

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

**REPORT ON AUDIT OF BASIC FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND SINGLE AUDIT**

FOR THE YEAR ENDED SEPTEMBER 30, 2016



TABLE OF CONTENTS

| | PAGE |
|---|-------------|
| Independent Auditor’s Report on Basic Financial Statements and Supplemental Information | 1-2 |
| Management’s Discussion and Analysis (MD&A) | i-vii |
| Basic Financial Statements | |
| Statement of Net Position | 3 |
| Statement of Revenues, Expenses and Changes in Net Position | 4 |
| Statement of Cash Flows | 5-6 |
| Notes to Basic Financial Statements | 7-15 |
| Supplemental Information | |
| Combining Schedule of Net Position | 16 |
| Combining Schedule of Revenues, Expenses and Changes in Net Position | 17 |
| Financial Data Schedule (FDS) Electronic Submission Schedule | 18-22 |
| Schedule of Expenditures of Federal Awards | 23 |
| Single Audit Section | |
| Independent Auditor’s Report On Internal Control Over Financial Reporting and On Compliance And Other Matters Based On An Audit of Basic Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> | 24-25 |
| Independent Auditor’s Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Uniform Guidance | 26-27 |
| Schedule of Findings and Questioned Costs..... | 28-29 |
| Summary Schedule Of Prior Audit Findings | 30 |

MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
210 N. Highway 17-92
DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463
malcolmjohnson@mpinet.net

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Ormond Beach Housing Authority
Ormond Beach, Florida

HUD, Jacksonville Area Office
Charles Bennett Federal Building
400 W Bay Street, Suite 1015
Jacksonville, Florida 32202-4410

Report on the Financial Statements

We have audited the accompanying financial statements of the Ormond Beach Housing Authority ("the Authority") which include the statement of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), the Financial Data Schedule, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 14, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
June 14, 2017

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016

This section of the Ormond Beach Housing Authority's ("the Authority") annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended September 30, 2016.

Financial Highlights and Conclusions:

The Authority had an 8.21% increase of \$90,873 in total net position and the financial indicators continue to maintain high scores as established by the Real Estate Assessment Center (REAC). HUD has given the Authority a designation of "High Performer" under the Financial Assessment Sub System (FASS).

Required Financial Statements

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses, and changes in net position are accounted for in the **Statement of Revenues, Expenses and Net Position**. This statement measures the success of the Authority's operations during the past fiscal year.

The Statement of Cash Flows is to provide information about the Authority's cash receipt and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

Financial Analysis of the Authority

One question frequently asked about an Authority's finances is "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses and Net Position report information about the Authority's activities and are summarized in the following sections.

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table I.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016
(Continued)

Financial Analysis of the Authority (Continued)

Combined Statement of Net Position - TABLE I

| | 2016 | 2015 | Total Change | % Change |
|--|---------------------|---------------------|------------------|----------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash & cash equivalents, unrestricted | \$ 337,792 | \$ 368,533 | \$ (30,741) | -8.34% |
| Cash & cash equivalents, restricted | 209,270 | 140,809 | 68,461 | 48.62% |
| Accounts receivable, net of allowances | 20,006 | 12,509 | 7,497 | 59.93% |
| Due from other governments | 21,580 | 13,364 | 8,216 | 61.48% |
| Inventories, net of obsolescence | 9,847 | 6,484 | 3,363 | 51.87% |
| Prepaid insurance | 101 | 101 | - | 0.00% |
| Total Current Assets | 598,596 | 541,800 | 56,796 | 10.48% |
| Noncurrent assets | | | | |
| Capital Assets | | | | |
| Not being depreciated | 494,670 | 494,670 | - | 0.00% |
| Depreciable, net | 210,896 | 134,929 | 75,967 | 56.30% |
| Total capital assets, net | 705,566 | 629,599 | 75,967 | 12.07% |
| Total Assets | 1,304,162 | 1,171,399 | 132,763 | 11.33% |
| Deferred outflow of resources | - | - | - | 0.00% |
| Total assets & deferred outflow of resources | 1,304,162 | 1,171,399 | 132,763 | 11.33% |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Vendors & contractors payable | 3,133 | 1,300 | 1,833 | 141.00% |
| Accrued wages/ taxes payable | 6,249 | 4,621 | 1,628 | 35.23% |
| Accrued compensated absences | 275 | 3,614 | (3,339) | -92.39% |
| Due to other governments | 37,013 | 26,579 | 10,434 | 39.26% |
| Resident security deposits | 18,196 | 14,007 | 4,189 | 29.91% |
| Unearned revenue | 787 | 1,145 | (358) | -31.27% |
| Total current liabilities | 65,653 | 51,266 | 14,387 | 28.06% |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 2,482 | 3,614 | (1,132) | -31.32% |
| Other accrued liabilities | 38,929 | 10,294 | 28,635 | 278.17% |
| Total noncurrent liabilities | 41,411 | 13,908 | 27,503 | 197.75% |
| Total liabilities | 107,064 | 65,174 | 41,890 | 64.27% |
| Deferred inflow of resources | - | - | - | 0.00% |
| Total liabilities and deferred inflow of resource | 107,064 | 65,174 | 41,890 | 64.27% |
| NET POSITION | | | | |
| Net investment in capital assets | 705,566 | 629,599 | 75,967 | 12.07% |
| Restricted | 152,145 | 116,508 | 35,637 | 30.59% |
| Unrestricted | 339,387 | 360,118 | (20,731) | -5.76% |
| Total net position | \$ 1,197,098 | \$ 1,106,225 | \$ 90,873 | 8.21% |

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016
(Continued)

Assets

Total Assets increased by \$132,763 or 11.33%. The change was primarily due to an increase in accounts receivable due to an increase in rental revenue.

Liabilities

Total Liabilities increased by \$41,890 or 64.27% due to an increase in various accrued liabilities.

Net Position

As illustrated in the Combined Statement of Net Position, the overall Net Position of the Authority increased by \$90,873 for the fiscal year ended September 30, 2016. This was primarily due to an increase in revenues and HUD capital contributions.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Net Position breaks down our revenues and expenses further. Table II, which follows, provides a combined statement of changes in Net Position for the fiscal year ended September 30, 2016. Table III provides a Statement of Revenues, Expenses and Net Position by Revenue Source.

Combined Statement of Revenues, Expenses and Change in Net Position - TABLE II

| | 2016 | 2015 | Total Change | % Change |
|--|---------------------|---------------------|------------------|-----------------|
| Rental Revenue | \$ 117,384 | \$ 108,656 | \$ 8,728 | 8.03% |
| HUD grants | 1,586,651 | 1,608,210 | (21,559) | -1.34% |
| Other revenue | 330,001 | 279,808 | 50,193 | 17.94% |
| Total Revenue | 2,034,036 | 1,996,674 | 37,362 | 1.87% |
| Administration | 290,903 | 249,101 | 41,802 | 16.78% |
| Tenant Services | 735 | 138 | 597 | 432.61% |
| Utilities | 5,150 | 3,811 | 1,339 | 35.14% |
| Ordinary maintenance & operations | 76,378 | 62,611 | 13,767 | 21.99% |
| Insurance | 31,043 | 32,043 | (1,000) | -3.12% |
| General Expense | 25,216 | 21,541 | 3,675 | 17.06% |
| Housing Assistance Payments | 1,590,693 | 1,476,140 | 114,553 | 7.76% |
| Depreciation | 49,411 | 43,249 | 6,162 | 14.25% |
| Total Operating Expenses | 2,069,529 | 1,888,634 | 180,895 | 9.58% |
| Operating income (loss) | (35,493) | 108,040 | (143,533) | -132.85% |
| Nonoperating revenues (expenses) | | | | |
| Interest revenue | 6 | 7 | (1) | -14.29% |
| Fraud recovery | 18,728 | 16,163 | 2,565 | 15.87% |
| Total nonoperating revenues | 18,734 | 16,170 | 2,564 | 15.86% |
| Increase (decrease) in net position | (16,759) | 124,210 | (140,969) | -113.49% |
| Capital contributions | 107,632 | - | 107,632 | 100.00% |
| Net position, beginning of year | 1,106,225 | 982,015 | 124,210 | 12.65% |
| Net position, end of year | \$ 1,197,098 | \$ 1,106,225 | \$ 90,873 | 8.21% |

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016
(Continued)

Combined Statement of Revenues, Expenses and Change in Net Position – By Fund
Fiscal Year Ended September 30, 2016 - TABLE III

| | Public Housing | Housing Vouchers | Total |
|---|---------------------------|-----------------------------|---------------------|
| Rental Revenue | \$ 117,384 | \$ - | \$ 117,384 |
| HUD grants | 130,483 | 1,456,168 | 1,586,651 |
| Other revenue | 10,282 | 319,719 | 330,001 |
| Total Revenue | 258,149 | 1,775,887 | 2,034,036 |
| Administration | 126,345 | 164,558 | 290,903 |
| Tenant Services | 735 | - | 735 |
| Utilities | 5,150 | - | 5,150 |
| Ordinary maintenance & operations | 76,378 | - | 76,378 |
| Insurance | 28,433 | 2,610 | 31,043 |
| General Expense | 10,829 | 14,387 | 25,216 |
| Housing Assistance Payments | - | 1,590,693 | 1,590,693 |
| Depreciation | 49,087 | 324 | 49,411 |
| Total Operating Expenses | 296,957 | 1,772,572 | 2,069,529 |
| Operating income (loss) | (38,808) | 3,315 | (35,493) |
| Nonoperating revenues (expenses) | | | |
| Interest revenue | - | 6 | 6 |
| Fraud recovery | - | 18,728 | 18,728 |
| Total nonoperating revenues (expenses) | - | 18,734 | 18,734 |
| Capital contributions | 75,358 | - | 75,358 |
| Transfers from (to) other programs | 32,274 | - | 32,274 |
| Increase (decrease) in net position | 68,824 | 22,049 | 90,873 |
| Net position, beginning of year | 934,847 | 171,378 | 1,106,225 |
| Net position, end of year | \$ 1,003,671 | \$ 193,427 | \$ 1,197,098 |

Revenues

In reviewing the statement of Revenues, Expenses, and Changes in Net Position, you will find that 78.00% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development and other governmental programs. Tenant revenue made up 5.78% of the Authority's total revenue and other income represents 16.22%. Compared to the Fiscal Year Ended September 30, 2015, Rental Revenues had an overall increase of \$8,728 or 8.03%.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016
(Continued)

Rental Revenue – Rental Revenue charged in the Public Housing program had an increase from \$108,656 to \$117,384 or an increase of \$8,728 or 8.03% net change.

Program Grants/Subsidies – The Authority had a 1.34 % decrease in Grant Revenue compared to the previous year. There were several factors that lead to the overall increase in grant funding. See the Subsidy comparative schedule below for detailed changes by program.

Subsidy Comparative - Fiscal Year Ended September 30, 2016

| Year | Public Housing | Vouchers | Totals |
|---------------------|--------------------|------------------|--------------------|
| 2016 | \$ 130,483 | \$ 1,456,168 | \$ 1,586,651 |
| 2015 | 163,716 | 1,444,494 | 1,608,210 |
| Total Change | \$ (33,233) | \$ 11,674 | \$ (21,559) |
| Percent Change | -20.30% | 0.81% | -1.34% |

Other Revenue Types – Other Revenue types include income from ports administered, other tenant revenues, and fraud repayments. Other income increased from \$279,808 to \$330,001, or an increase of \$50,193 or 17.94% due to an increase in income from portable vouchers administered and fraud repayments.

Expenses

The Authority experienced an increase in operating expenses for the current year from \$1,888,634 to \$2,069,529 or an increase of \$180,895 or 9.58% primarily due to an increase in housing assistance payments to landlords. The highlights of the expenses for the current year are as follows:

Administrative – Administrative costs include all non-maintenance and non-resident service personnel costs (including benefits and accrued leave), legal costs, audit costs, travel/training costs, and administrative costs. Compared to 2015, administrative costs increased by \$41,802 or 16.78%. This was mainly due to salaries, training, and legal expenses paid in 2016. The increase by a decrease in other administrative expenses.

Tenant Services- Tenant Services costs include all costs associated with assisting residents with participating in furthering their self-sufficiency abilities, the Resident Advisory Board and the Authority Agency Plan. The Authority continues outreach efforts, including a monthly newsletter, and community awareness meetings.

Utilities – The total utilities expense for the Authority increased by \$1,339 or 35.14%.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016
(Continued)

Maintenance – Maintenance costs are all costs incurred by the Authority to maintain the 41 Public Housing units available for occupancy, which are maintained by the Authority in a safe and sanitary manner. Costs include personnel costs, materials, and contract costs used to maintain the units. The maintenance expense for the Authority increased \$13,767 from \$62,611 to \$76,378. This increase was due to an increase in contract costs.

General Expenses – General Expenses include collection losses, extraordinary maintenance, and payment in lieu of taxes to the City of Ormond Beach. General expenses for the Authority increased from \$21,541 to \$25,216 or an increase of \$3,675 or 17.06%. The main reason for this increase was an increase in portable fees paid to other housing authorities on portable vouchers out.

Housing Assistance Payments Program – HAP payments consist of rental payments to owners of private property for which the Authority has a HAP agreement with the owner for the difference between the tenants rent and the applicable payment standard. HAP payments for the Authority increased from \$1,476,140 to \$1,590,693 or an overall increase of \$114,553 or 7.76%.

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation expense for the current year had an increase of \$6,162 or 14.25%.

Prior Year Adjustments – The Authority had no prior period adjustments for this fiscal year.

Capital Assets

Combined Statement of Capital Assets - TABLE IV

| | 2016 | 2015 | Total Change | % Chage |
|--|-------------------|-------------------|------------------|---------------|
| Not being depreciated: | | | | |
| Land | \$ 494,670 | \$ 494,670 | \$ - | 0.00% |
| Depreciable: | | | | |
| Buildings & Equipment | 2,188,922 | 2,063,544 | 125,378 | 6.08% |
| Accumulated depreciation | (1,969,241) | (1,920,281) | (48,960) | 2.55% |
| Net building & improvements | 219,681 | 143,263 | 76,418 | 53.34% |
| Equipment | 56,699 | 60,974 | (4,275) | -7.01% |
| Accumulated depreciation | (65,484) | (69,308) | 3,824 | -5.52% |
| Net equipment | (8,785) | (8,334) | (451) | 5.41% |
| Net depreciable assets | 210,896 | 134,929 | 75,967 | 56.30% |
| TOTAL | \$ 705,566 | \$ 629,599 | \$ 75,967 | 12.07% |

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

MANAGEMENT'S DISCUSSION & ANALYSIS
SEPTEMBER 30, 2016
(Continued)

Capital Assets (Continued)

At the end of the fiscal year 2016, the Authority had invested in Capital Assets \$705,566, net of depreciation. As of September 30, 2016, the Authority had a decrease in its net capital assets of \$75,967 or 3.90%. Table IV illustrates the Capital Asset values for 2015 and 2016.

The Authority had ongoing HUD Capital Grant operating funds during the year. The Authority purchases equipment through the operating fund and capital fund programs as well as capital improvements through the Capital Fund Program. Depreciation Expenses for the year ended September 30, 2016 was \$49,411.

Notes Payable/Note Receivable

The Authority currently has no Notes Payable or Notes Receivable balances as of September 30, 2016.

Economic Factors and Events Affecting Operations

Several factors may affect the financial position of the Authority in the subsequent fiscal year. These factors include:

- The Unemployment Rate for the Ormond Beach area in 2017 was 5.2%, compared to the previous year of 4.8% per the Bureau of Labor Statistics Data.
- The median family income for the City of Ormond Beach was \$47,765 per city-data.com.
- The median price of housing was \$177,375 and monthly gross rent was \$999/ month per city-data.com.
- The population of the City of Ormond Beach was approximately 39,075 per city-data.com.
- The continuation of unfunded federal mandates such as community services requirements that necessitate "doing more with less". The Authority has worked to provide a high level of services to the residents of the Ormond Beach Housing Authority but the increased demands on the Authority's limited resources continues to be a work in process.

The Authority continues working to improve the Authority's image within the community of the City of Ormond Beach through increased public relation efforts. This will provide a higher visibility of the Authority and its goals so that the community will understand the vision of the Authority. This will provide a working relationship between the community and Authority in providing safe, decent, and affordable housing opportunities.

Overall, the Authority had a good year which is consistent with prior years' performances. Its management is committed to staying abreast of regulations and appropriations as well as maintain an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate under the high standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our residents, the citizens of Ormond Beach, Florida, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Ms. Caroline Rivere, Executive Director, Ormond Beach Housing Authority, 100 New Britain Road, Ormond Beach, Florida, 32174, or call telephone number (386) 677-2069.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

ASSETS

Current assets

| | |
|---|----------------|
| Cash and cash equivalents, unrestricted | \$ 337,792 |
| Cash and cash equivalents, restricted | 209,270 |
| Accounts receivable, net of allowance | 20,006 |
| Due from other governments | 21,580 |
| Inventories, net of obsolescence | 9,847 |
| Prepaid expense | 101 |
| Total current assets | 598,596 |

Noncurrent assets

Capital assets

| | |
|----------------------------------|----------------|
| Not being depreciated | 494,670 |
| Depreciable, net | 210,896 |
| Total capital assets, net | 705,566 |

Total assets

| | |
|---|------------------|
| Deferred Outflow of Resources | - |
| Total Assets and Deferred Outflow of Resources | 1,304,162 |

LIABILITIES

Current liabilities

| | |
|----------------------------------|---------------|
| Vendors and contractors payable | 3,133 |
| Accrued wages/taxes payable | 6,249 |
| Accrued compensated absences | 275 |
| Due to other governments | 37,013 |
| Unearned revenue | 787 |
| Resident security deposits | 18,196 |
| Total current liabilities | 65,653 |

Noncurrent liabilities

| | |
|-------------------------------------|---------------|
| Accrued compensated absences | 2,482 |
| Other accrued liabilities | 38,929 |
| Total noncurrent liabilities | 41,411 |

Total liabilities

| | |
|---|----------------|
| Deferred Inflow of Resources | - |
| Total Assets and Deferred Outflow of Resources | 107,064 |

NET POSITION

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 705,566 |
| Restricted | 152,145 |
| Unrestricted | 339,387 |
| Total net position | \$ 1,197,098 |

The accompanying notes are an integral part of these basic financial statements.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | |
|--|----------------------------|
| Operating revenues | |
| Rental revenue | \$ 117,384 |
| HUD grants | 1,586,651 |
| Other revenue | 330,001 |
| Total operating revenues | <u>2,034,036</u> |
| Operating expenses | |
| Administrative | 290,903 |
| Tenant services | 735 |
| Utilities | 5,150 |
| Ordinary maintenance & operation | 76,378 |
| Insurance | 31,043 |
| General expenses | 25,216 |
| Housing assistance payments | 1,590,693 |
| Depreciation | 49,411 |
| Total operating expenses | <u>2,069,529</u> |
| Operating income (loss) | <u>(35,493)</u> |
| Nonoperating revenues (expenses) | |
| Interest revenue, unrestricted | 6 |
| Fraud recovery | 18,728 |
| Total nonoperating revenues | <u>18,734</u> |
| Income (loss) before contributions | <u>(16,759)</u> |
| Capital contributions | <u>107,632</u> |
| Increase (decrease) in net position | 90,873 |
| Net position, beginning of year | <u>1,106,225</u> |
| Net position, end of year | <u>\$ 1,197,098</u> |

The accompanying notes are an integral part of these basic financial statements.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | |
|---|---------------------------------|
| Cash Flows From Operating Activities | |
| Receipts from dwelling rentals | \$ 123,132 |
| Operating grants | 1,586,651 |
| Other receipts | 311,976 |
| Payments to employees and suppliers | (350,917) |
| Payments to landlords and resident benefits | <u>(1,615,382)</u> |
| Net cash provided (used) by operating activities | <u>55,460</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Capital contributions | 107,632 |
| Purchases of capital assets | (200,736) |
| Interprogram transfers | <u>75,358</u> |
| Net cash provided (used) by capital and related financing activities | <u>(17,746)</u> |
| Cash Flows From Investing Activities | |
| Interest | <u>6</u> |
| Net cash provided (used) by investing activities | <u>6</u> |
| Net increase (decrease) in cash and cash equivalents | 37,720 |
| Balance - beginning of the year | <u>509,342</u> |
| Balance - end of the year | <u><u>\$ 547,062</u></u> |
| Reconciliation of Cash Flows to Statement of Net Position | |
| Cash and cash equivalents, unrestricted | \$ 337,792 |
| Cash and cash equivalents, restricted | <u>209,270</u> |
| | <u><u>\$ 547,062</u></u> |

There are no non-cash transactions.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Continued)

Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities

| | |
|---|-------------------------|
| Operating income/(loss) | \$ (35,493) |
| Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation elimination | 49,411 |
| Increase in accounts receivable | (11,047) |
| Decrease in due to/from other governments | 5,768 |
| Increase in inventory | (3,363) |
| Increase in security deposits | 4,189 |
| Increase in accounts payable | 1,833 |
| Increase in accrued wages | 1,628 |
| Decrease in accrued compensated absences | (3,339) |
| Decrease in accrued liabilities | (358) |
| Increase in unearned revenue | 27,503 |
| Other revenue and expense reported as nonoperating | 18,728 |
| | <u><u>\$ 55,460</u></u> |

The accompanying notes are an integral part of these basic financial statements.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

A - Summary of Significant Accounting Policies and Organization:

- 1. Organization:** Ormond Beach Housing Authority (“the Authority”) is a public body corporate and politic pursuant to (Chapter 421) Laws of the State of Florida which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.
- 2. Reporting Entity:** In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards* and *Statement No. 14, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has no component units.

The basic financial statements of the Authority consist primarily of Low Rent Public Housing under Annual Contributions Contract A-4021, and Section 8 Housing Assistance Programs under Annual Contributions Contract A-3314.

- 3. Summary of HUD and Other Authority Programs:** The accompanying basic financial statements consist of the activities of the housing programs subsidized by HUD and Authority owned entities. A summary of each of these programs is provided below.

a. Annual Contributions Contract A-4021

- 1) Low Rent Public Housing:** This type of housing consists of apartments and single-family dwellings owned and operated by the Authority. Funding is provided by tenant rent payments and subsidies provided by HUD.
- 2) Modernization and Development:** Substantially all additions to land, buildings, and equipment are accomplished through the Capital Fund Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through programs established by HUD.

b. Annual Contributions Contract A-3314 - Housing Assistance Payments Programs

Housing Choice Vouchers: This is a housing program wherein low rent tenants lease housing units directly from private landlords rather than through the Authority. The Authority contracts with private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low rent tenants.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

- 4. Basis of Presentation and Accounting:** In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with U. S. generally accepted accounting principles (GAAP).

Based upon compelling reasons offered by HUD, the Authority reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted - Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or they expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

- 5. Budgets:** Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.
- 6. Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.
- 7. Interprogram Receivables and Payables:** Interprogram receivables/payables, when present, are all current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

- 8. Investments:** Investments, when present, are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Florida.
- 9. Inventories:** The Authority maintains no inventory of expendable items. All supplies are expensed when purchased. Supplies on hand are minimal. The Authority's administration believes that the benefits of maintaining an inventory would be less in value than the cost of maintaining such a system.
- 10. Prepaid Items:** Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.
- 11. Use of Estimates:** The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- 12. Fair Value of Financial Instruments:** The carrying amount of the Authority's financial instruments at September 30, 2016 including cash, investments, accounts receivable, and accounts payable closely approximates fair value.
- 13. Capital Assets:**
- a. Book Value:** All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.
- Land values were derived from development closeout documentation.
- Donated fixed assets are recorded at their fair value at the time they are received.
- Donor imposed restrictions are deemed to expire as the asset depreciates.
- All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

13. Capital Assets: (Continued)

- b. Depreciation:** The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

| | |
|-------------------------|-----------|
| Buildings | 30 years |
| Building modernization | 10 years |
| Furniture and equipment | 3-7 years |

- c. Maintenance and Repairs Expenditures:** Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$500 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.
- d. Impairment of long-lived assets:** The Authority reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended September 30, 2016.
- 14. Compensated Absences:** Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 16*. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.
- 15. Litigation Losses:** The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable and the loss is reasonably estimable.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

16. Annual Contribution Contracts: Annual Contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

17. 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; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

The Authority participates in public entity risk pool (Housing Authority Risk Retention Group) for all risks of loss, automobile, fire, and extended coverage, general liability, and Director and Officers liability. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

18. Use of Restricted Assets: It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

19. Operating Revenues and Expenses: The principal operating revenues of the Authority's Enterprise Fund are charges to customers for rents and services. Operating expenses for the Authority's Enterprise Fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

B - Deposits and Investments: For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

1. HUD Deposit and Investment Restrictions

HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

B - Deposits and Investments: (Continued)

2. Risk Disclosures

- a. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase.

At September 30, 2016, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

- b. **Credit Risk:** This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.
- c. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$547,062 at September 30, 2016. Bank balances before reconciling items were \$631,057 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name.

C - Accounts Receivable:

| | |
|--|------------------|
| Dwelling rents (net of allowance for doubtful accounts of \$1,053) | <u>\$ 20,006</u> |
|--|------------------|

D - Due From Other Governments:

| | |
|-----------------------------------|--------------|
| City of Ormond Beach – CDBG Grant | \$ 17,274 |
| Other Public Housing Agencies | <u>4,306</u> |

\$ 21,580

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

E - Land, Buildings and Equipment:

| | Balance September 30, 2015 | Additions | Deletions | Transfers | Balance September 30, 2016 |
|---|----------------------------------|-------------------|-------------|--------------------|----------------------------------|
| Not being depreciated: | | | | | |
| Land | \$ 494,670 | \$ - | \$ - | \$ - | \$ 494,670 |
| Construction in progress | - | 75,358 | - | (75,358) | - |
| Total not being depreciated | 494,670 | 75,358 | - | (75,358) | 494,670 |
| Depreciable: | | | | | |
| Buildings & improvements | 2,063,544 | 125,378 | - | - | 2,188,922 |
| Accumulated depreciation | (1,920,281) | (48,960) | - | - | (1,969,241) |
| Net buildings & improvements | 143,263 | 76,418 | - | - | 219,681 |
| Equipment | 60,974 | - | (4,275) | - | 56,699 |
| Accumulated depreciation | (69,308) | (451) | 4,275 | - | (65,484) |
| Net equipment | (8,334) | (451) | - | - | (8,785) |
| Net depreciable assets | 134,929 | 75,967 | - | - | 210,896 |
| TOTAL | \$ 629,599 | \$ 151,325 | \$ - | \$ (75,358) | \$ 705,566 |

F - Schedule of Changes in Noncurrent Liabilities:

| | Balance at September 30, 2015 | | Year Ended September 30, 2016 | | Balance at September 30, 2016 | |
|---------------------------------|----------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|-----------------------|
| | Noncurrent Portion | Current Portion | Additions | Payments | Current Portion | Noncurrent Portion |
| Accrued compensated absences | \$ 3,614 | \$ 3,614 | \$ 6,418 | \$ (10,889) | \$ 275 | \$ 2,482 |
| Pension/OPEB | 10,294 | - | 28,635 | - | - | 38,929 |
| | \$ 13,908 | \$ 3,614 | \$ 35,053 | \$ (10,889) | \$ 275 | \$ 41,411 |

G - Other Accrued Liabilities:

Family Self-Sufficiency Escrow Deposits \$ 38,929

H - Due to Other Governments:

Payment in Lieu of Taxes \$ 37,013

I - Unearned Revenue:

Tenant Prepaid Rents \$ 787

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

J - Annual Contributions by Federal Agencies:

Annual Contributions Contract A-4021 - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. HUD operating subsidy contributions for the year ended September 30, 2016 were \$107,312. HUD also contributed additional finds for modernization and operations in the amount of \$98,529 for the year ended September 30, 2016.

Annual Contributions Contract A-3314 - Section 8 programs provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family. HUD also funds administrative expenses. Contributions for the year ended September 30, 2016, were \$1,775,887.

- K - Defined Contribution Pension Plan:** The Authority provides pension benefits for all its full-time employees through a defined contribution plan entitled "401K Mutual Insurance Company of America". The plan is administered by Mutual of America. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Board of Commissioners for the Authority is authorized to establish and amend plan benefits. Employees are eligible to participate from the date of employment. The Authority contributes 3% of the employee's base salary each month, while the employee contributes 3%. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service, or until age 65, whichever is first. Authority contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Authority's current-period contribution requirement.

The Authority's total payroll in fiscal year 2016 was \$160,451. The Authority's and employee's contributions were calculated using the same amount. The Authority and the employees made the required contributions amounting to \$4,814.

- L - Other Post Employment Benefits (OPEB):** In relation to its employee benefit programs, the Authority does not provide any Other Post Employment Benefits, as outlined under GASB 45.
- M - Economic Dependency:** The Authority receives approximately 93% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's reserves could be adversely affected.
- N - Contingencies:** The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended September 30, 2016.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(Continued)

O - Conduit Type Debt: Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on part of the Authority. Accordingly, this debt has not been recorded in the basic financial statements of the Authority. Additionally, HUD no longer provides debt service information to the Authority.

P - Leasing Activities (as Lessor): The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the basic financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions which impact personal income and local job availability.

Q - Interprogram Transfers: The Authority will make cash transfers between its various programs as outlined in the Federal Regulations and authorized and approved by the Authority's Board of Commissioners. There were transfers of \$23,171 during the year ended September 30, 2016.

R - Subsequent Events: Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 14, 2017 and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

SUPPLEMENTAL INFORMATION

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

COMBINING SCHEDULE OF NET POSITION
SEPTEMBER 30, 2016

| | Low Rent Public Housing | Housing Choice Voucher Program | Community Development Block Grants/ Entitlement Grants | Total 2016 |
|---|-------------------------------|---|--|---------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents, unrestricted | \$ 295,946 | \$ 41,846 | \$ - | \$ 337,792 |
| Cash and cash equivalents, restricted | 18,196 | 191,074 | - | 209,270 |
| Accounts receivable, net of allowance | 20,006 | - | - | 20,006 |
| Due from other governments | - | 4,306 | 17,274 | 21,580 |
| Due from/to other programs | 17,274 | - | (17,274) | - |
| Inventories, net of obsolescence | 9,847 | - | - | 9,847 |
| Prepaid expense | 81 | 20 | - | 101 |
| Total current assets | 361,350 | 237,246 | - | 598,596 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Not being depreciated | 494,670 | - | - | 494,670 |
| Depreciable, net | 210,274 | 622 | - | 210,896 |
| Total capital assets, net | 704,944 | 622 | - | 705,566 |
| Total assets | 1,066,294 | 237,868 | - | 1,304,162 |
| Deferred Outflow of Resources | - | - | - | - |
| Total Assets and Deferred Outflow of Resources | 1,066,294 | 237,868 | - | 1,304,162 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Vendors and contractors payable | 2,274 | 859 | - | 3,133 |
| Accrued wages/taxes payable | 3,509 | 2,740 | - | 6,249 |
| Accrued compensated absences | 84 | 191 | - | 275 |
| Due to other governments | 37,013 | - | - | 37,013 |
| Unearned revenue | 787 | - | - | 787 |
| Resident security deposits | 18,196 | - | - | 18,196 |
| Total current liabilities | 61,863 | 3,790 | - | 65,653 |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 760 | 1,722 | - | 2,482 |
| Other accrued liabilities | - | 38,929 | - | 38,929 |
| Total noncurrent liabilities | 760 | 40,651 | - | 41,411 |
| Total liabilities | 62,623 | 44,441 | - | 107,064 |
| Deferred Inflow of Resources | - | - | - | - |
| Total Assets and Deferred Outflow of Resources | 62,623 | 44,441 | - | 107,064 |
| NET POSITION | | | | |
| Net investment in capital assets | 704,944 | 622 | - | 705,566 |
| Restricted | - | 152,145 | - | 152,145 |
| Unrestricted | 298,727 | 40,660 | - | 339,387 |
| Total net position | \$ 1,003,671 | \$ 193,427 | \$ - | \$ 1,197,098 |

ORMOND BEACH HOUSING AUTHORITY

Ormond Beach, Florida

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| | Low Rent Public Housing | Housing Choice Voucher Program | Community Development Block Grants/ Entitlement Grants | Total 2016 |
|---|-------------------------------|---|--|---------------------|
| Operating revenues | | | | |
| Rental revenue | \$ 117,384 | \$ - | \$ - | \$ 117,384 |
| HUD grants | 130,483 | 1,456,168 | - | 1,586,651 |
| Other revenue | 10,282 | 319,719 | - | 330,001 |
| Total operating revenues | 258,149 | 1,775,887 | - | 2,034,036 |
| Operating expenses | | | | |
| Administrative | 126,345 | 164,558 | - | 290,903 |
| Tenant services | 735 | - | - | 735 |
| Utilities | 5,150 | - | - | 5,150 |
| Ordinary maintenance & operation | 76,378 | - | - | 76,378 |
| Insurance | 28,433 | 2,610 | - | 31,043 |
| General expenses | 10,829 | 14,387 | - | 25,216 |
| Housing assistance payments | - | 1,590,693 | - | 1,590,693 |
| Depreciation | 49,087 | 324 | - | 49,411 |
| Total operating expenses | 296,957 | 1,772,572 | - | 2,069,529 |
| Operating income (loss) | (38,808) | 3,315 | - | (35,493) |
| Nonoperating revenues (expenses) | | | | |
| Interest revenue, unrestricted | - | 6 | - | 6 |
| Fraud recovery | - | 18,728 | - | 18,728 |
| Total nonoperating revenues | - | 18,734 | - | 18,734 |
| Income (loss) before contributions and transfers | (38,808) | 22,049 | - | (16,759) |
| Capital contributions | 75,358 | - | 32,274 | 107,632 |
| Transfers from (to) other programs | 32,274 | - | (32,274) | - |
| Increase (decrease) in net position | 68,824 | 22,049 | - | 90,873 |
| Net position, beginning of year | 934,847 | 171,378 | - | 1,106,225 |
| Net position, end of year | \$ 1,003,671 | \$ 193,427 | \$ - | \$ 1,197,098 |

Ormond Beach Housing Authority (FL024)

ORMOND BEACH, FL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

| | Project Total | 14 871 Housing Choice Vouchers | 14 218 Community Development Block Grants/ Entitlement Grants | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|--|--------------|-----------|--------------|
| 111 Cash - Unrestricted | \$295,946 | \$41,846 | | \$337,792 | | \$337,792 |
| 112 Cash - Restricted - Modernization and Development | | | | | | |
| 113 Cash - Other Restricted | | \$191,074 | | \$191,074 | | \$191,074 |
| 114 Cash - Tenant Security Deposits | \$18,196 | | | \$18,196 | | \$18,196 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | |
| 100 Total Cash | \$314,142 | \$232,920 | \$0 | \$547,062 | \$0 | \$547,062 |
| 121 Accounts Receivable - PHA Projects | | \$4,306 | | \$4,306 | | \$4,306 |
| 122 Accounts Receivable - HUD Other Projects | | | | | | |
| 124 Accounts Receivable - Other Government | | | \$17,274 | \$17,274 | | \$17,274 |
| 125 Accounts Receivable - Miscellaneous | | | | | | |
| 126 Accounts Receivable - Tenants | \$21,059 | | | \$21,059 | | \$21,059 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -\$1,053 | | \$0 | -\$1,053 | | -\$1,053 |
| 126.2 Allowance for Doubtful Accounts - Other | | \$0 | \$0 | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | |
| 128 Fraud Recovery | | \$79 | | \$79 | | \$79 |
| 128.1 Allowance for Doubtful Accounts - Fraud | | -\$79 | | -\$79 | | -\$79 |
| 129 Accrued Interest Receivable | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$20,006 | \$4,306 | \$17,274 | \$41,586 | \$0 | \$41,586 |
| 131 Investments - Unrestricted | | | | | | |
| 132 Investments - Restricted | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | |
| 142 Prepaid Expenses and Other Assets | \$81 | \$20 | | \$101 | | \$101 |
| 143 Inventories | \$10,365 | | | \$10,365 | | \$10,365 |
| 143.1 Allowance for Obsolete Inventories | -\$518 | | | -\$518 | | -\$518 |
| 144 Inter Program Due From | \$17,274 | | | \$17,274 | -\$17,274 | \$0 |
| 145 Assets Held for Sale | | | | | | |
| 150 Total Current Assets | \$361,350 | \$237,246 | \$17,274 | \$615,870 | -\$17,274 | \$598,596 |
| 161 Land | \$494,670 | | | \$494,670 | | \$494,670 |
| 162 Buildings | \$2,188,922 | | | \$2,188,922 | | \$2,188,922 |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | |
| 164 Furniture, Equipment & Machinery - Administration | \$27,226 | \$29,473 | | \$56,699 | | \$56,699 |
| 165 Leasehold Improvements | | | | | | |
| 166 Accumulated Depreciation | -\$2,005,874 | -\$28,851 | \$0 | -\$2,034,725 | | -\$2,034,725 |
| 167 Construction in Progress | | | | | | |
| 168 Infrastructure | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$704,944 | \$622 | \$0 | \$705,566 | \$0 | \$705,566 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | |
| 174 Other Assets | | | | | | |
| 176 Investments in Joint Ventures | | | | | | |
| 180 Total Non-Current Assets | \$704,944 | \$622 | \$0 | \$705,566 | \$0 | \$705,566 |

| | | | | | | |
|---|-------------|-----------|----------|-------------|-----------|-------------|
| 200 Deferred Outflow of Resources | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | \$1,066,294 | \$237,868 | \$17,274 | \$1,321,436 | -\$17,274 | \$1,304,162 |
| 311 Bank Overdraft | | | | | | |
| 312 Accounts Payable <= 90 Days | \$2,274 | \$859 | | \$3,133 | | \$3,133 |
| 313 Accounts Payable >90 Days Past Due | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$3,509 | \$2,740 | | \$6,249 | | \$6,249 |
| 322 Accrued Compensated Absences - Current Portion | \$84 | \$191 | | \$275 | | \$275 |
| 324 Accrued Contingency Liability | | | | | | |
| 325 Accrued Interest Payable | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | | | |
| 332 Account Payable - PHA Projects | | | | | | |
| 333 Accounts Payable - Other Government | \$37,013 | | | \$37,013 | | \$37,013 |
| 341 Tenant Security Deposits | \$18,196 | | | \$18,196 | | \$18,196 |
| 342 Unearned Revenue | \$787 | | | \$787 | | \$787 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 345 Other Current Liabilities | | | | | | |
| 346 Accrued Liabilities - Other | | | | | | |
| 347 Inter Program - Due To | | | \$17,274 | \$17,274 | -\$17,274 | \$0 |
| 348 Loan Liability - Current | | | | | | |
| 310 Total Current Liabilities | \$61,863 | \$3,790 | \$17,274 | \$82,927 | -\$17,274 | \$65,653 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | |
| 353 Non-current Liabilities - Other | | \$38,929 | | \$38,929 | | \$38,929 |
| 354 Accrued Compensated Absences - Non Current | \$760 | \$1,722 | | \$2,482 | | \$2,482 |
| 355 Loan Liability - Non Current | | | | | | |
| 356 FASB 5 Liabilities | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | | |
| 350 Total Non-Current Liabilities | \$760 | \$40,651 | \$0 | \$41,411 | \$0 | \$41,411 |
| 300 Total Liabilities | \$62,623 | \$44,441 | \$17,274 | \$124,338 | -\$17,274 | \$107,064 |
| 400 Deferred Inflow of Resources | | | | | | |
| 508.4 Net Investment in Capital Assets | \$704,944 | \$622 | | \$705,566 | | \$705,566 |
| 511.4 Restricted Net Position | | \$152,145 | | \$152,145 | | \$152,145 |
| 512.4 Unrestricted Net Position | \$298,727 | \$40,660 | \$0 | \$339,387 | | \$339,387 |
| 513 Total Equity - Net Assets / Position | \$1,003,671 | \$193,427 | \$0 | \$1,197,098 | \$0 | \$1,197,098 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$1,066,294 | \$237,868 | \$17,274 | \$1,321,436 | -\$17,274 | \$1,304,162 |

Ormond Beach Housing Authority (FL024)
 ORMOND BEACH, FL
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

| | Project Total | 14.871 Housing Choice Vouchers | 14.218 Community Development Block Grants/ Entitlement Grants | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|--|-------------|------|-------------|
| 70300 Net Tenant Rental Revenue | \$117,384 | | | \$117,384 | | \$117,384 |
| 70400 Tenant Revenue - Other | \$10,204 | | | \$10,204 | | \$10,204 |
| 70500 Total Tenant Revenue | \$127,588 | \$0 | \$0 | \$127,588 | | \$127,588 |
| 70600 HUD PHA Operating Grants | \$130,483 | \$1,456,168 | | \$1,586,651 | | \$1,586,651 |
| 70610 Capital Grants | \$75,358 | | \$32,274 | \$107,632 | | \$107,632 |
| 70710 Management Fee | | | | | | |
| 70720 Asset Management Fee | | | | | | |
| 70730 Book Keeping Fee | | | | | | |
| 70740 Front Line Service Fee | | | | | | |
| 70750 Other Fees | | | | | | |
| 70700 Total Fee Revenue | | | | | | |
| 70800 Other Government Grants | | | | | | |
| 71100 Investment Income - Unrestricted | | \$6 | | \$6 | | \$6 |
| 71200 Mortgage Interest Income | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | |
| 71400 Fraud Recovery | | \$18,728 | | \$18,728 | | \$18,728 |
| 71500 Other Revenue | \$78 | \$319,719 | | \$319,797 | | \$319,797 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | |
| 72000 Investment Income - Restricted | | | | | | |
| 70000 Total Revenue | \$333,507 | \$1,794,621 | \$32,274 | \$2,160,402 | | \$2,160,402 |
| 91100 Administrative Salaries | \$80,993 | \$71,533 | | \$152,526 | | \$152,526 |
| 91200 Auditing Fees | \$2,160 | \$8,640 | | \$10,800 | | \$10,800 |
| 91300 Management Fee | | | | | | |
| 91310 Book-keeping Fee | | | | | | |
| 91400 Advertising and Marketing | | | | | | |
| 91500 Employee Benefit contributions - Administrative | \$15,111 | \$26,439 | | \$41,550 | | \$41,550 |
| 91600 Office Expenses | \$10,695 | \$22,884 | | \$33,579 | | \$33,579 |
| 91700 Legal Expense | \$4,939 | \$16,273 | | \$21,212 | | \$21,212 |
| 91800 Travel | \$1,008 | \$3,431 | | \$4,439 | | \$4,439 |
| 91810 Allocated Overhead | | | | | | |
| 91900 Other | \$11,439 | \$15,358 | | \$26,797 | | \$26,797 |
| 91000 Total Operating - Administrative | \$126,345 | \$164,558 | \$0 | \$290,903 | | \$290,903 |
| 92000 Asset Management Fee | | | | | | |
| 92100 Tenant Services - Salaries | | | | | | |
| 92200 Relocation Costs | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | |
| 92400 Tenant Services - Other | \$735 | | | \$735 | | \$735 |
| 92500 Total Tenant Services | \$735 | \$0 | \$0 | \$735 | | \$735 |
| 93100 Water | \$1,178 | | | \$1,178 | | \$1,178 |
| 93200 Electricity | \$3,166 | | | \$3,166 | | \$3,166 |

| | | | | | |
|---|-----------|-------------|----------|-------------|-------------|
| 93300 Gas | | | | | |
| 93400 Fuel | | | | | |
| 93500 Labor | | | | | |
| 93600 Sewer | \$806 | | | \$806 | \$806 |
| 93700 Employee Benefit Contributions - Utilities | | | | | |
| 93800 Other Utilities Expense | | | | | |
| 93000 Total Utilities | \$5,150 | \$0 | \$0 | \$5,150 | \$5,150 |
| 94100 Ordinary Maintenance and Operations - Labor | \$7,925 | | | \$7,925 | \$7,925 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$13,349 | | | \$13,349 | \$13,349 |
| 94300 Ordinary Maintenance and Operations Contracts | \$53,425 | | | \$53,425 | \$53,425 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$1,679 | | | \$1,679 | \$1,679 |
| 94000 Total Maintenance | \$76,378 | \$0 | \$0 | \$76,378 | \$76,378 |
| 95100 Protective Services - Labor | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | |
| 95300 Protective Services - Other | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$27,780 | | | \$27,780 | \$27,780 |
| 96120 Liability Insurance | \$121 | \$30 | | \$151 | \$151 |
| 96130 Workmen's Compensation | \$532 | \$2,580 | | \$3,112 | \$3,112 |
| 96140 All Other Insurance | | | | | |
| 96100 Total Insurance Premiums | \$28,433 | \$2,610 | \$0 | \$31,043 | \$31,043 |
| 96200 Other General Expenses | | \$14,387 | | \$14,387 | \$14,387 |
| 96210 Compensated Absences | | | | | |
| 96300 Payments in Lieu of Taxes | \$10,434 | | | \$10,434 | \$10,434 |
| 96400 Bad debt - Tenant Rents | \$395 | | | \$395 | \$395 |
| 96500 Bad debt - Mortgages | | | | | |
| 96600 Bad debt - Other | | | | | |
| 96800 Severance Expense | | | | | |
| 96000 Total Other General Expenses | \$10,829 | \$14,387 | \$0 | \$25,216 | \$25,216 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$247,870 | \$181,555 | \$0 | \$429,425 | \$429,425 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$85,637 | \$1,613,066 | \$32,274 | \$1,730,977 | \$1,730,977 |
| 97100 Extraordinary Maintenance | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | |
| 97300 Housing Assistance Payments | | \$1,296,405 | | \$1,296,405 | \$1,296,405 |
| 97350 HAP Portability-In | | \$294,288 | | \$294,288 | \$294,288 |
| 97400 Depreciation Expense | \$49,087 | \$324 | | \$49,411 | \$49,411 |
| 97500 Fraud Losses | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | |
| 90000 Total Expenses | \$296,957 | \$1,772,572 | \$0 | \$2,069,529 | \$2,069,529 |

| | | | | | |
|---|-----------|-----------|-----------|-------------|-------------|
| 10010 Operating Transfer In | \$23,171 | | | \$23,171 | \$23,171 |
| 10020 Operating transfer Out | -\$23,171 | | | -\$23,171 | -\$23,171 |
| 10030 Operating Transfers from/to Primary Government | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | |
| 10060 Proceeds from Property Sales | | | | | |
| 10070 Extraordinary items, Net Gain/Loss | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | |
| 10093 Transfers between Program and Project - In | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$36,550 | \$22,049 | \$32,274 | \$90,873 | \$90,873 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$934,847 | \$171,378 | \$0 | \$1,106,225 | \$1,106,225 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$32,274 | | -\$32,274 | \$0 | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | |
| 11170 Administrative Fee Equity | | \$41,282 | | \$41,282 | \$41,282 |
| 11180 Housing Assistance Payments Equity | | \$152,145 | | \$152,145 | \$152,145 |
| 11190 Unit Months Available | 492 | 2628 | 0 | 3120 | 3120 |
| 11210 Number of Unit Months Leased | 481 | 2244 | 0 | 2725 | 2725 |
| 11270 Excess Cash | \$268,904 | | | \$268,904 | \$268,904 |
| 11610 Land Purchases | \$0 | | | \$0 | \$0 |
| 11620 Building Purchases | \$0 | | | \$0 | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$200,736 | | | \$200,736 | \$200,736 |
| 11660 Infrastructure Purchases | \$0 | | | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | | | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | | \$0 | \$0 |

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor:

| <u>CFDA Number</u> | <u>Program Title</u> | <u>Pass Through Entity</u> | <u>Federal Expenditures</u> |
|---|---|----------------------------|-----------------------------|
| U.S. Department of Housing and Urban Development | | | |
| 14.850 | Low Rent Public Housing | NA | \$ 107,312 |
| 14.872 | Capital Fund Program | NA | 98,529 |
| | Housing Choice Voucher Cluster | | |
| 14.871 | Housing Choice Voucher Program | NA | 1,456,168 |
| 14.871 | Housing Choice Voucher-Pass thru | Other PHA's | 319,719 |
| | Total Housing Choice Voucher Cluster | | <u>1,775,887</u> |
| 14.218 | Community Development Block Grants/Entitlement Grants | NA | 32,274 |
| | Total U.S. Department of HUD | | <u>2,014,002</u> |
| | Total Federal Awards Expenditures | | <u><u>\$ 2,014,002</u></u> |

Notes to the Schedule of Expenditures of Federal Awards

A. Basis of Accounting

This schedule is prepared on the accrual basis of accounting.

B. Basis of Presentation

The accompanying Schedule of Federal Awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended September 30, 2016. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Title 2 CFR, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards". Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

C. Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule

| | | |
|----------------|-------------------|---------------------|
| FDS line 706 | HUD PHA Grants | \$ 1,586,651 |
| FDS line 706.1 | Capital Grants | 107,632 |
| FDS line 715 | HCVP other income | 319,719 |
| | | <u>\$ 2,014,002</u> |

SINGLE AUDIT SECTION

MALCOLM JOHNSON & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 530848

210 N. Highway 17-92

DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463

malcolmjohnson@mpinet.net

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

Board of Commissioners
Ormond Beach Housing Authority
Ormond Beach, Florida

HUD, Jacksonville Area Office
Charles Bennett Federal Building
400 W Bay Street, Suite 1015
Jacksonville, Florida 32202-4410

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Ormond Beach Housing Authority ("the Authority"), which include the statement of net position as of September 30, 2016, and the related statements of revenue, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon June 14, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

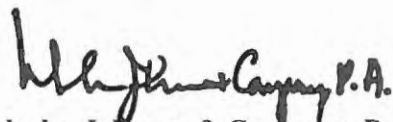
Compliance and Other Matters

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

We noted certain matters that we reported to management of the Authority in a separate letter dated June 14, 2017.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
June 14, 2017

MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
210 N. Highway 17-92
DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463
malcolmjohnson@mpinet.net

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE**

Board of Commissioners
Ormond Beach Housing Authority
Ormond Beach, Florida

HUD, Jacksonville Area Office
Charles Bennett Federal Building
400 W Bay Street, Suite 1015
Jacksonville, Florida 32202-4410

Report on Compliance for Each Major Program

We have audited Ormond Beach Housing Authority's ("the Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 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 the attention by those charged with governance.

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

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 our testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
June 14, 2017

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Basic Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| ~ Material weakness(es) identified? | No |
| ~ Significant deficiency(s) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to basic financial statements noted? | No |

Federal Awards

| | |
|---|------------|
| Internal control over major programs: | |
| ~ Material weakness(es) identified? | No |
| ~ Significant deficiency(s) identified that are not considered to be material weakness(es)? | No |
| Type of auditors' report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? | No |

Identification of major programs:

| | |
|--------------------|--------------------------------|
| CFDA Number | Name of Federal Program |
| 14.871 | Housing Choice Vouchers |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Continued)

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

There were no Financial Statement Findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings or Questioned Costs.

ORMOND BEACH HOUSING AUTHORITY
Ormond Beach, Florida

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

There were no prior audit findings.

