169,182	-\$1,255,736	\$11,913,446
97000 Excess of Operating Revenue over Operating Expenses	\$2,146,873	-\$1,112,862	-\$187,366	\$0	\$28,452	\$0	\$9,332,268	\$0	\$0	\$0	\$73,668	-\$80,056	\$10,200,967	\$0	\$10,200,967
97100 Extraordinary Maintenance															
97200 Casualty Losses - Non-capitalized															
97300 Housing Assistance Payments	\$16,779	0					\$8,915,840				\$73,668		\$9,005,287		\$9,005,287
97350 HAP Portability-In		0					\$158,262						\$158,262		\$158,262
97400 Depreciation Expense	\$1,485,564	\$1,594,471	\$896		\$51,383							\$9,746	\$3,142,060		\$3,142,060
97500 Fraud Losses															
97600 Capital Outlays - Governmental Funds															
97700 Debt Principal Payment - Governmental Funds															
97800 Dwelling Units Rent Expense															
90000 Total Expenses	\$7,496,129	\$5,909,453	\$254,792	\$110,820	\$127,226	\$0	\$9,872,911	\$69,637	\$62,886	\$4,002	\$73,668	\$1,494,267	\$25,475,791	-\$1,255,736	\$24,220,055
10010 Operating Transfer In	\$1,388,841	0											\$1,388,841	-\$1,388,841	\$0
10020 Operating transfer Out	-\$1,388,841	0											-\$1,388,841	\$1,388,841	\$0
10030 Operating Transfers from/to Primary Government															
10040 Operating Transfers from/to Component Unit															
10050 Proceeds from Notes, Loans and Bonds															
10060 Proceeds from Property Sales															
10070 Extraordinary Items, Net Gain/Loss															
10080 Special Items (Net Gain/Loss)															
10091 Inter Project Excess Cash Transfer In															
10092 Inter Project Excess Cash Transfer Out															
10093 Transfers between Program and Project - In															
10094 Transfers between Project and Project - Out															
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Housing Authority of City of Daytona Beach (FL007)
Daytona Beach, FL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14. PHC Public Housing CARES Act Funding	14 HCC HCV CARES Act Funding	14.879 Mainstream Vouchers	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$644,630	-\$2,707,333	-\$188,262	\$0	-\$22,931	\$0	\$258,166	\$0	\$0	\$0	\$0	-\$89,812	-\$2,105,642	\$0	-\$2,105,642
11020 Required Annual Debt Principal Payments	\$0	\$88,688	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$88,688		\$88,688
11030 Beginning Equity	\$48,143,887	\$0	\$1,725,151	\$0	\$2,787,051	\$986,773	\$158,039	\$0	\$0	\$0	\$0	\$1,008,605	\$54,809,506		\$54,809,506
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$14,576,828					\$0						\$14,576,828		\$14,576,828
11050 Changes in Compensated Absence Balance															
11060 Changes in Contingent Liability Balance															
11070 Changes in Unrecognized Pension Transition Liability															
11080 Changes in Special Term/Severance Benefits Liability															
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents															
11100 Changes in Allowance for Doubtful Accounts - Other															
11170 Administrative Fee Equity							\$242,269						\$242,269		\$242,269
11180 Housing Assistance Payments Equity							\$173,936						\$173,936		\$173,936
11190 Unit Months Available	9348	1000	0	0	1116	0	16344	0			720	0	28528		28528
11210 Number of Unit Months Leased	8964	950	0	0	1116	0	13978	0			110	0	25118		25118
11270 Excess Cash	\$6,926,638												\$6,926,638		\$6,926,638
11610 Land Purchases	\$0											\$0	\$0		\$0
11620 Building Purchases	\$0											\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$41,005											\$0	\$41,005		\$41,005
11640 Furniture & Equipment - Administrative Purchases	\$88,812											\$102,036	\$190,848		\$190,848
11650 Leasehold Improvements Purchases	\$127,150											\$0	\$127,150		\$127,150
11660 Infrastructure Purchases	\$0											\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0											\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0											\$0	\$0		\$0