

**Housing Authority of  
the City of Milton, Florida**

**Financial Statements  
And Supplementary Information**

**March 31, 2022**

## Housing Authority of the City of Milton, Florida

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770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Housing Authority of the City of Milton, Florida  
5668 Byrom Street  
Milton, FL 32570

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the Housing Authority of the City of Milton, Florida, which comprise the statement of fund net position as of March 31, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the Housing Authority of the City of Milton's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Housing Authority of the City of Milton, Florida as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 8 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 29 to 32 (financial data schedule) is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S., *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, on our consideration of the Housing Authority of the City of Milton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Milton, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Milton, Florida's internal control over financial reporting and compliance.

*Edward M. Paul, CPA, P.A.*

Crestview, FL  
December 27, 2022

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This discussion and analysis provides an overview of the Milton Housing Authority's (the Authority) financial activities for the years ended March 31, 2022, and 2021, and should be read in conjunction with the audited financial statements and accompanying notes.

### **FINANCIAL HIGHLIGHTS**

- Net position increased to \$1,449,979 as of March 31, 2022. Of this amount, \$867,789 represents investments in capital assets, \$267,344 is restricted for housing assistance payments and \$314,846 is unrestricted and may be used to meet the Authority's ongoing obligations to tenants, landlords and creditors.
- The Authority generated a net loss of approximately \$25,672 during the year ended March 31, 2022.

### **OVERVIEW OF THE AUTHORITY**

The Authority was created in 1960 and organized under the United States Housing Act of 1937 to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Federal Government's Department of Housing and Urban Development (HUD).

The Authority's programs are funded through various grants with HUD. The Authority operates 38 low-income housing apartments and administers housing choice vouchers (342 vouchers) to help families obtain decent, safe, and sanitary housing through a system of rental subsidies.

The Mayor of the City of Milton, Florida appoints board members of the Authority. However, the Authority's board operates independently of the City and does not create a financial burden or benefit to the City of Milton, Florida.

In January of 2018, the Authority entered into an agreement with Florida Housing Finance Corporation to provide TBRA (Tenant Based Rental Assistance) for homeless families with children enrolled in Santa Rosa County Florida schools. The grant is for a period of two years and may be renewed for a period of one year upon mutual written agreement by both parties. Up to \$750,000 (\$250,000 per year) will be provided for payment of rent, utility allowances (where applicable) and security deposits to landlords if necessary. The program is substantially administered using the policies and procedures of the Housing Choice Voucher program. Potential tenants are screened through the school district and are then referred to the Authority for a housing voucher. The program is intended to assist a family for a period of one year, and the family receives case management services through the school district. The Authority receives an administrative fee of 10% of funds drawn. The program is being reported as a separate fund.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's financial statements consist of two parts - management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include fund financial statements and notes to the financial statements. All statements are presented on an accrual basis.

- The fund financial statements of the Authority include its proprietary funds, which operate similarly to business activities.
- The basic financial statements also include notes to financial statements that provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

### **FUND FINANCIAL STATEMENTS**

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

### **PROPRIETARY FUNDS**

All proprietary funds of the Authority are maintained as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the fund financial statements. The Authority uses enterprise funds to account for its rental subsidy (Section 8) program, operation of the public housing units and related capital grants, and the rental management service provided to an unrelated rental complex in Milton, Florida.

## **FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,449,979 and \$1,475,651 (net position) for the fiscal years ended 2022, and 2021 as reported in Table 1.

By far, the largest portion (\$867,789 on March 31, 2022, or 59.8%) of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, furnishings, and equipment) less any related debt used to acquire those assets that is still outstanding. The Authority did not have any debt related to capital assets on March 31, 2022, and 2021.

The Authority uses these capital assets to provide services to tenants and clients; consequently, these assets are not available for future spending.

**Table 1**

**STATEMENTS OF NET POSITION  
AS OF MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Current assets	\$ 686,629	\$ 654,874
Capital assets	867,789	834,557
Other assets	-	172,934
Total assets	<u>\$ 1,554,418</u>	<u>\$ 1,662,365</u>
Other liabilities	\$ 104,439	\$ 186,714
Total liabilities	<u>104,439</u>	<u>186,714</u>
Net position		
Invested in capital assets net of related debt	867,789	834,557
Restricted for housing assistance payments	267,344	298,672
Unrestricted	<u>314,846</u>	<u>342,422</u>
Total net position	<u>\$ 1,449,979</u>	<u>\$ 1,475,651</u>

Total assets decreased \$107,947 during fiscal year 2022. Current assets increased approximately \$31,755, which is primarily an increase in cash balances as a result of an additional deposit from HUD. Other assets decreased \$172,934 due to not having any deferred outflow of resources in 2022. Capital assets increased approximately \$33,232 because of capital asset additions. The Authority had capital asset additions of \$104,390. Liabilities decreased approximately \$82,275 primarily due to an inter program due from balance from 2021 of \$90,516 in the prior year. The inter program due to/from transaction was reversed on April 1, 2021.

Unrestricted net position of \$314,846 and \$342,422 on March 31, 2022, and 2021, respectively, may be used to meet the Authority's ongoing obligations to tenants and creditors.

The overall decrease in the Authority's net position was \$25,672 during fiscal year 2022, as reported in Table 2, and is primarily due to the Authority receiving CARES Act monies due to COVID -19 during 2021 that were not received in 2022.

**Table 2****CHANGES IN NET POSITION  
AS OF MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Revenues		
Operating grants	\$ 3,685,280	\$ 4,011,777
Other government grants	93,062	66,290
Capital grants	15,000	-
Dwelling rent	52,017	46,166
Other tenant revenue	957	788
Other operating income	176,177	138,921
Interest revenue	12	33
Insurance proceeds	57,124	-
Total revenues	<u>4,079,629</u>	<u>4,263,975</u>
Expenses		
Administrative	414,904	393,580
Tenant service	74,890	74,519
Utilities	15,889	14,824
Ordinary maintenance and operations	89,225	79,300
General expenses	75,311	63,939
Housing assistance payments	3,250,641	3,101,523
HAP portability	113,282	74,872
Depreciation	71,159	69,575
Total expenses	<u>4,105,301</u>	<u>3,872,132</u>
Change in net position	<u>\$ (25,672)</u>	<u>\$ 391,843</u>

Total revenues between fiscal years 2022 and 2021 decreased \$184,346 (or 4.3%). Operating grant revenue decreased \$326,497 from fiscal years 2022 to 2021. The variance was the result of CARES Act monies received for operations during 2021 that were not received during 2022. Milton Housing Authority also utilized capital fund grant for operations only as allowed by HUD. During 2022, the Authority had an increase in its Tenant Based Rental Assistance Grant (other government grants) in the amount of \$26,772 and the port administered HAP contracts of \$38,410.

Total expenses increased by \$233,169 or 6% between fiscal years 2022 and 2021. The primary increase was due to an increase in housing assistance.

## CAPITAL ASSETS

### CAPITAL ASSETS

The Authority's investments in capital assets for its activities as of March 31, 2022, and 2021, amounts to \$867,789 and \$834,557 respectively (net of accumulated depreciation) as reported in Table 3. The increase of \$33,232 was the result of capital asset additions. This investment in capital assets includes the 38 public housing units operated by the Authority, land on which they reside, improvements to the units, appliances within the units, maintenance, and administrative equipment, etc. Depreciation expense was \$71,159 and \$69,575 for the years ended March 31, 2022, and 2021, respectively.

**Table 3**

**CAPITAL ASSETS  
AS OF MARCH 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Land	\$ 71,335	\$ 71,335
Buildings	1,524,704	1,454,550
Improvements other than buildings	707,382	709,934
Equipment and fixtures	209,554	175,643
Accumulated depreciation	<u>(1,645,186)</u>	<u>(1,576,905)</u>
<b>Total</b>	<u>\$ 867,789</u>	<u>\$ 834,557</u>

Additional information on the capital assets of the Authority can be found in Note 3 of this report.

## FUTURE FINANCIAL INDICATORS

As a public housing authority, the Authority's primary source of funding is HUD. The amount of funding received from HUD is affected by congressional housing legislation and the federal budget. The Authority monitors changes and trends in the congressional budget and HUD policy and adjusts its strategy and financial planning accordingly.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority of the City of Milton, Florida's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Executive Director, 5668 Byrom Street, Milton, Florida, 32570-5807.

## Housing Authority of the City of Milton, Florida

### STATEMENT OF FUND NET POSITION March 31, 2022

	Major Fund	Non-Major Funds					Totals	
	Housing Choice Vouchers	Low Rent Housing	Capital Fund	Family Self Sufficiency Grant	Tenant Based Rental Assistance (State Grant)	Business Activities	2022	2021  (For Comparative Purposes Only)
<b>ASSETS</b>								
Current Assets								
Cash								
Unrestricted	\$ 38,007	\$ 296,168	\$ -	\$ -	\$ 3,247	\$ 799	\$ 338,221	\$ 185,943
Tenant security deposits	-	10,784	-	-	-	-	10,784	10,670
Other restricted	274,800	-	-	-	17,354	-	292,154	323,899
Cash restricted for current liabilities	14,460	-	-	-	-	-	14,460	20,547
Accounts receivable								
Tenant, net of allowance	-	135	-	-	-	-	135	-
Other	27	-	-	-	14,640	-	14,667	10,964
Due from other funds	-	-	-	-	-	-	-	90,516
Inventory	-	5,359	-	-	-	-	5,359	5,736
Prepaid expenses	-	10,849	-	-	-	-	10,849	6,599
Total current assets	<u>327,294</u>	<u>323,295</u>	<u>-</u>	<u>-</u>	<u>35,241</u>	<u>799</u>	<u>686,629</u>	<u>654,874</u>
Capital Assets, net								
Non-depreciable	-	66,109	-	-	-	5,226	71,335	71,335
Depreciable, net	31,685	587,744	177,025	-	-	-	796,454	763,222
Total capital assets, net	<u>31,685</u>	<u>653,853</u>	<u>177,025</u>	<u>-</u>	<u>-</u>	<u>5,226</u>	<u>867,789</u>	<u>834,557</u>
Deferred outflow of resources - Housing Assistance Payments								
	-	-	-	-	-	-	-	172,934
<b>TOTAL ASSETS</b>	<u>358,979</u>	<u>977,148</u>	<u>177,025</u>	<u>-</u>	<u>35,241</u>	<u>6,025</u>	<u>1,554,418</u>	<u>1,662,365</u>
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable	4,144	397	-	-	-	-	4,541	1,170
Accrued expenses	-	1,192	-	-	-	-	1,192	3,697
Accrued compensated absences	-	28,788	-	-	-	-	28,788	19,605
Payable to other government	-	4,618	-	-	-	-	4,618	4,057
Due to other funds	-	-	-	-	-	-	-	90,516
Unearned revenue	-	606	-	-	17,354	-	17,960	15,904
Tenant security deposits	-	10,784	-	-	-	-	10,784	10,670
Other current liabilities	14,460	-	-	-	14,640	-	29,100	31,511
Total current liabilities	<u>18,604</u>	<u>46,385</u>	<u>-</u>	<u>-</u>	<u>31,994</u>	<u>-</u>	<u>96,983</u>	<u>177,130</u>
Non-current liabilities								
FSS escrow liability	7,456	-	-	-	-	-	7,456	9,584
Total non-current liabilities	<u>7,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,456</u>	<u>9,584</u>
<b>TOTAL LIABILITIES</b>	<u>26,060</u>	<u>46,385</u>	<u>-</u>	<u>-</u>	<u>31,994</u>	<u>-</u>	<u>104,439</u>	<u>186,714</u>
<b>NET POSITION</b>								
Invested in capital assets	31,685	653,853	177,025	-	-	5,226	867,789	834,557
Restricted	267,344	-	-	-	-	-	267,344	298,672
Unrestricted	33,890	276,910	-	-	3,247	799	314,846	342,422
<b>TOTAL NET POSITION</b>	<u>\$ 332,919</u>	<u>\$ 930,763</u>	<u>\$ 177,025</u>	<u>\$ -</u>	<u>\$ 3,247</u>	<u>\$ 6,025</u>	<u>\$ 1,449,979</u>	<u>\$ 1,475,651</u>

See accompanying notes to financial statements

# Housing Authority of the City of Milton, Florida

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION Year Ended March 31, 2022

	Major Fund		Non-Major Funds				Totals	
	Housing Choice Vouchers	Low Rent Housing	Capital Fund	Family Self Sufficiency Grant	Tenant Based Rental Assistance (State Grant)	Business Activities	2022	(For Comparative Purpose Only)
<b>REVENUES</b>								
Operating grants	\$ 3,327,389	\$ 215,458	\$ 68,633	\$ 73,800	\$ -	\$ -	\$ 3,685,280	\$ 4,011,777
Other government grants	-	-	-	-	93,062	-	93,062	66,290
Dwelling rental	-	52,017	-	-	-	-	52,017	46,166
Other tenant revenue	-	957	-	-	-	-	957	788
Interest income - unrestricted	1	11	-	-	-	-	12	33
Fraud recovery funds retained	4,452	-	-	-	-	-	4,452	211
Other income	121,750	-	-	-	9,830	40,145	171,725	138,710
<b>TOTAL REVENUES</b>	<b>3,453,592</b>	<b>268,443</b>	<b>68,633</b>	<b>73,800</b>	<b>102,892</b>	<b>40,145</b>	<b>4,007,505</b>	<b>4,263,975</b>
<b>OPERATING EXPENSES</b>								
Administrative								
Salaries	122,701	66,474	-	-	8,000	32,838	230,013	220,109
Audit fees	10,925	10,925	-	-	-	1,150	23,000	23,000
Employee benefit contributions	46,933	57,569	-	-	-	4,472	108,974	102,662
Office expenses	31,095	15,815	-	-	386	1,253	48,549	47,809
Travel	1,156	747	-	-	-	-	1,903	-
Other	1,598	867	-	-	-	-	2,465	-
Total administrative	214,408	152,397	-	-	8,386	39,713	414,904	393,580
Tenant Services								
Salaries	-	-	-	58,210	-	-	58,210	57,544
Employee benefit contributions	-	-	-	15,590	-	-	15,590	14,456
Other	-	1,090	-	-	-	-	1,090	2,519
Total tenant services	-	1,090	-	73,800	-	-	74,890	74,519
Utilities								
Water and sewer	2,027	1,220	-	-	-	-	3,247	3,586
Electricity	7,164	3,869	-	-	-	-	11,033	9,719
Natural gas	502	453	-	-	-	-	955	939
Landfill	358	296	-	-	-	-	654	580
Total utilities	10,051	5,838	-	-	-	-	15,889	14,824
Ordinary Maintenance and Operations								
Labor	-	49,295	-	-	-	-	49,295	49,762
Employee benefit contributions	-	1,440	-	-	-	-	1,440	930
Materials and other	-	19,778	-	-	-	-	19,778	8,656
Contract costs	-	18,712	-	-	-	-	18,712	19,952
Total ordinary maintenance and operations	-	89,225	-	-	-	-	89,225	79,300

(Continued)

See accompanying notes to financial statements

## Housing Authority of the City of Milton, Florida

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (Continued) Year Ended March 31, 2022

	Major Fund		Non-Major Funds				Totals	
	Housing Choice Vouchers	Low Rent Housing	Capital Fund	Family Self Sufficiency Grant	Tenant Based Rental Assistance (State Grant)	Business Activities	2022	(For Comparative Purpose Only) 2021
<b>OPERATING EXPENSES CONTINUED</b>								
Insurance	\$ 5,096	\$ 25,754	\$ -	\$ -	\$ -	\$ -	\$ 30,850	\$ 27,406
Compensated absences	-	28,788	-	-	-	-	28,788	19,605
Payment in lieu of taxes	-	4,618	-	-	-	-	4,618	4,057
Other general expenses	9,568	1,487	-	-	-	-	11,055	12,871
Total general expenses	<u>14,664</u>	<u>60,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,311</u>	<u>63,939</u>
Other Expenses								
Housing assistance payments	3,157,579	-	-	-	93,062	-	3,250,641	3,101,523
HAP portability-in	113,282	-	-	-	-	-	113,282	74,872
Depreciation expense	5,317	35,338	30,504	-	-	-	71,159	69,575
Total other expenses	<u>3,276,178</u>	<u>35,338</u>	<u>30,504</u>	<u>-</u>	<u>93,062</u>	<u>-</u>	<u>3,435,082</u>	<u>3,245,970</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,515,301</u>	<u>344,535</u>	<u>30,504</u>	<u>73,800</u>	<u>101,448</u>	<u>39,713</u>	<u>4,105,301</u>	<u>3,872,132</u>
Operating income (loss)	<u>(61,709)</u>	<u>(76,092)</u>	<u>38,129</u>	<u>-</u>	<u>1,444</u>	<u>432</u>	<u>(97,796)</u>	<u>391,843</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Capital grants	-	-	15,000	-	-	-	15,000	-
Insurance proceeds	-	57,124	-	-	-	-	57,124	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>57,124</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,124</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(61,709)</u>	<u>(18,968)</u>	<u>53,129</u>	<u>-</u>	<u>1,444</u>	<u>432</u>	<u>(25,672)</u>	<u>391,843</u>
<b>OTHER FINANCING SOURCES</b>								
Transfers in (out)	-	83,633	(83,633)	-	-	-	-	-
<b>NET INCOME (LOSS)</b>	<u>(61,709)</u>	<u>64,665</u>	<u>(30,504)</u>	<u>-</u>	<u>1,444</u>	<u>432</u>	<u>(25,672)</u>	<u>391,843</u>
<b>NET FUND POSITION - Beginning of year</b>	<u>394,628</u>	<u>866,098</u>	<u>207,529</u>	<u>-</u>	<u>1,803</u>	<u>5,593</u>	<u>1,475,651</u>	<u>1,083,808</u>
<b>NET FUND POSITION - End of year</b>	<u>\$ 332,919</u>	<u>\$ 930,763</u>	<u>\$ 177,025</u>	<u>\$ -</u>	<u>\$ 3,247</u>	<u>\$ 6,025</u>	<u>\$ 1,449,979</u>	<u>\$ 1,475,651</u>

See accompanying notes to financial statements

## Housing Authority of the City of Milton, Florida

### STATEMENT OF CASH FLOWS Year Ended March 31, 2022

Major Fund	Non-Major Funds						Totals	
	Housing Choice Vouchers	Low Rent Housing	Capital Fund	Family Self- Sufficiency Grant	Tenant Based Rental Assistance (State Grant)	Business Activities	2022	2021  (For Comparative Purpose Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Operating grants	\$ 3,498,168	\$ 215,458	\$ 68,633	\$ 73,800	\$ 94,773	\$ 40,145	\$ 3,990,977	\$ 3,953,031
Receipts from tenants and customers	4,452	52,341	-	-	-	-	56,793	47,544
Cash received from interfund services provided	-	90,516	-	-	-	-	90,516	90,516
Payments to suppliers	(112,500)	(217,798)	-	(15,590)	(386)	(6,875)	(353,149)	(319,984)
Subsidized rent payments	(3,276,948)	-	-	-	(93,062)	(32,838)	(3,402,848)	(3,226,467)
Payments to employees	(122,702)	(88,584)	-	(58,210)	(8,000)	-	(277,496)	(242,886)
Cash payments for interfund service used	(90,516)	-	-	-	-	-	(90,516)	(90,516)
Other income	121,750	957	-	-	9,830	-	132,537	99,442
Interest income	1	11	-	-	-	-	12	33
Net cash flows from operating activities	<u>21,705</u>	<u>52,901</u>	<u>68,633</u>	<u>-</u>	<u>3,155</u>	<u>432</u>	<u>146,826</u>	<u>310,713</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>								
Inflow from insurance proceeds	-	57,124	-	-	-	-	57,124	-
Transfers in (out)	-	83,633	(83,633)	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	-
Net cash flows from non-capital financing activities	<u>-</u>	<u>140,757</u>	<u>(83,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,124</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>								
Capital grants	-	-	15,000	-	-	-	15,000	-
Net cash flows from non-capital financing activities	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Fixed asset purchases	(23,241)	(81,149)	-	-	-	-	(104,390)	(14,345)
Net cash flows from investing activities	<u>(23,241)</u>	<u>(81,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,390)</u>	<u>(14,345)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,536)	112,509	-	-	3,155	432	114,560	296,368
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>328,803</u>	<u>194,443</u>	<u>-</u>	<u>-</u>	<u>17,446</u>	<u>367</u>	<u>541,059</u>	<u>244,691</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 327,267</u>	<u>\$ 306,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,601</u>	<u>\$ 799</u>	<u>\$ 655,619</u>	<u>\$ 541,059</u>
<b>AT END OF YEAR CONSISTS OF</b>								
Unrestricted cash	\$ 38,007	\$ 296,168	\$ -	\$ -	\$ 3,247	\$ 799	\$ 338,221	\$ 185,943
Restricted cash	289,260	10,784	-	-	17,354	-	317,398	355,116
<b>TOTAL</b>	<u>\$ 327,267</u>	<u>\$ 306,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,601</u>	<u>\$ 799</u>	<u>\$ 655,619</u>	<u>\$ 541,059</u>

See accompanying notes to financial statements

## Housing Authority of the City of Milton, Florida

### STATEMENT OF CASH FLOWS (Continued) Year Ended March 31, 2022

	Major Fund		Non-Major Funds				Totals	
	Housing Choice Vouchers	Low Rent Housing	Capital Fund	Family Self- Sufficiency Grant	Tenant Based Rental Assistance (State Grant)	Business Activities	2022	2021
								(For Comparative Purpose Only)
<b>Reconciliation of change in net position to net cash provided by operating activities:</b>								
<b>Increase (Decrease) in operating net position</b>	\$ (61,709)	\$ (76,092)	\$ 38,129	\$ -	\$ 1,444	\$ 432	\$ (97,796)	\$ 391,843
Adjustments to reconcile change in net position to cash provided by operating activities:								
Depreciation expense	5,317	35,338	30,504	-	-	-	71,159	69,575
(Increase)/decrease in accounts receivable	(27)	(135)	-	-	(3,676)	-	(3,838)	(617)
Decrease in FSS escrow	(6,087)	-	-	-	-	-	(6,087)	8,078
Decrease in other assets	(90,516)	90,516	-	-	-	-	-	(90,516)
(Increase)/decrease in inventory	-	377	-	-	-	-	377	146
Increase in prepaid expenses	-	(4,250)	-	-	-	-	(4,250)	(201)
Increase in deferred outflow of resources	172,934	-	-	-	-	-	172,934	(172,934)
Increase/(decrease) in accounts payable	3,921	(551)	-	-	-	-	3,370	(2,872)
Increase/(decrease) in accrued liabilities	-	7,239	-	-	-	-	7,239	98,585
Increase/(decrease) in tenants security deposits held in trust	-	114	-	-	3,676	-	3,790	2,503
Increase/(decrease) in prepaid rent	(2,128)	345	-	-	1,711	-	(72)	7,123
Net cash provided (used) by operations	-	-	-	-	-	-	-	-
	<u>\$ 21,705</u>	<u>\$ 52,901</u>	<u>\$ 68,633</u>	<u>\$ -</u>	<u>\$ 3,155</u>	<u>\$ 432</u>	<u>\$ 146,826</u>	<u>\$ 310,713</u>

See accompanying notes to financial statements

# **Housing Authority of the City of Milton, Florida**

## **Notes to Financial Statements**

**March 31, 2022**

### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### **Reporting Entity**

The Housing Authority of the City of Milton, Florida (the Authority) was organized in 1960 under the U.S. Housing Act of 1937 in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other Federal agencies to provide low rent housing for qualified individuals.

The Housing Authority of the City of Milton, Florida is considered a related organization to the City of Milton, Florida rather than a component unit. The Mayor of Milton, Florida appoints the board members to the Milton Housing Authority. However, the Authority's board operates independently of the City and does not create a financial burden or benefit to the City of Milton, Florida.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. As of March 31, 2022, the Authority has no component units as defined by GASB 14.

The Authority's programs are funded through various grants with HUD. The Authority operates 38 low income housing apartments and administers housing choice vouchers (342 vouchers) to help families obtain decent, safe and sanitary housing through a system of rental subsidies.

#### **Measurement Focus and Basis of Accounting**

The term measurement focus is used to denote what is being measured and reported in the Authority's operating statement. The Authority's financial activity is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Authority is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Authority's operating statement. The Authority uses the full accrual basis for accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements

March 31, 2022

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

#### **Basis of Presentation**

The financial transactions of the Authority are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise funds are operating HUD Grants and rent. Operating expenses for enterprise funds include subsidized rent payments to third parties, operating costs for the 38 apartment units owned by the Authority, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following classifications are used to categorize the fund types used by the Authority:

#### **Proprietary**

Proprietary funds focus on the determination of net income, changes in net position, financial position, and cash flows. All of the Authority's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the proprietary funds of the Authority.

#### *Major*

##### *Section 8 Programs*

The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. HUD entered into an Annual Contributions Contract (ACC) with the Authority. The Authority enters into a housing assistance payment contract with private owners. The owners rent housing to eligible low-income families who typically pay the highest of 30 percent of adjusted income, 10 percent of gross income, or the portion of welfare assistance

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements

March 31, 2022

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

#### **Basis of Presentation (continued)**

##### *Section 8 Programs (continued)*

designated to meet housing costs for rent. The remaining portion of the rent for the unit is paid to the owner by the Authority in a housing assistance payment.

#### *Non-Major*

##### *Low Rent Housing*

The Authority provides low-income housing apartment projects. Funding for the projects was acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly through the Authority. Grants are made by HUD to the Authority on the basis of housing needs to ensure the lower income character of the project operated by the Authority.

##### *Capital Fund Program*

The objective of the Capital Fund Program (CFP) is to provide funds for capital and management activities, including modernization and development of public housing. The program is provided to the Authority according to physical need and management and modernization capability in accordance with modernization plans and budgets approved by HUD Field Offices. The improvements are funded as grants. However, in all cases, the Authority must operate any project funded for modernization as public housing for 20 years.

##### *Family Self Sufficiency Grant*

The Family Self Sufficiency program enables HUD assisted families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies. The contract incorporates the family's intermediate and long-term goals and provides the resources needed to achieve the goals. Grants are provided to Public Housing Agencies to assist with the cost of the labor associated in implementing the services.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements

March 31, 2022

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

#### *Tenant Based Rental Assistance (State Grant)*

In January of 2018, the Authority entered into an agreement with Florida Housing Finance Corporation to provide TBRA (Tenant Based Rental Assistance) for homeless families with children enrolled in Santa Rosa County Florida schools. The grant is for a period of two years and may be renewed for a period of one year upon mutual written agreement by both parties. Up to \$750,000 (\$250,000 per year) will be provided for payment of rent, utility allowances (where applicable) and security deposits to landlords if necessary. The program is substantially administered using the policies and procedures of the Housing Choice Voucher program. Potential tenants are screened through the school district and are then referred to the Authority for a housing voucher. The program is intended to assist a family for a period of one year, and the family receives case management services through the school district. The Authority receives an administrative fee of 10% of funds drawn.

#### *Business Activities*

The Authority manages the operations of Astor Village, an unrelated HUD funded project. The Authority is paid a management fee from the owners of the project. Residual net income is available for use at the discretion of the Board of the Authority.

### **Assets, Liabilities, and Net Position**

#### *Receivables and Payables*

Interfund transactions are reflected as loans, services provided reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances: (i.e., the non-current portion of the interfund loans).

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements

March 31, 2022

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

#### *Deferred outflow of resources*

This separate financial statement element represents a consumption of net position that applies to a future period and thus will not be recognized as an outflow of resources until then. The Authority had only one item that qualifies for reporting in this category as of March 31, 2021. It consisted of April 2021 Housing Assistance Payments in the Section 8 Housing Choice Vouchers that were debited from the bank account on March 31, 2021, to pay to the landlords on April 1, 2021 in the amount of \$172,934. There were no deferred outflow of resources as of March 31, 2022.

#### *Net Position Classifications*

*Investment in capital assets, net of related debt* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no external debt on March 31, 2022.

*Unrestricted* - This component consists of net position that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

*Restricted* - This component consists of net position temporarily restricted to pay housing assistance payments.

#### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements March 31, 2022

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

#### **Comparative Data**

The amounts shown for the year ended March 31, 2021, in the accompanying financial statements are included only to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2021 amounts are not intended to present all information necessary for a fair representation in accordance with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Authority's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

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

For the purpose of the Statement of Cash Flows, all highly liquid investments with a maturity of ninety days or less when purchased are considered to be cash equivalents. The unrestricted cash balance as of March 31, 2022, was \$338,221. The security deposits in the amount of \$10,784 are considered restricted cash and are maintained in a separate bank account. Other restricted cash as of March 31, 2022, consisted of monies restricted for housing assistance payments totaling \$274,800, housing assistance payments for tenant based rental assistance grant in the amount of \$17,354 and payments for current liabilities consisting of family self-sufficiency escrow payments in the amount of \$14,460 for a total of \$317,398.

#### **Investments**

Investments for the Authority typically consist of certificates of deposits. As of March 31, 2022, the Authority did not have any investments.

# **Housing Authority of the City of Milton, Florida**

## **Notes to Financial Statements**

**March 31, 2022**

### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

#### **Rent Receivable**

Rents receivable are carried at original assessment less an estimated amount for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts. Rents receivable are written off when deemed uncollectible. Recoveries of such receivables previously written off are recorded when received.

An account is considered past due when the balance of the receivable is outstanding for more than five days. A \$10 late fee is assessed after 5 days. After 15 days the Authority begins legal eviction procedures. Management estimates that approximately all of its outstanding accounts receivable are collectible as of March 31, 2022. Therefore, the Authority did not record an allowance for doubtful accounts.

#### **Inventory**

Inventory is valued at cost (first-in, first-out) and consists of parts used for routine maintenance on the dwelling units. The consumption method is used to account for the inventory. Under the consumption method, inventory items are recorded as expenditures during the period inventory is used.

#### **Capital Assets**

All purchased land, buildings, improvements, equipment, and vehicles are recorded at cost where historical costs records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The Authority's policy is to capitalize items with an estimated life in excess of one year, and a cost in excess of \$1,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated using the straight-line method over the remaining useful lives of the related fixed assets. The depreciation expense for the year ended March 31, 2022, totaled \$71,159.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements

March 31, 2022

### *NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

#### **Capital Asset (Continued)**

The following estimated useful lives are used to compute depreciation:

Buildings	20-40 years
Building Improvements	10-40 years
Furniture and Fixtures	5-10 years
Equipment	3-10 years

#### **Compensated Absences**

The policy of the Authority for annual vacation and sick leave is as follows:

Vacation leave is accrued monthly based on years of service. Employees with less than 5 years of service earn 12 days per year. Employees with 5 to 9 years of service earn 15 days per year. Employees with 10 to 14 years of service earn 18 days per year. Employees with 15 to 19 years earn 21 days. Employees with 20 years of service and over earn 24 days per year. Eligible full-time employees accrue sick leave benefits at the rate of 12 days per year. Eight hours are accrued for every full month of service.

As of January 1, 2022, the Authority implemented an addition to their personnel policy for permanent part-time employees to accrue vacation leave and sick benefits. For permanent part-time employees, leave and sick time will be calculated based on a ratio of leave and sick hours to hours worked granted to full-time employees.

At the discretion of the Executive Director, based on cash flow analysis, employees may cash in vacation and/or sick leave during the calendar year as long as the hours have been accrued. Up to a combined 240 hours, unused vacation leave and/or sick leave at the end of the year may be carried over.

Accumulated unpaid vested compensated absence benefits are recorded as an expense and liability as the benefits accrue to employees.

As of March 31, 2022, the compensated absence liability was \$28,788.

# **Housing Authority of the City of Milton, Florida**

## **Notes to Financial Statements**

**March 31, 2022**

### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

#### **Income Tax Status**

The Housing Authority of the City of Milton, Florida is exempt from income taxes as an entity described in 501(c)(3) of the Internal Revenue Code. As a result, there is no provision for federal income taxes in these financial statements and no federal income taxes were paid. Management believes that the Authority has adequately addressed all relevant tax positions and there are no unrecorded tax liabilities.

### ***NOTE 2 - DEPOSITS***

The Authority maintains its deposits only with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the state treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under this method, Authority deposits, including certificates of deposit, are fully insured or collateralized with securities held by the State Treasurer in the Authority's name.

As of March 31, 2022 the bank value of the Authority's deposits was \$676,543, all of which were held by qualified public depositories under Chapter 280, Florida Statutes.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements March 31, 2022

### ***NOTE 3 - CAPITAL ASSETS***

A summary of changes in capital assets is as follows:

	3/31/2021	Additions	Deletions	3/31/2022
<i>Capital Assets, depreciable</i>				
Buildings	\$ 1,454,550	\$ 70,154	\$ -	\$ 1,524,704
Improvements other than buildings	709,934	-	(2,552)	707,382
Dwelling fixtures and equipment	69,694	5,345	(325)	74,714
Administrative fixtures and equipment	105,949	28,891	-	134,840
Accumulated depreciation	(1,576,905)	(71,158)	2,877	(1,645,186)
Capital assets, net of accumulated depreciation	<u>\$ 763,222</u>	<u>\$ 33,232</u>	<u>\$ -</u>	<u>\$ 796,454</u>
<i>Capital Assets, non-depreciable</i>				
Land	<u>71,335</u>	-	-	<u>71,335</u>
Capital assets, non-depreciable	<u>71,335</u>	-	-	<u>71,335</u>
Total Capital Assets	<u>\$ 834,557</u>	<u>\$ 33,232</u>	<u>\$ -</u>	<u>\$ 867,789</u>

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements March 31, 2022

### ***NOTE 4 – CAPITAL FUND PROGRAM (CFP)***

The following CFP grant awards were completed and/or in progress during the fiscal years ended March 31, 2022 and 2021:

CFP Grant	2022			2021		
	Total Funds Received	Total Funds Expended	Variance	Total Funds Received	Total Funds Expended	Variance
501-20	\$ -	\$ -	\$ -	\$ 80,387	\$ 80,387	\$ -
501-21	\$ 83,633	\$ 83,633	\$ -	\$ -	\$ -	\$ -

Under the Quality Housing and Work responsibility Act of 1998, (effective October 21, 1998) small Public Housing Authorities (PHA) (less than 250 dwelling units) may use capital or operating funds for any eligible capital or operating expense, with certain conditions. The Authority did execute the rule during fiscal years 2022 and 2021.

Program	2022	2021
CFP-501-20	-	80,387
CFP-501-21	\$ 68,633	\$ -
<b>Total</b>	<b>\$ 68,633</b>	<b>\$ 80,387</b>

# **Housing Authority of the City of Milton, Florida**

## **Notes to Financial Statements**

**March 31, 2022**

### ***NOTE 5 - RISK MANAGEMENT***

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee's medical benefits; and natural disasters, for which the Authority carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year.

The Authority has coverage for loss from windstorm damage. The Authority does not carry coverage for flood damage.

Effective January 1, 2022, the insurance policy for windstorm coverage in the event of a hurricane, has a deductible of \$90,591 representing 2.5% of the insured value of the residential units, office and shop building, which are listed on the policy at \$3,623,656.

### ***NOTE 6 - RETIREMENT PLAN***

The Authority contributes to an Internal Revenue Code 403(b) tax deferred annuity pension plan for its employees. The Authority agrees to provide for discretionary contributions in each calendar year to all eligible employees. All full-time employees are eligible and are fully vested in the contributions made on their behalf. Contributions on behalf of employees to the plan for the year ending March 31, 2022, were \$10,800.

### ***NOTE 7 - COMMITMENTS AND CONTINGENCIES***

The Authority is subject to compliance with the requirements of the Department of Housing and Urban Development. The Authority is also required to adhere to budgets submitted to HUD. The Authority may be subject to repayment of some funds should they fail to comply with HUD policies or budget constraints.

### ***NOTE 8 – RENT INCREASES***

Under the regulatory agreement, the Authority may not increase rents charged to tenants without prior HUD approval.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements March 31, 2022

### ***NOTE 9 – CHANGES IN LONG TERM LIABILITIES***

The following summarizes the long-term liability activity for the year ended March 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Long-term Portion	Current Portion
Family Self-Sufficiency (FSS) Escrow	\$ 30,131	\$ 17,990	\$ (26,205)	\$ 21,916	\$ 7,456	\$ 14,460

### ***NOTE 10 – INTER PROGRAM DUE TO/FROM***

On March 31, 2021, the Authority recorded an inter program due to/from as the result of the Housing Choice Vouchers April 2021 rent checks (HAP checks) to the landlords in the amount of \$172,934 being debited from the bank account on March 31 2021 in order to pay the landlords on April 1, 2021. This resulted in the Housing Choice Voucher's restricted cash requirement being short in the amount \$90,516. The Low Rent Public Housing Program's unrestricted cash was utilized to fund the shortfall creating the inter program due to/from in the amount of \$90,516. The inter program due to/from was reversed on April 1, 2021 when the Authority received its funding from HUD for the April rent checks. As of March 31, 2022 there were no inter program due to/due from balances.

### ***NOTE 11 – INSURANCE RECOVERY***

During the fiscal year end March 30, 2021, the Authority incurred damages to multiple building roofs which resulted in an insurance claim totaling \$74,798. During fiscal year 2022 the Authority received an insurance recovery of \$57,124 as reported in the Statement of Revenues, Expenses and Changes in Fund Net Position. The Authority evaluated the assets for impairment. The magnitude of the damage was considered significant; however, the insurance recovery was sufficient to repair the damage which resulted in do decline in the service use. The assets were determined to not be impaired.

# Housing Authority of the City of Milton, Florida

## Notes to Financial Statements March 31, 2022

### ***NOTE 12 – COVID-19***

During 2020 and 2021, the impact of COVID-19 on the Authority's operational and financial performance depended on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees, vendors, and economical mitigation measures to be taken by federal and state government, all of which are uncertain and cannot be predicted. As of March 31, 2022, COVID-19 did not have a major impact on the Authority's financial condition or results of operations.

During 2021, the Authority received funding from the CARES Act as part of the U.S Department of Treasury's COVID-19 Economic Relief to assist with the Authority's operations. These federal awards received a unique assistance listing number and were to be reported separately in the financial statements and the schedule of federal awards (see page 36). The CARES Act funds were restricted for use as follows:

Housing Assistance Payments (HAP): These funds were restricted for use for housing assistance payments only.

Housing Choice Vouchers administrative fees and Public Housing operating subsidies: These funds could be used for normal operating expenses or other COVID-19 related expenses.

### ***NOTE 13 – SUBSEQUENT EVENTS***

In preparing these financial statements, the Authority has evaluated events and transfers for potential recognition or disclosure through December 27, 2022, the date the financial statements were issued.

**Housing Authority of the City of Milton, Florida**  
**Index to Supplementary Information Required by HUD**

<b>Item</b>	<b>Reference page</b>
Financial Data Schedule - Balance Sheet	29-30
Financial Data Schedule - Income Statement	31-32

# Housing Authority of the City of Milton, Florida

## FINANCIAL DATA SCHEDULE - BALANCE SHEET

March 31, 2022

FDS Line #	Account Description	Low Rent Housing 14.850	Capital Fund Program 14.872	Low Rent Housing & Capital Fund combined	Housing Choice Vouchers 14.871	Tenant Based Rental Assistance (State Grant)	Business Activities	Total
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash								
111	Unrestricted	\$ 296,168	\$ -	\$ 296,168	\$ 38,007	\$ 3,247	\$ 799	\$ 338,221
113-010	Total other restricted - HAP funds	-	-	-	267,344	17,354	-	284,698
113-020	Total other restricted - FSS Escrow Deposits	-	-	-	7,456	-	-	7,456
114	Tenant security deposits	10,784	-	10,784	-	-	-	10,784
115	Restricted for Payment of Current Liabilities	-	-	-	14,460	-	-	14,460
100	<b>Total Cash</b>	<u>306,952</u>	<u>-</u>	<u>306,952</u>	<u>327,267</u>	<u>20,601</u>	<u>799</u>	<u>655,619</u>
Accounts and Notes Receivable								
121	PHA Projects	-	-	-	27	-	-	27
124	Other Government	-	-	-	-	-	-	-
125	Miscellaneous	-	-	-	-	14,640	-	14,640
126	Tenants - dwelling rents	135	-	135	-	-	-	135
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-
120	Total Accounts and Notes Receivables, net allowance for doubtful accounts	<u>135</u>	<u>-</u>	<u>135</u>	<u>27</u>	<u>14,640</u>	<u>-</u>	<u>14,802</u>
142	Prepaid expenses	10,849	-	10,849	-	-	-	10,849
143	Inventory	5,359	-	5,359	-	-	-	5,359
144	Interprogram - due from	-	-	-	-	-	-	-
150	<b>Total current assets</b>	<u>323,295</u>	<u>-</u>	<u>323,295</u>	<u>327,294</u>	<u>35,241</u>	<u>799</u>	<u>686,629</u>
<b>Noncurrent Assets</b>								
Capital Assets								
161	Land	66,109	-	66,109	-	-	5,226	71,335
162	Buildings	1,522,964	1,740	1,524,704	-	-	-	1,524,704
163	Furniture, equipment, and machinery - dwellings	74,714	-	74,714	-	-	-	74,714
164	Furniture, equipment, and machinery - administration	87,331	-	87,331	47,509	-	-	134,840
165	Leasehold improvements	53,553	653,829	707,382	-	-	-	707,382
166	Accumulated depreciation	(1,150,818)	(478,544)	(1,629,362)	(15,824)	-	-	(1,645,186)
167	Construction in progress	-	-	-	-	-	-	-
160	Total capital assets, net depreciation	<u>653,853</u>	<u>177,025</u>	<u>830,878</u>	<u>31,685</u>	<u>-</u>	<u>5,226</u>	<u>867,789</u>
180	<b>Total noncurrent assets</b>	<u>653,853</u>	<u>177,025</u>	<u>830,878</u>	<u>31,685</u>	<u>-</u>	<u>5,226</u>	<u>867,789</u>
200	<b>Deferred outflow of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
290	<b>TOTAL ASSETS</b>	<u>\$ 977,148</u>	<u>\$ 177,025</u>	<u>\$ 1,154,173</u>	<u>\$ 358,979</u>	<u>\$ 35,241</u>	<u>\$ 6,025</u>	<u>\$ 1,554,418</u>

(Continued)

**Housing Authority of the City of Milton, Florida**  
**FINANCIAL DATA SCHEDULE - BALANCE SHEET (Continued)**  
**March 31, 2022**

Line Item #	Account Description	Low Rent Housing 14.850	Capital Fund Program 14.872	Low Rent housing & capital fund combined	Housing Choice Vouchers 14.871	Tenant Based Rental Assistance (State Grant)	Business Activities	Total
<b>LIABILITIES AND EQUITY</b>								
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
312	Accounts payable < 90 days	397	-	397	4,144	-	-	4,541
321	Accrued wages/payroll taxes payable	1,192	-	1,192	-	-	-	1,192
322	Accrued compensated absences	28,788	-	28,788	-	-	-	28,788
333	Accounts payable - other governments	4,618	-	4,618	-	-	-	4,618
341	Tenant security deposits	10,784	-	10,784	-	-	-	10,784
342	Unearned revenues	606	-	606	-	17,354	-	17,960
345	Other current liabilities	-	-	-	14,460	14,640	-	29,100
347	Inter program due to	-	-	-	-	-	-	-
<b>310</b>	<b>Total current liabilities</b>	<b>46,385</b>	<b>-</b>	<b>46,385</b>	<b>18,604</b>	<b>31,994</b>	<b>-</b>	<b>96,983</b>
<b>Non Current Liabilities</b>								
353	Non other current liabilities	-	-	-	7,456	-	-	7,456
<b>350</b>	<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,456</b>	<b>-</b>	<b>-</b>	<b>7,456</b>
<b>300</b>	<b>TOTAL LIABILITIES</b>	<b>46,385</b>	<b>-</b>	<b>46,385</b>	<b>26,060</b>	<b>31,994</b>	<b>-</b>	<b>104,439</b>
<b>EQUITY/NET POSITION</b>								
508.4	Invested in capital assets	653,853	177,025	830,878	31,685	-	5,226	867,789
511.4	Restricted	-	-	-	267,344	-	-	267,344
512.4	Unrestricted	276,910	-	276,910	33,890	3,247	799	314,846
<b>513</b>	<b>Total Equity/Net Position</b>	<b>930,763</b>	<b>177,025</b>	<b>1,107,788</b>	<b>332,919</b>	<b>3,247</b>	<b>6,025</b>	<b>1,449,979</b>
<b>600</b>	<b>TOTAL LIABILITIES AND EQUITY/NET POSITON</b>	<b>\$ 977,148</b>	<b>\$ 177,025</b>	<b>\$ 1,154,173</b>	<b>\$ 358,979</b>	<b>\$ 35,241</b>	<b>\$ 6,025</b>	<b>\$ 1,554,418</b>

See accompanying independent auditor's report

**Housing Authority of the City of Milton, Florida**

**FINANCIAL DATA SCHEDULE - INCOME STATEMENT (CONTINUED)**

**Year Ended March 31, 2022**

Line Item #	Account Description	Low Rent Housing 14.850	Capital Fund 14.872	Housing Choice Vouchers 14.871	Family Self Sufficiency Grant 14.896	Tenant Based Rental Assistance (State Grant)	Business Activities	Total
<b>REVENUES</b>								
Tenant revenue								
70300	Dwelling rental	\$ 52,017	\$ -	\$ -	\$ -	\$ 9,830	\$ -	\$ 61,847
70400	Other tenant revenue	957	-	-	-	-	-	957
70500	Total tenant revenue	<u>52,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,830</u>	<u>-</u>	<u>62,804</u>
70600-010	Housing assistance payments	-	-	3,123,042	-	-	-	3,123,042
70600-020	Ongoing administrative fees earned	-	-	204,347	-	-	-	204,347
70600	HUD PHA operating grant	215,458	68,633	-	73,800	-	-	357,891
70600	Total HUD PHA operating grants	<u>215,458</u>	<u>68,633</u>	<u>3,327,389</u>	<u>73,800</u>	<u>-</u>	<u>-</u>	<u>3,685,280</u>
70610	Capital grants	-	15,000	-	-	-	-	15,000
71100	Investment income - unrestricted	11	-	1	-	-	-	12
70750	Other fees	-	-	-	-	-	40,145	40,145
70800	Other government grants	-	-	-	-	93,062	-	93,062
71400	Fraud recovery	-	-	4,452	-	-	-	4,452
71500	Other revenue	-	-	121,750	-	-	-	121,750
70000	<b>TOTAL REVENUES</b>	<u>268,443</u>	<u>83,633</u>	<u>3,453,592</u>	<u>73,800</u>	<u>102,892</u>	<u>40,145</u>	<u>4,022,505</u>
<b>EXPENSES</b>								
Administrative								
91100	Salaries	66,474	-	122,701	-	8,000	32,838	230,013
91200	Audit fees	10,925	-	10,925	-	-	1,150	23,000
91500	Employee benefit contributions	57,569	-	46,933	-	-	4,472	108,974
91600	Office expense	15,815	-	31,095	-	386	1,253	48,549
91800	Travel	747	-	1,156	-	-	-	1,903
91900	Other	867	-	1,598	-	-	-	2,465
91000	Total administrative	<u>152,397</u>	<u>-</u>	<u>214,408</u>	<u>-</u>	<u>8,386</u>	<u>39,713</u>	<u>414,904</u>
Tenant Services								
92100	Salaries	-	-	-	58,210	-	-	58,210
92300	Employee benefit contributions	-	-	-	15,590	-	-	15,590
92400	Other	1,090	-	-	-	-	-	1,090
92500	Total tenant services	<u>1,090</u>	<u>-</u>	<u>-</u>	<u>73,800</u>	<u>-</u>	<u>-</u>	<u>74,890</u>
Utilities								
93100	Water and sewer	1,220	-	2,027	-	-	-	3,247
93200	Electricity	3,869	-	7,164	-	-	-	11,033
93300	Natural gas	453	-	502	-	-	-	955
93800	Other utilities expenses	296	-	358	-	-	-	654
93000	Total utilities	<u>5,838</u>	<u>-</u>	<u>10,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,889</u>
Ordinary Maintenance and Operations								
94100	Labor	49,295	-	-	-	-	-	49,295
94200	Materials and other	19,778	-	-	-	-	-	19,778
94300	Contract costs	18,712	-	-	-	-	-	18,712
94500	Employee benefit contributions	1,440	-	-	-	-	-	1,440
94000	Total ordinary maintenance and operations	<u>89,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,225</u>

(Continued)

## Housing Authority of the City of Milton, Florida

### FINANCIAL DATA SCHEDULE - INCOME STATEMENT (CONTINUED)

Year Ended March 31, 2022

Line Item #	Account Description	Low Rent Housing 14.850	Capital Fund 14.872	Housing Choice Vouchers 14.871	Family Self Sufficiency Grant 14.896	Tenant Based Rental Assistance (State Grant)	Business Activities	Total
	Insurance							
96110	Property insurance	16,379	-	-	-	-	-	16,379
96120	Liability insurance	2,523	-	-	-	-	-	2,523
96130	Workmen's compensation	6,852	-	5,096	-	-	-	11,948
96100	Total insurance	<u>25,754</u>	<u>-</u>	<u>5,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,850</u>
	Other General Expenses							
96200	Other general expenses	1,487	-	9,568	-	-	-	11,055
96210	Compensated Absences	28,788	-	-	-	-	-	28,788
96300	Payment in lieu of taxes	4,618	-	-	-	-	-	4,618
96000	Total other general expenses	<u>34,893</u>	<u>-</u>	<u>9,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,461</u>
96900	<b>TOTAL OPERATING EXPENSES</b>	<u>309,197</u>	<u>-</u>	<u>239,123</u>	<u>73,800</u>	<u>8,386</u>	<u>39,713</u>	<u>670,219</u>
97000	<b>EXCESS OPERATING REVENUES OVER OPERATING EXPENSES</b>	<u>(40,754)</u>	<u>83,633</u>	<u>3,214,469</u>	<u>-</u>	<u>94,506</u>	<u>432</u>	<u>3,352,286</u>
97300	Total housing assistance payments	-	-	3,157,579	-	93,062	-	3,250,641
97350	HAP portability-in	-	-	113,282	-	-	-	113,282
97400	Depreciation expense	35,338	30,504	5,317	-	-	-	71,159
90000	<b>TOTAL EXPENSES</b>	<u>344,535</u>	<u>30,504</u>	<u>3,515,301</u>	<u>73,800</u>	<u>101,448</u>	<u>39,713</u>	<u>4,105,301</u>
	<b>OTHER FINANCING SOURCES (USES)</b>							
10010	Operating transfers in	83,633	-	-	-	-	-	83,633
10020	Operating transfers out	-	(83,633)	-	-	-	-	(83,633)
10070	Extraordinary items, net gain (loss)	57,124	-	-	-	-	-	57,124
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>140,757</u>	<u>(83,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,124</u>
10000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 64,665</u>	<u>\$ (30,504)</u>	<u>\$ (61,709)</u>	<u>\$ -</u>	<u>\$ 1,444</u>	<u>\$ 432</u>	<u>\$ (25,672)</u>

#### Memo Account Information

11030	Beginning equity	\$ 1,073,627	\$ -	\$ 394,628	\$ -	\$ 1,803	\$ 5,593	\$ 1,475,651
11170	Administrative fee equity			\$ 65,575				\$ 65,575
11180	Housing Assistance Payments Equity			\$ 267,344				\$ 267,344
11190	Units months available	456		4,104				4,560
11210	Unit months leased	453		3,837				4,290
11270	Excess Cash	\$ 234,936						\$ 234,936
11620	Building purchases	\$ 55,154	\$ 15,000					\$ 70,154
11630	Furniture & Equipment - Dwelling Purchases	\$ 5,345						\$ 5,345
11640	Furniture & Equipment - Administrative Purchases	\$ 5,650		\$ 23,241				\$ 28,891

See accompanying independent auditor's report



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

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

To the Board of Directors  
The Housing Authority of the City of Milton, Florida  
5668 Byrom Street  
Milton, FL 32570

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 Housing Authority of the City of Milton, Florida, which comprise the statement of fund net position as of March 31, 2022, and the related statements of revenues, expenses and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Milton, Florida's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Housing Authority of the City of Milton, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Milton, Florida'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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

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

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Paul M. Paul, CPA, P.A.

Crestview, FL  
December 27, 2022



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

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

To the Board of Directors  
Housing Authority of the City of Milton, Florida  
5668 Byrom Street  
Milton, FL 32570

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited The Housing Authority of the City of Milton, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Housing Authority of the City of Milton, Florida's major federal programs for the year ended March 31, 2022. The Housing Authority of the City of Milton, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Housing Authority of the City of Milton, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Housing Authority of the City of Milton, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Housing Authority of the City of Milton, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Housing Authority of the City of Milton, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Edward M. Paul, CPA, P.A.*

Crestview, FL  
December 27, 2022

# Housing Authority of the City of Milton, Florida

## Schedule of Expenditures of Federal and State Awards Year Ended March 31, 2022

Federal Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Grant #	Expenditures
<b>Department of Housing and Urban Development Programs</b>			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 3,327,389
Family Self Sufficiency Program	14.896	N/A	73,800
Public Housing Capital Fund Program	14.872	N/A	83,633
Public and Indian Housing	14.850	N/A	215,458
Total Expenditures of Federal Awards			<u>\$ 3,700,280</u>
<b>Florida Housing Finance Corporation</b>			
Tenant Based Rental Assistance (TBRA)	N/A	096-2017	\$ 93,062
Total Expenditures of State Awards			<u>\$ 93,062</u>

The accompanying notes are an integral part of this schedule.

### ***NOTE A - BASIS OF PRESENTATION***

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Housing Authority of the City of Milton, Florida for the year ended March 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operating expenditures of the Housing Authority of the City of Milton, Florida, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority of the City of Milton, Florida.

### ***NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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

### ***NOTE C - INDIRECT COST RATE***

The Housing Authority of the City of Milton, Florida has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

# Housing Authority of the City of Milton, Florida

## Schedule of Findings and Questioned Costs Year Ended March 31, 2022

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:            Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            Yes       X No
- Significant deficiency(ies) identified?            Yes       X None reported

Non compliance material to financial statement noted?            Yes       X No

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?            Yes       X No
- Significant deficiency(ies) identified?            Yes       X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            Yes       X No

Identification of major federal programs:

CFDA Number	Name of Federal Program
14.871	Section 8 Housing Choice Vouchers

Dollar thresholds used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee?       X Yes            No

### SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
*RULES OF THE AUDITOR GENERAL***

To the Board of Directors  
Housing Authority of the City of Milton, Florida  
5668 Byrom Street  
Milton, FL 32570

We have examined the Housing Authority of the City of Milton, Florida's (hereafter referred to as "the Authority") compliance with Florida Statute 218.415 regarding investments during the year ended March 31, 2022. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with Florida Statute 218.415 regarding investments during the year ended March 31, 2022.

*Dawn M. Paul, CPA, P.A.*

Crestview, FL  
December 27, 2022



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

## MANAGEMENT LETTER

To the Board of Directors  
Housing Authority of the City of Milton, Florida  
5668 Byrom Street  
Milton, FL 32570

### **Report on the Financial Statements**

We have audited the financial statements of the Housing Authority of the City of Milton, Florida as of and for the fiscal year ended March 31, 2022 and have issued our report thereon dated December 27, 2022.

### **Auditor's Responsibility**

We conducted our audit 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 27, 2022, should be considered in conjunction with this management letter.

## **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no recommendations made in the preceding annual financial audit report.

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the financial statements.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Housing Authority of the City of Milton, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Housing Authority of the City of Milton, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Housing Authority of the City of Milton, Florida. It is management's responsibility to monitor the Housing Authority of the City of Milton, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Housing Authority of the City of Milton, Florida is not a component unit or a county, municipality or special district. In connection with our audit, we did not note any special district components that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Department of Housing and Urban Development, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Dawn M. Paul, CPA, P.A.*

Crestview, Florida  
December 27, 2022