

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

**Financial Statements
And Supplementary Information**

March 31, 2021

Housing Authority of the City of Milton, Florida

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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 financial statements of the Housing Authority of the City of Milton, Florida, which comprise the statement of fund net position as of March 31, 2021, 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, Florida's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referenced to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Milton, Florida as of March 31, 2021, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Responsibility

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 27 to 30 (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 29, 2021, 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.

Raymond M. Paul, CPA, P.A.

Crestview, FL
December 29, 2021

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, 2021, and 2020, and should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Net position increased to \$1,475,651 as of March 31, 2021. Of this amount, \$834,557 represents investments in capital assets, \$298,672 is restricted for housing assistance payments and \$342,422 is unrestricted and may be used to meet the Authority's ongoing obligations to tenants, landlords and creditors.
- The Authority generated a net profit of approximately \$391,843 during the year ended March 31, 2021.

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 or 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 \$1,475,651 and \$1,083,808 (net position) for the fiscal years ended 2021, and 2020 as reported in Table 1.

By far, the largest portion (\$834,557 on March 31, 2021 or 57%) 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, 2021, and 2020.

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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Current assets	\$ 654,874	\$ 267,318
Capital assets	834,557	889,787
Other assets	<u>172,934</u>	<u>-</u>
Total assets	<u>\$ 1,662,365</u>	<u>\$ 1,157,105</u>
Other liabilities	<u>\$ 186,714</u>	<u>\$ 73,297</u>
Total liabilities	<u>186,714</u>	<u>73,297</u>
Net position		
Invested in capital assets net of related debt	834,557	889,787
Restricted for housing assistance payments	298,672	9,135
Unrestricted	<u>342,422</u>	<u>184,886</u>
Total net position	<u>\$ 1,475,651</u>	<u>\$ 1,083,808</u>

Total assets increased \$505,260 during fiscal year 2021. Current assets increased approximately \$387,556, which is primarily an increase in cash balances as a result of CARES Act funding the Authority received as part of the COVID-19 economic relief. Other assets increased by \$172,934 and consisted of deferred outflow of resources (April 2021 Housing Assistance Payments). Capital assets decreased approximately \$55,230 because of capital asset disposals and depreciation. The Authority had capital asset additions of \$14,345. Liabilities increased approximately \$113,417 primarily due to an inter program due from balance of \$90,516 which resulted because the April 2021 HAP direct deposits to landlords in the Housing Choice Voucher Program was debited from the bank account on March 31, 2021 rather than April 1, 2021. The Low Rent Public Housing transferred unrestricted cash to the Housing Choice Vouchers program in the amount of \$90,516 in order for the restricted cash to be properly stated. The inter program due to/from transaction was reversed on April 1, 2021.

Unrestricted net position of \$342,422 and \$184,886 on March 31, 2021 and 2020, respectively, may be used to meet the Authority's ongoing obligations to tenants and creditors.

The overall increase in the Authority's net position was \$391,843 during fiscal year 2021, as reported in Table 2, and is primarily due to the Authority receiving CARES ACT monies due to COVID -19 for operations as allowed by HUD.

Table 2

**CHANGES IN NET POSITION
AS OF MARCH 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Operating grants	\$ 4,011,777	\$ 3,526,433
Other government grants	66,290	101,198
Capital grants	-	45,373
Dwelling rent	46,166	43,192
Other tenant revenue	788	286
Other operating income	138,921	203,072
Interest revenue	33	39
Loss on disposal of asset	-	(15,643)
Total revenues	<u>4,263,975</u>	<u>3,903,950</u>
Expenses		
Administrative	393,580	374,569
Tenant service	74,519	77,917
Utilities	14,824	13,953
Ordinary maintenance and operations	79,300	75,421
General expenses	63,939	57,529
Housing assistance payments	3,101,523	2,958,124
HAP portability	74,872	141,907
Depreciation	69,575	78,107
Total expenses	<u>3,872,132</u>	<u>3,777,527</u>
Change in net position	<u>\$ 391,843</u>	<u>\$ 126,423</u>

Total revenues between fiscal years 2021 and 2020 increased \$360,025 (or 9.22%). Operating grant revenue increased \$485,344 from fiscal years 2021 to 2020. The variance was the result of CARES Act monies received for operations. Milton Housing Authority also utilized capital fund grant for operations only as allowed by HUD. During 2021, the Authority had a reduction in its Tenant Based Rental Assistance Grant (other government grants) in the amount of \$34,908 and the port administered HAP contracts of \$67,035.

Total expenses increased by \$94,605 or 3% between fiscal years 2021 and 2020. 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, 2021, and 2020, amounts to \$834,557 and \$889,787 respectively (net of accumulated depreciation) as reported in Table 3. The decrease of \$55,230 was the result capital asset disposals and depreciation. 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 \$69,575 and \$78,107 for the years ended March 31, 2021, and 2020, respectively.

Table 3

**CAPITAL ASSETS
AS OF MARCH 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Land	\$ 71,335	\$ 71,335
Buildings	1,454,550	1,454,550
Improvements other than buildings	709,934	710,652
Equipment and fixtures	175,643	169,085
Accumulated depreciation	<u>(1,576,905)</u>	<u>(1,515,835)</u>
Total	<u><u>\$ 834,557</u></u>	<u><u>\$ 889,787</u></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, 2021

	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	Public Housing CARES Act Funding	Housing Choice Vouchers CARES Act Funding	2021	2020 (For Comparative Purposes Only)
ASSETS										
Current Assets										
Cash										
Unrestricted	\$ -	\$ 183,773	\$ -	\$ -	\$ 1,803	\$ 367	\$ -	\$ -	\$ 185,943	\$ 194,753
Tenant security deposits	-	10,670	-	-	-	-	-	-	10,670	10,210
Other restricted	308,256	-	-	-	15,643	-	-	-	323,899	27,259
Cash restricted for current liabilities	20,547	-	-	-	-	-	-	-	20,547	12,469
Accounts receivable										
Other	-	-	-	-	10,964	-	-	-	10,964	10,347
Due from other funds	-	90,516	-	-	-	-	-	-	90,516	-
Inventory	-	5,736	-	-	-	-	-	-	5,736	5,882
Prepaid expenses	-	6,599	-	-	-	-	-	-	6,599	6,398
Total current assets	328,803	297,294	-	-	28,410	367	-	-	654,874	267,318
Capital Assets, net										
Non-depreciable	-	66,109	-	-	-	5,226	-	-	71,335	71,335
Depreciable, net	13,760	541,933	207,529	-	-	-	-	-	763,222	818,452
Total capital assets, net	13,760	608,042	207,529	-	-	5,226	-	-	834,557	889,787
Deferred outflow of resources - Housing Assistance Payments	172,934	-	-	-	-	-	-	-	172,934	-
TOTAL ASSETS	515,497	905,336	207,529	-	28,410	5,593	-	-	1,662,365	1,157,105
LIABILITIES										
Current liabilities										
Accounts payable	222	948	-	-	-	-	-	-	1,170	4,042
Accrued expenses	-	3,697	-	-	-	-	-	-	3,697	2,182
Accrued compensated absences	-	19,605	-	-	-	-	-	-	19,605	13,321
Payable to other government	-	4,057	-	-	-	-	-	-	4,057	3,787
Due to other funds	90,516	-	-	-	-	-	-	-	90,516	-
Unearned revenue	-	261	-	-	15,643	-	-	-	15,904	10,694
Tenant security deposits	-	10,670	-	-	-	-	-	-	10,670	10,210
Other current liabilities	20,547	-	-	-	10,964	-	-	-	31,511	21,390
Total current liabilities	111,285	39,238	-	-	26,607	-	-	-	177,130	65,626
Non-current liabilities										
FSS escrow liability	9,584	-	-	-	-	-	-	-	9,584	7,671
Total non-current liabilities	9,584	-	-	-	-	-	-	-	9,584	7,671
TOTAL LIABILITIES	120,869	39,238	-	-	26,607	-	-	-	186,714	73,297
NET POSITION										
Invested in capital assets	13,760	608,042	207,529	-	-	5,226	-	-	834,557	889,787
Restricted	298,672	-	-	-	-	-	-	-	298,672	9,135
Unrestricted	82,196	258,056	-	-	1,803	367	-	-	342,422	184,886
TOTAL NET POSITION	\$ 394,628	\$ 866,098	\$ 207,529	\$ -	\$ 1,803	\$ 5,593	\$ -	\$ -	\$ 1,475,651	\$ 1,083,808

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, 2021

	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	Public Housing CARES Act Funding	Housing Choice Vouchers CARES Act Funding	2021	2020 (For Comparative Purpose Only)
REVENUES										
Operating grants	\$ 3,219,543	\$ 200,176	\$ 81,360	\$ 72,000	\$ -	\$ -	\$ 29,815	\$ 408,883	\$ 4,011,777	\$ 3,526,433
Other government grants	-	-	-	-	66,290	-	-	-	66,290	101,198
Dwelling rental	-	46,166	-	-	-	-	-	-	46,166	43,192
Other tenant revenue	-	788	-	-	-	-	-	-	788	286
Interest income - unrestricted	3	30	-	-	-	-	-	-	33	39
Fraud recovery funds retained	211	-	-	-	-	-	-	-	211	-
Other income	89,657	2,645	-	-	6,929	39,479	-	-	138,710	203,072
TOTAL REVENUES	3,309,414	249,805	81,360	72,000	73,219	39,479	29,815	408,883	4,263,975	3,874,220
OPERATING EXPENSES										
Administrative										
Salaries	48,789	34,722	-	-	6,000	33,576	21,270	75,752	220,109	207,267
Audit fees	10,925	10,925	-	-	-	1,150	-	-	23,000	23,000
Employee benefit contributions	37,716	48,108	-	-	-	4,163	4,402	8,273	102,662	95,048
Office expenses	27,202	15,407	-	-	598	415	857	3,330	47,809	46,686
Travel	-	-	-	-	-	-	-	-	-	2,193
Other	-	-	-	-	-	-	-	-	-	375
Total administrative	124,632	109,162	-	-	6,598	39,304	26,529	87,355	393,580	374,569
Tenant Services										
Salaries	-	-	-	57,544	-	-	-	-	57,544	61,982
Employee benefit contributions	-	-	-	14,456	-	-	-	-	14,456	13,736
Other	-	1,048	-	-	-	-	839	632	2,519	2,199
Total tenant services	-	1,048	-	72,000	-	-	839	632	74,519	77,917
Utilities										
Water and sewer	2,418	1,168	-	-	-	-	-	-	3,586	3,038
Electricity	5,954	3,765	-	-	-	-	-	-	9,719	9,105
Natural gas	539	400	-	-	-	-	-	-	939	1,216
Landfill	317	263	-	-	-	-	-	-	580	594
Total utilities	9,228	5,596	-	-	-	-	-	-	14,824	13,953
Ordinary Maintenance and Operations										
Labor	-	47,315	-	-	-	-	2,447	-	49,762	41,996
Employee benefit contributions	-	930	-	-	-	-	-	-	930	720
Materials and other	-	8,656	-	-	-	-	-	-	8,656	15,283
Contract costs	-	19,952	-	-	-	-	-	-	19,952	17,422
Total ordinary maintenance and operations	-	76,853	-	-	-	-	2,447	-	79,300	75,421

(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, 2021

	<u>Major Fund</u>		<u>Non-Major Funds</u>						<u>Totals</u>	
	<u>Housing Choice Vouchers</u>	<u>Low Rent Housing</u>	<u>Capital Fund</u>	<u>Family Self Sufficiency Grant</u>	<u>Tenant Based Rental Assistance (State Grant)</u>	<u>Business Activities</u>	<u>Public Housing CARES Act Funding</u>	<u>Housing Choice Vouchers CARES Act Funding</u>	<u>2021</u>	<u>2020 (For Comparative Purpose Only)</u>
OPERATING EXPENSES CONTINUED										
Insurance	\$ 4,510	\$ 22,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,406	\$ 26,857
Compensated absences	-	19,605	-	-	-	-	-	-	19,605	13,321
Payment in lieu of taxes	-	4,057	-	-	-	-	-	-	4,057	3,787
Other general expenses	6,127	1,534	-	-	-	-	-	5,210	12,871	13,564
Total general expenses	10,637	48,092	-	-	-	-	-	5,210	63,939	57,529
Other Expenses										
Housing assistance payments	2,719,547	-	-	-	66,290	-	-	315,686	3,101,523	2,958,124
HAP portability-in	74,872	-	-	-	-	-	-	-	74,872	141,907
Depreciation expense	2,275	36,796	30,504	-	-	-	-	-	69,575	78,107
Total other expenses	2,796,694	36,796	30,504	-	66,290	-	-	315,686	3,245,970	3,178,138
TOTAL OPERATING EXPENSES	<u>2,941,191</u>	<u>277,547</u>	<u>30,504</u>	<u>72,000</u>	<u>72,888</u>	<u>39,304</u>	<u>29,815</u>	<u>408,883</u>	<u>3,872,132</u>	<u>3,777,527</u>
Operating income (loss)	368,223	(27,742)	50,856	-	331	175	-	-	391,843	96,693
NON-OPERATING REVENUES (EXPENSES)										
Capital grants	-	-	-	-	-	-	-	-	-	45,373
Loss on disposal	-	-	-	-	-	-	-	-	-	(15,643)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,730</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>368,223</u>	<u>(27,742)</u>	<u>50,856</u>	<u>-</u>	<u>331</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>391,843</u>	<u>126,423</u>
OTHER FINANCING SOURCES										
Transfers in (out)	-	81,360	(81,360)	-	-	-	-	-	-	-
NET INCOME (LOSS)	<u>368,223</u>	<u>53,618</u>	<u>(30,504)</u>	<u>-</u>	<u>331</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>391,843</u>	<u>126,423</u>
NET FUND POSITION - Beginning of year	<u>26,405</u>	<u>812,480</u>	<u>238,033</u>	<u>-</u>	<u>1,472</u>	<u>5,418</u>	<u>-</u>	<u>-</u>	<u>1,083,808</u>	<u>957,385</u>
NET FUND POSITION - End of year	<u>\$ 394,628</u>	<u>\$ 866,098</u>	<u>\$ 207,529</u>	<u>\$ -</u>	<u>\$ 1,803</u>	<u>\$ 5,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475,651</u>	<u>\$ 1,083,808</u>

See accompanying notes to financial statements

Housing Authority of the City of Milton, Florida

STATEMENT OF CASH FLOWS Year Ended March 31, 2021

	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	Public Housing Cares Act Funding	Housing Choice Vouchers Cares Act Funding	2021	2020 (For Comparative Purpose Only)
CASH FLOWS FROM OPERATING ACTIVITIES										
Operating grants	\$ 3,049,838	\$ 200,176	\$ 81,360	\$ 72,000	\$ 71,480	\$ 39,479	\$ 29,815	\$ 408,883	\$ 3,953,031	\$ 3,514,938
Other government grants	-	-	-	-	-	-	-	-	-	110,354
Receipts from tenants and customers	-	47,544	-	-	-	-	-	-	47,544	42,754
Cash received from interfund services provided	90,516	-	-	-	-	-	-	-	90,516	-
Payments to suppliers	(97,602)	(187,187)	-	(14,456)	(598)	(5,728)	(5,241)	(9,172)	(319,984)	(321,791)
Subsidized rent payments	(2,786,341)	-	-	-	(66,290)	(33,576)	(24,574)	(315,686)	(3,226,467)	(3,153,227)
Payments to employees	(48,789)	(46,528)	-	(57,544)	(6,000)	-	-	(84,025)	(242,886)	(245,113)
Cash payments for interfund service used	-	(90,516)	-	-	-	-	-	-	(90,516)	-
Other income	89,868	2,645	-	-	6,929	-	-	-	99,442	203,071
Interest income	3	30	-	-	-	-	-	-	33	39
Net cash flows from operating activities	297,493	(73,836)	81,360	-	5,521	175	-	-	310,713	151,025
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES										
Transfers in (out)	-	81,360	(81,360)	-	-	-	-	-	-	-
Net cash flows from non-capital financing activities	-	81,360	(81,360)	-	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES										
Capital grants	-	-	-	-	-	-	-	-	-	45,373
Net cash flows from non-capital financing activities	-	-	-	-	-	-	-	-	-	45,373
CASH FLOWS FROM INVESTING ACTIVITIES										
Fixed asset purchases	(8,191)	(6,154)	-	-	-	-	-	-	(14,345)	(76,852)
Net cash flows from investing activities	(8,191)	(6,154)	-	-	-	-	-	-	(14,345)	(76,852)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	289,302	1,370	-	-	5,521	175	-	-	296,368	119,546
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,501	193,073	-	-	11,925	192	-	-	244,691	125,145
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 328,803</u>	<u>\$ 194,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,446</u>	<u>\$ 367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541,059</u>	<u>\$ 244,691</u>
AT END OF YEAR CONSISTS OF										
Unrestricted cash	\$ -	\$ 183,773	\$ -	\$ -	\$ 1,803	\$ 367	\$ -	\$ -	\$ 185,943	\$ 194,753
Restricted cash	328,803	10,670	-	-	15,643	-	-	-	355,116	49,938
TOTAL	<u>\$ 328,803</u>	<u>\$ 194,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,446</u>	<u>\$ 367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541,059</u>	<u>\$ 244,691</u>
Reconciliation of change in net position to net cash provided by operating activities										
Increase (Decrease) in operating net position	\$ 368,223	\$ (27,742)	\$ 50,856	\$ -	\$ 331	\$ 175	\$ -	\$ -	\$ 391,843	\$ 96,693
Adjustments to reconcile change in net position to cash provided by operating activities:										
Depreciation expense	2,275	36,796	30,504	-	-	-	-	-	69,575	78,107
(Increase)/decrease in accounts receivable	1,316	110	-	-	(2,043)	-	-	-	(617)	2,840
Decrease in FSS escrow	8,078	-	-	-	-	-	-	-	8,078	8,786
Decrease in other assets	-	(90,516)	-	-	-	-	-	-	(90,516)	-
(Increase)/decrease in inventory	-	146	-	-	-	-	-	-	146	(725)
Increase in prepaid expenses	-	(201)	-	-	-	-	-	-	(201)	(3,507)
Increase in deferred outflow of resources	(172,934)	-	-	-	-	-	-	-	(172,934)	-
Increase/(decrease) in accounts payable	(1,894)	(978)	-	-	-	-	-	-	(2,872)	1,277
Increase/(decrease) in accrued liabilities	90,516	8,069	-	-	-	-	-	-	98,585	(24,784)
Increase/(decrease) in tenants security deposits held in trust	-	460	-	-	2,043	-	-	-	2,503	(1,759)
Increase/(decrease) in prepaid rent	1,913	20	-	-	5,190	-	-	-	7,123	(5,903)
Net cash provided (used) by operations	-	-	-	-	-	-	-	-	-	-
operating activities	<u>\$ 297,493</u>	<u>\$ (73,836)</u>	<u>\$ 81,360</u>	<u>\$ -</u>	<u>\$ 5,521</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,713</u>	<u>\$ 151,025</u>

See accompanying notes to financial statements

Housing Authority of the City of Milton, Florida

Notes to Financial Statements

March 31, 2021

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, 2021, 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, 2021

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, 2021

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, 2021

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.

Public Housing and HCV Cares Act Funding

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.

Housing Authority of the City of Milton, Florida

Notes to Financial Statements March 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

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 has no external debt at March 31, 2021.

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.

Housing Authority of the City of Milton, Florida

Notes to Financial Statements

March 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Comparative Data

The amounts shown for the year ended March 31, 2020, in the accompanying financial statements are included only to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 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, 2020, 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, 2021, was \$185,943. The security deposits in the amount of \$10,670 are considered restricted cash and are maintained in a separate bank account. Other restricted cash as of March 31, 2021, consisted of monies restricted for housing assistance payments totaling \$308,256, housing assistance payments for tenant based rental assistance grant in the amount of \$15,643 and payments for current liabilities consisting of family self-sufficiency escrow payments in the amount of \$20,547 for a total of \$344,446.

Investments

Investments for the Authority typically consist of certificates of deposits. As of March 31, 2021, the Authority did not have any investments.

Housing Authority of the City of Milton, Florida

Notes to Financial Statements

March 31, 2021

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, 2021. 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, 2021, totaled \$69,575.

Housing Authority of the City of Milton, Florida

Notes to Financial Statements

March 31, 2021

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 employees accrue sick leave benefits at the rate of 12 days per year. Eight hours are accrued for every full month of service.

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, 2021, the compensated absence liability was \$19,605.

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.

Housing Authority of the City of Milton, Florida

Notes to Financial Statements March 31, 2021

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, 2021 the bank value of the Authority's deposits was \$564,811, all of which were held by qualified public depositories under Chapter 280, Florida Statutes.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	3/31/2020	Additions	Deletions	3/31/2021
<i>Capital Assets, depreciable</i>				
Buildings	\$ 1,454,550	\$ -	\$ -	\$ 1,454,550
Improvements other than buildings	710,652	-	(718)	709,934
Dwelling fixtures and equipment	68,478	2,784	(1,568)	69,694
Administrative fixtures and equipment	100,607	11,561	(6,219)	105,949
Accumulated depreciation	(1,515,835)	(69,575)	8,505	(1,576,905)
Capital assets, net of accumulated depreciation	\$ 818,452	\$ (55,230)	\$ -	\$ 763,222
<i>Capital Assets, non-depreciable</i>				
Land	71,335	-	-	71,335
Capital assets, non-depreciable	71,335	-	-	71,335
Total Capital Assets	\$ 889,787	\$ (55,230)	\$ -	\$ 834,557

Housing Authority of the City of Milton, Florida

Notes to Financial Statements March 31, 2021

NOTE 4 – CAPITAL FUND PROGRAM (CFP)

The following CFP grant awards were completed and/or in progress during the fiscal years ended March 31, 2021 and 2020:

CFP Grant	2021			2020		
	Total Funds Received	Total Funds Expended	Variance	Total Funds Received	Total Funds Expended	Variance
501-18	\$ -	\$ -	\$ -	\$ 45,373	\$ 45,373	\$ -
501-19	\$ 973	\$ 973	\$ -	\$ 177,475	\$ 176,502	\$ 973
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 2021 and 2020.

Program	2021	2020
CFP-501-18	-	-
CFP-501-19	\$ 973	\$ 176,502
CFP-501-20	\$ 80,387	
Total	<u>\$ 81,360</u>	<u>\$ 176,502</u>

Housing Authority of the City of Milton, Florida

Notes to Financial Statements

March 31, 2021

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, 2021, the insurance policy for windstorm coverage in the event of a hurricane, has a deductible of \$58,501 representing 2.5% of the insured value of the residential units, office and shop building, which are listed on the policy at \$2,340,065.

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, 2021, were \$7,750.

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, 2021

NOTE 9 – CHANGES IN LONG TERM LIABILITIES

The following summarizes the long-term liability activity for the year ended March 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Long-term Portion	Current Portion
Family Self-Sufficiency (FSS) Escrow	\$ 20,140	\$ 28,898	\$ (18,907)	\$ 30,131	\$ 9,584	\$ 20,547

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.

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transfers for potential recognition or disclosure through December 29, 2021, the date the financial statements were issued.

Subsequent to year-end, the spread of COVID-19 has severely impacted many local economies around the globe. Businesses have been required to cease or limit operation for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions in the economy. The extent of the impact of COVID-19 on the District's operational and financial performance will depend 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. At this point, the extent to which COVID-19 may impact the District's financial condition or results of operations is uncertain and cannot be reasonably estimated.

Housing Authority of the City of Milton, Florida

Notes to Financial Statements

March 31, 2021

NOTE 10 – SUBSEQUENT EVENTS (CONTINUED)

In September of 2020, Hurricane Sally impacted the Panhandle of Florida. The Authority experienced roof damage from the hurricane. In July 2021, the Authority settled an insurance claim with its insurance company and received \$57,124 for insurance proceeds for roof repairs. The repairs were completed in September 2021 totaling \$70,154.

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

Item	Reference page
Financial Data Schedule - Balance Sheet	27-28
Financial Data Schedule - Income Statement	29-30

Housing Authority of the City of Milton, Florida

FINANCIAL DATA SCHEDULE - BALANCE SHEET March 31, 2021

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	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers CARES Act Funding 14.HCC	Total
ASSETS										
Current Assets										
Cash										
111	Unrestricted	\$ 183,773	\$ -	\$ 183,773	\$ -	\$ 1,803	\$ 367	\$ -	\$ -	\$ 185,943
113	Total other restricted	-	-	-	308,256	15,643	-	-	-	323,899
114	Tenant security deposits	10,670	-	10,670	-	-	-	-	-	10,670
115	Restricted for Payment of Current Liabilities	-	-	-	20,547	-	-	-	-	20,547
100	Total Cash	194,443	-	194,443	328,803	17,446	367	-	-	541,059
Accounts and Notes Receivable										
125	Miscellaneous	-	-	-	-	10,964	-	-	-	10,964
120	Total Accounts and Notes Receivables, net allowance for doubtful accounts	-	-	-	-	10,964	-	-	-	10,964
142	Prepaid expenses	6,599	-	6,599	-	-	-	-	-	6,599
143	Inventory	5,736	-	5,736	-	-	-	-	-	5,736
144	Interprogram - due from	90,516	-	90,516	-	-	-	-	-	90,516
150	Total current assets	297,294	-	297,294	328,803	28,410	367	-	-	654,874
Noncurrent Assets										
Capital Assets										
161	Land	66,109	-	66,109	-	-	5,226	-	-	71,335
162	Buildings	1,452,810	1,740	1,454,550	-	-	-	-	-	1,454,550
163	Furniture, equipment, and machinery - dwellings	69,694	-	69,694	-	-	-	-	-	69,694
164	Furniture, equipment, and machinery - administration	81,681	-	81,681	24,267	-	-	-	-	105,948
165	Leasehold improvements	53,553	656,381	709,934	-	-	-	-	-	709,934
166	Accumulated depreciation	(1,115,805)	(450,592)	(1,566,397)	(10,507)	-	-	-	-	(1,576,904)
167	Construction in progress	-	-	-	-	-	-	-	-	-
160	Total capital assets, net depreciation	608,042	207,529	815,571	13,760	-	5,226	-	-	834,557
180	Total noncurrent assets	608,042	207,529	815,571	13,760	-	5,226	-	-	834,557
200	Deferred outflow of resources	-	-	-	172,934	-	-	-	-	172,934
290	TOTAL ASSETS	\$ 905,336	\$ 207,529	\$ 1,112,865	\$ 515,497	\$ 28,410	\$ 5,593	\$ -	\$ -	\$ 1,662,365

(Continued)

Housing Authority of the City of Milton, Florida
FINANCIAL DATA SCHEDULE - BALANCE SHEET (Continued)
March 31, 2020

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	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers CARES Act Funding 14.HCC	Total
LIABILITIES AND EQUITY										
LIABILITIES										
Current Liabilities										
312	Accounts payable < 90 days	948	-	948	222	-	-	-	-	1,170
321	Accrued wages/payroll taxes payable	3,697	-	3,697	-	-	-	-	-	3,697
322	Accrued compensated absences	19,605	-	19,605	-	-	-	-	-	19,605
333	Accounts payable - other governments	4,057	-	4,057	-	-	-	-	-	4,057
341	Tenant security deposits	10,670	-	10,670	-	-	-	-	-	10,670
342	Unearned revenues	261	-	261	-	15,643	-	-	-	15,904
345	Other current liabilities	-	-	-	20,547	10,964	-	-	-	31,511
347	Inter program due to	-	-	-	90,516	-	-	-	-	90,516
310	Total current liabilities	39,238	-	39,238	111,285	26,607	-	-	-	177,130
Non Current Liabilities										
353	Non other current liabilities	-	-	-	9,584	-	-	-	-	9,584
350	Total non-current liabilities	-	-	-	9,584	-	-	-	-	9,584
300	TOTAL LIABILITIES	39,238	-	39,238	120,869	26,607	-	-	-	186,714
EQUITY/NET POSITION										
508.4	Invested in capital assets	608,042	207,529	815,571	13,760	-	5,226	-	-	834,557
511.4	Restricted	-	-	-	298,672	-	-	-	-	298,672
512.4	Unrestricted	258,056	-	258,056	82,196	1,803	367	-	-	342,422
513	Total Equity/Net Position	866,098	207,529	1,073,627	394,628	1,803	5,593	-	-	1,475,651
600	TOTAL LIABILITIES AND EQUITY/NET POSITON	\$ 905,336	\$ 207,529	\$ 1,112,865	\$ 515,497	\$ 28,410	\$ 5,593	\$ -	\$ -	\$ 1,662,365

Housing Authority of the City of Milton, Florida

FINANCIAL DATA SCHEDULE - INCOME STATEMENT Year Ended March 31, 2021

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	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers CARES Act Funding 14.HCC	Total
REVENUES										
	Tenant revenue									
70300	Dwelling rental	\$ 46,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,166
70400	Other tenant revenue	788	-	-	-	-	-	-	-	788
70500	Total tenant revenue	46,954	-	-	-	-	-	-	-	46,954
70600-010	Housing assistance payments	-	-	2,999,147	-	-	-	-	315,686	3,314,833
70600-020	Ongoing administrative fees earned	-	-	220,396	-	-	-	-	93,197	313,593
70600	HUD PHA operating grant	200,176	81,360	-	72,000	-	-	29,815	-	383,351
70600	Total HUD PHA operating grants	200,176	81,360	3,219,543	72,000	-	-	29,815	408,883	4,011,777
71100	Investment income - unrestricted	30	-	3	-	-	-	-	-	33
70750	Other fees	-	-	-	-	-	39,479	-	-	39,479
70800	Other government grants	-	-	-	-	66,290	-	-	-	66,290
71400	Fraud recovery	-	-	211	-	-	-	-	-	211
71500	Other revenue	2,645	-	89,657	-	6,929	-	-	-	99,231
70000	TOTAL REVENUES	249,805	81,360	3,309,414	72,000	73,219	39,479	29,815	408,883	4,263,975
EXPENSES										
	Administrative									
91100	Salaries	34,722	-	48,789	-	6,000	33,576	21,270	75,752	220,109
91200	Audit fees	10,925	-	10,925	-	-	1,150	-	-	23,000
91500	Employee benefit contributions	48,108	-	37,716	-	-	4,163	4,402	8,273	102,662
91600	Office expense	15,407	-	27,202	-	598	415	857	3,330	47,809
91000	Total administrative	109,162	-	124,632	-	6,598	39,304	26,529	87,355	393,580
	Tenant Services									
92100	Salaries	-	-	-	57,544	-	-	-	-	57,544
92300	Employee benefit contributions	-	-	-	14,456	-	-	-	-	14,456
92400	Other	1,048	-	-	-	-	-	839	632	2,519
92500	Total tenant services	1,048	-	-	72,000	-	-	839	632	74,519
	Utilities									
93100	Water and sewer	1,168	-	2,418	-	-	-	-	-	3,586
93200	Electricity	3,765	-	5,954	-	-	-	-	-	9,719
93300	Natural gas	400	-	539	-	-	-	-	-	939
93800	Other utilities expenses	263	-	317	-	-	-	-	-	580
93000	Total utilities	5,596	-	9,228	-	-	-	-	-	14,824
	Ordinary Maintenance and Operations									
94100	Labor	47,315	-	-	-	-	-	2,447	-	49,762
94200	Materials and other	8,656	-	-	-	-	-	-	-	8,656
94300	Contract costs	19,952	-	-	-	-	-	-	-	19,952
94500	Employee benefit contributions	930	-	-	-	-	-	-	-	930
94000	Total ordinary maintenance and operations	76,853	-	-	-	-	-	2,447	-	79,300

(Continued)

Housing Authority of the City of Milton, Florida

FINANCIAL DATA SCHEDULE - INCOME STATEMENT (CONTINUED) Year Ended March 31, 2021

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	Public Housing CARES Act Funding 14.PHC	Housing Choice Vouchers CARES Act Funding 14.HCC	Total
	Insurance									
96110	Property insurance	12,390	-	-	-	-	-	-	-	12,390
96120	Liability insurance	2,951	-	-	-	-	-	-	-	2,951
96130	Workmen's compensation	7,555	-	4,510	-	-	-	-	-	12,065
96100	Total insurance	22,896	-	4,510	-	-	-	-	-	27,406
	Other General Expenses									
96200	Other general expenses	1,534	-	6,127	-	-	-	-	5,210	12,871
96210	Compensated Absences	19,605	-	-	-	-	-	-	-	19,605
96300	Payment in lieu of taxes	4,057	-	-	-	-	-	-	-	4,057
96000	Total other general expenses	25,196	-	6,127	-	-	-	-	5,210	36,533
96900	TOTAL OPERATING EXPENSES	240,751	-	144,497	72,000	6,598	39,304	29,815	93,197	626,162
97000	EXCESS OPERATING REVENUES OVER OPERATING EXPENSES	9,054	81,360	3,164,917	-	66,621	175	-	315,686	3,637,813
97300	Total housing assistance payments	-	-	2,719,547	-	66,290	-	-	315,686	3,101,523
97350	HAP portability-in	-	-	74,872	-	-	-	-	-	74,872
97400	Depreciation expense	36,796	30,504	2,275	-	-	-	-	-	69,575
90000	TOTAL EXPENSES	277,547	30,504	2,941,191	72,000	72,888	39,304	29,815	408,883	3,872,132
	OTHER FINANCING SOURCES (USES)									
10010	Operating transfers in	(81,360)	-	-	-	-	-	-	-	(81,360)
10020	Operating transfers out	-	81,360	-	-	-	-	-	-	81,360
10100	TOTAL OTHER FINANCING SOURCES (USES)	(81,360)	81,360	-	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES	\$ 53,618	\$ (30,504)	\$ 368,223	\$ -	\$ 331	\$ 175	\$ -	\$ -	\$ 391,843

Memo Account Information

11030	Beginning equity	\$ 1,050,513	\$ -	\$ 26,405	\$ -	\$ 1,472	\$ 5,418	\$ -	\$ -	\$ 1,083,808
11170	Administrative fee equity			\$ 95,956						\$ 95,956
11180	Housing Assistance Payments Equity			\$ 298,672						\$ 298,672
11190	Units months available	456		4,104						4,560
11210	Unit months leased	456		3,842						4,298
11270	Excess Cash	\$ 225,659								\$ 225,659
11630	Furniture & Equipment - Dwelling Purchases	\$ 2,784								\$ 2,784
11640	Furniture & Equipment - Administrative Purchases	\$ 3,370		\$ 8,191						\$ 11,561



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

To the Board of 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, 2021, 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 29, 2021.

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.

Rawn M. Paul, CPA, P.A.

Crestview, FL
December 29, 2021



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

To the Board of 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, 2021. 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, 2021.

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.

Paul M. Paul, CPA, P.A.

Crestview, FL
December 29, 2021

Housing Authority of the City of Milton, Florida

Schedule of Expenditures of Federal and State Awards Year Ended March 31, 2021

Federal Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Grant #	Expenditures
Department of Housing and Urban Development Programs			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 3,219,543
Housing Choice Vouchers Cares Act Funding	14.HCC	N/A	408,883
Family Self Sufficiency Program	14.896	N/A	72,000
Public Housing Capital Fund Program	14.872	N/A	81,360
Public and Indian Housing	14.850	N/A	200,176
Public Housing Cares Act Funding	14.PHC	N/A	29,815
Total Expenditures of Federal Awards			<u>\$ 4,011,777</u>
Florida Housing Finance Corporation			
Tenant Based Rental Assistance (TBRA)	N/A	096-2017	\$ 66,290
Total Expenditures of State Awards			<u>\$ 66,290</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, 2021. 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, 2021

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: Unqualified

Internal control over financial reporting:

▪ Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
▪ Significant deficiency(ies) identified ?	<u> </u> Yes	<u> X </u> None reported

Non compliance material to financial statement noted? Yes X No

Federal Awards

Internal control over major federal programs:

▪ Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
▪ Significant deficiency(ies) identified ?	<u> </u> Yes	<u> X </u> None reported

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

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



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**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 for the year ended March 31, 2021.

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 where the Authority complied, in all material aspects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, 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 the requirements for the year ended March 31, 2021.

Dawn M. Paul, CPA, P.A.

Crestview, FL
December 29, 2021



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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, 2021 and have issued our report thereon dated December 29, 2021.

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 29, 2021, 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 29, 2021