

**FORT WALTON BEACH HOUSING AUTHORITY**  
**FORT WALTON BEACH, FLORIDA**  
**REPORT ON EXAMINATION**  
**OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**YEAR ENDED JUNE 30, 2018**

**FORT WALTON BEACH HOUSING AUTHORITY**

**FORT WALTON BEACH, FLORIDA**

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Fort Walton Beach Housing Authority  
Fort Walton Beach, Florida

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

We have audited the accompanying financial statements of the Fort Walton Beach Housing Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Sound Side Apartments, LLC, a blended component unit of the Authority, which represents 71 percent, 10 percent and 28 percent, respectively, of the assets, net position and revenues of the Authority. Those statements, which were prepared in accordance with standards of accounting and financial reporting for not-for-profit organizations, were audited by another auditor whose report thereon has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Sound Side Apartments, LLC, which conform those financial statements to financial reporting principles established by the Governmental Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for Sound Side Apartments, LLC as of December 31, 2017, prior to these conversion adjustments, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2018 and the Sound Side Apartments, LLC as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

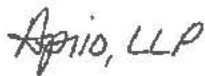
**Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for the Department of Housing and Urban Development's information and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedule, other supplementary data and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the financial statements. Such 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 data 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 November 29, 2018 on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Birmingham, Alabama  
November 29, 2018

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

Board of Commissioners  
Fort Walton Beach Housing Authority  
Fort Walton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 29, 2018. Our report includes a reference to other auditors who audited the financial statements of Sound Side Apartments, LLC, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

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

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

***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.

*Aprio, LLP*

Birmingham, Alabama  
November 29, 2018

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

Board of Commissioners  
Fort Walton Beach Housing Authority  
Fort Walton Beach, Florida

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

We have audited the Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. The Authority's basic financial statements include the operations of Sound Side Apartments, LLC, which expended \$17,843,945 in federal awards which is not included in the Authority's Schedule of Federal Awards during the year ended June 30, 2018. Our audit described below did not include the operations of Sound Side Apartments, LLC because Sound Side Apartments, LLC engaged other auditors to perform an audit of compliance.

### ***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 the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance)*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the major federal programs. However, our audit does not provide a legal determination of 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 June 30, 2018.

**Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with *Uniform Guidance*.

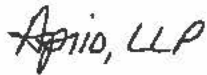
**Report on Internal Control Over Compliance**

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 the major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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



Birmingham, Alabama  
November 29, 2018



**FORT WALTON BEACH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE YEAR ENDED JUNE 30, 2018**

The Fort Walton Beach Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position decreased \$466,995 in 2018. Net Position was \$8,377,216 and \$7,910,221 for 2017 and 2018 respectively.
- Revenues decreased \$506,754 during 2018 and were \$8,051,039 and \$7,544,285 for 2017 and 2018 respectively.
- Total expenses increased \$140,023 during 2018 and were \$7,871,257 and \$8,011,280 for 2017 and 2018 respectively.

## USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

### MD&A

~ Management's Discussion  
and Analysis ~

### Basic Financial Statements

~ Authority-wide Financial Statements ~  
~ Notes to Financial Statements ~

### Other Required Supplementary Information

~ Required Supplementary Information ~  
(Other than the MD&A)

## **Authority-Wide Financial Statements**

### **Statement of Net Position**

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, 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.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

### **Statement of Revenues, Expenses, and Changes in Net Position**

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

### **Statement of Cash Flows**

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

## **The Authority's Programs**

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**Conventional Public Housing** – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

**Capital Fund Program** – a grant program funded by the Department of Housing and Urban Development as the primary sources of funding for physical and management improvements to the Authority's properties.

**Housing Choice Voucher Program** – Under the Housing Choice Voucher Program, the Authority contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participant's rent at 30% or up to 40% of household income.

**Business Activities** – The Authority utilizes non-federal sources to fund pre-development activities associated with planned affordable housing projects through Business Activities.

**Component Unit** – The Authority has formed Sound Side Apartments, LLC, a single member limited liability company, with the sole purpose of owning and operating a 200-unit modern apartment community known as Sound Side Apartments. The Authority is the sole owner of the limited liability company. Sound Side Apartments, LLC has separately issued financial statements. A copy of which can be requested from the Fort Walton Beach Housing Authority.

## AUTHORITY-WIDE STATEMENTS

### Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1**  
**STATEMENT OF NET POSITION**

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
<b>Assets:</b>			
Current Assets and Restricted Assets	\$ 5,004,818	\$ 5,193,141	\$ (188,323)
Capital Assets	21,377,098	21,720,545	(343,447)
Total Assets	<u>\$ 26,381,916</u>	<u>\$ 26,913,686</u>	<u>\$ (531,770)</u>
<b>Liabilities:</b>			
Current Liabilities	\$ 588,041	\$ 559,789	\$ 28,252
Non Current Liabilities	17,883,654	17,976,681	(93,027)
Total Liabilities	<u>\$ 18,471,695</u>	<u>\$ 18,536,470</u>	<u>\$ (64,775)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 3,245,830	\$ 3,505,634	\$ (259,804)
Restricted Net Position	1,030,838	913,710	117,128
Unrestricted Net Position	3,633,553	3,957,872	(324,319)
Total Net Position	<u>\$ 7,910,221</u>	<u>\$ 8,377,216</u>	<u>\$ (466,995)</u>

### Major Factors Affecting the Statement of Net Position

During 2018, current and restricted assets decreased by \$188,323. The decrease was primarily due to a decrease in cash and cash equivalents, as illustrated by the statement of cash flows. Capital assets decreased primarily due to depreciation exceeding the purchase of capital assets. Current liabilities increased due to an increase in the current portion of notes payable and security deposits offset by a decrease in accounts payable. Noncurrent liabilities decreased primarily due to the payments made on capital debt.

Table 2 presents details on the change in Unrestricted Net Position

**TABLE 2**

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net Position, June 30, 2017	\$ 3,957,872
Results of Operations	(31,244)
Investment Income	3,447
Capital Asset Additions from Operations	(507,519)
Transfer from (to) Restricted Net Position	(117,128)
Proceeds from advances on Capital Debt	217,539
Principal and Interest on Capital Debt	(784,474)
Depreciation Expense	<u>895,060</u>
Unrestricted Net Position, June 30, 2018	<u>\$ 3,633,553</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

**TABLE 3**

**STATEMENT OF REVENUES AND EXPENSES**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant Rental Revenue	\$ 2,620,002	\$ 2,633,544	\$ (13,542)
Operating Grants	4,819,180	5,197,641	(378,461)
Capital Grants	44,094	91,807	(47,713)
Interest Income	3,447	3,502	(55)
Other Income	57,562	124,545	(66,983)
<b>Total Revenues</b>	<u>\$ 7,544,285</u>	<u>\$ 8,051,039</u>	<u>\$ (506,754)</u>
<b>Expenses:</b>			
Administrative	\$ 1,132,012	\$ 1,211,701	\$ (79,689)
Tenant Services	5,105	587	4,518
Utilities	214,844	182,824	32,020
Maintenance and Operations	744,111	690,866	53,245
Protective Services	-	6,000	(6,000)
General Expense	346,869	356,686	(9,817)
Interest Expense	483,292	490,664	(7,372)
Housing Assistance Payments	4,189,987	4,053,046	136,941
Depreciation and Amortization	895,060	878,883	16,177
<b>Total Expenses</b>	<u>\$ 8,011,280</u>	<u>\$ 7,871,257</u>	<u>\$ 140,023</u>
<b>Excess (Deficiency) Revenues Over Expenses</b>	<u>\$ (466,995)</u>	<u>\$ 179,782</u>	<u>\$ (646,777)</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES AND EXPENSES**

There was a decrease in revenues. The decrease was due primarily to a decrease in operating and capital grants as well as a decrease in other income received. The decrease in operating grants received was primarily due to a decrease in Housing Assistance Payments received through the Housing Choice Vouchers Program. Capital grants decreased due to the timing and nature of the draws in the Capital Fund Program. Other income decreased due to a decrease in port income received.

Expenses increased primarily due to increases in utilities, maintenance and HAP expenses offset by a decrease in administrative expenses. Utility expenses increased mainly due to an increase in water usage and rates. Maintenance expenses increased due to an increase in contract costs. Housing Assistance Payments increased due to a decrease in tenant income and an increase in contract rents. Administrative expenses decreased due to a decrease in salaries and benefits.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$21,377,098 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of 2% from last year.

**TABLE 4  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 2,811,000	\$ 2,811,000	\$ -	0%
Buildings and Improvements	25,626,009	25,385,670	240,339	1%
Furniture and Equipment	1,299,337	1,278,781	20,556	2%
Construction in Process	707,849	453,131	254,718	56%
Accumulated Depreciation	<u>(9,067,097)</u>	<u>(8,208,037)</u>	<u>(859,060)</u>	<u>10%</u>
 Net Capital Assets	 <u>\$ 21,377,098</u>	 <u>\$ 21,720,545</u>	 <u>\$ (343,447)</u>	 <u>-2%</u>

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, July 1, 2017	\$ 21,720,545
Additions:	
Improvements - Operating Fund	507,519
Improvements - Capital Fund	44,094
Depreciation Expense	<u>(895,060)</u>
Ending Balance, June 30, 2018	<u>\$ 21,377,098</u>



## DEBT ADMINISTRATION

As of year-end, the Authority had \$18,115,418 in outstanding debt, compared to a \$18,198,903 balance in 2018. The decrease in debt is due to the payments on the mortgage and note payables offset by an addition of a note payable with Synovus Bank in January 2018.

TABLE 6

### OUTSTANDING DEBT, AT YEAR-END

	<u>2018</u>	<u>2017</u>
Debt		
Mortgage Payable	\$ 17,566,084	\$ 17,843,945
Capital Projects Revenue Bonds	331,795	354,958
Note Payable	<u>217,539</u>	<u>-</u>
Total Outstanding Debt	<u>\$ 18,115,418</u>	<u>\$ 18,198,903</u>

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

## FINANCIAL CONTACT

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in the report or requests for additional information should be addressed to Ms. Gail Sansbury, Executive Director, Fort Walton Beach Housing Authority, (850) 243-3224.

**FORT WALTON BEACH HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	<b>Enterprise Fund</b>
<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 3,817,850
Tenants Accounts Receivable	3,691
(Allowance for Doubtful Accounts)	(2,215)
A/R - HUD	25,409
Prepaid Expenses	97,893
Inventories	31,352
Total Current Assets	<u>3,973,980</u>
<b><u>Restricted Assets</u></b>	
Cash and Cash Equivalents	1,030,838
Total Restricted Assets	<u>1,030,838</u>
<b><u>Capital Assets</u></b>	
Land	2,811,000
Buildings and Improvements	25,626,009
Furniture and Equipment	1,299,337
Construction in Progress	707,849
	<u>30,444,195</u>
(Less): Accumulated Depreciation	(9,067,097)
Net Capital Assets	<u>21,377,098</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 26,381,916</u>

See the accompanying notes to financial statements.

**FORT WALTON BEACH HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

	<b>Enterprise Fund</b>
<b><u>Current Liabilities</u></b>	
Accounts Payable	\$ 59,456
Accrued Wages and Payroll Taxes	5,924
Accrued Compensated Absences	5,417
Accrued Interest Payable	39,524
Accrued PILOT	28,830
Tenant Security Deposits	107,553
Unearned Revenues	10,849
Mortgages Payable - Current Portion	296,364
Other Current Liabilities	34,124
Total Current Liabilities	<u>588,041</u>
<b><u>Long-Term Liabilities</u></b>	
Mortgages and Notes Payable - Non-Current	17,819,054
Accrued Interest Payable - Non-Current	15,850
Accrued Compensated Absences	48,750
Total Long-Term Liabilities	<u>17,883,654</u>
Total Liabilities	<u>18,471,695</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	3,245,830
Restricted Net Position	1,030,838
Unrestricted Net Position	3,633,553
Total Net Position	<u>7,910,221</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b><u>\$ 26,381,916</u></b>

See the accompanying notes to financial statements.

**FORT WALTON BEACH HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Enterprise Fund</b>
<b><u>Operating Revenues</u></b>	
Dwelling Rent	\$ 2,620,002
Operating Grants	4,819,180
Other Income	57,562
Total Operating Revenues	<u>7,496,744</u>
<b><u>Operating Expenses</u></b>	
Administrative	1,132,012
Tenant Services	5,105
Utilities	214,844
Maintenance and Operations	744,111
Protective Services	-
General Expense	346,869
Housing Assistance Payments	4,189,987
Depreciation	895,060
Total Operating Expenses	<u>7,527,988</u>
Operating Income (Loss)	<u>(31,244)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Investment Income	3,447
Interest Expense	(483,292)
Total Non-Operating Revenues (Expenses)	<u>(479,845)</u>
Increase (Decrease) in Net Position Before Capital Contributions, Distributions and Transfers	<u>(511,089)</u>
Capital Contributions	<u>44,094</u>
Increase (Decrease) in Net Position	(466,995)
Net Position, Beginning	8,377,216
Net Position, Ending	<u>\$ 7,910,221</u>

See the accompanying notes to financial statements.

**FORT WALTON BEACH HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Enterprise Fund</b>
<b><u>Cash flows from operating activities:</u></b>	
Cash Received from Dwelling Rent	\$ 2,600,376
Cash Received from Operating Grants	4,793,771
Cash Received from Other Sources	57,562
Cash Payments for Salaries and Benefits	(776,739)
Cash Payments to Vendors and Landlords	(5,819,996)
Net Cash flows provided (used) by operating activities	<u>854,974</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Capital Outlay	(551,613)
Capital Grants Received	44,094
Advances on Capital Debt	217,539
Principal and Interest on Capital Debt	(785,099)
Net cash flows provided (used) by capital and related financing activities	<u>(1,075,079)</u>
<b><u>Cash flows from investing activities:</u></b>	
Interest earned from cash and cash equivalents	3,447
Net cash flows provided (used) by investing activities	<u>3,447</u>
Net Increase (decrease) in cash and cash equivalents	<u>(216,658)</u>
Cash and cash equivalents, beginning of year:	<u>5,065,346</u>
Total cash and cash equivalents, end of year	<u>\$ 4,848,688</u>
<b><u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u></b>	
Operating Income (Loss)	\$ (31,244)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	895,060
Bad Debts	23,623
Change in Accounts Receivable	(45,035)
Change in Prepaid Expenses	(13,987)
Change in Inventory	7,064
Change in Accounts Payable	12,782
Change in Accrued Expenses	10,418
Change in Tenant Security Deposits	(5,152)
Change in Other Current Liabilities	1,445
Net cash provided by (used in) operating activities	<u>\$ 854,974</u>

See the accompanying notes to financial statements.

FORT WALTON BEACH HOUSING AUTHORITY  
FORT WALTON BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Governmental Accounting Standards -- The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements.

**FURTHER SIGNIFICANT ACCOUNTING POLICIES ARE:**

**Cash and Cash Equivalents**

The Housing Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

**Accounts Receivable**

Tenant accounts receivables are carried at the amount considered by management to be collectible. Tenant accounts receivable are immaterial for further disclosures.

**Prepaid Costs**

Prepaid Costs consists of payments made to vendors for services that will benefit future periods.

**Inventories**

Inventories consist of supplies that have not been used or consumed. Inventory is valued at lower of cost or net realizable value and recorded as an expense when it is consumed on the first in first out basis.

**Unearned Revenue**

The Authority recognizes revenues as earned. The amount received in advance of the period in which it is earned is recorded as a liability under Unearned Revenue.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of revenues and expenses. Estimated useful lives are as follows:

Buildings and Improvements	5 - 27.5 years
Furniture and Equipment	5 - 7 years

Authority management has assessed the carrying values of capital asset balances as of June 30, 2018, and as of November 29, 2018. No significant capital asset value impairments exist as of the noted dates.

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

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 *Governmental Accounting Standards Board (GASB) No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 39*. 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 includes the following blended component unit:

**Sound Side Apartments, LLC** (*Blended Component Unit*) is a single member limited liability company, with the sole purpose of owning and operating a 200-unit modern apartment community (the "Project") to be known as Sound Side Apartments. The Authority is the sole owner and directly controls the operations of the Company. Currently, the Company does not have a separate board of directors. The Company has been included in the financial statements of the primary government as a blended component unit. The Company's fiscal year end is December 31. Sound Side Apartments, LLC is audited by other auditors whose report has been furnished to us and insofar as it relates to the amounts included for Sound Side Apartments, LLC is based solely on the report of other auditors with the exception of conversion adjustments as noted in Note S. A copy of the financial statements of Sound Side Apartments, LLC for the year ended December 31, 2017 may be obtained by writing to the Fort Walton Beach Housing Authority, 27 Robinwood Drive SW, Fort Walton Beach, Florida 32548.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS

*Custodial Credit Risk* – The Authority’s policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Interest Rate Risk* – The Authority’s formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other federally insured investments.

The Authority’s cash and cash equivalents consist of cash held in interest bearing checking accounts totaling \$4,848,588. The remaining \$100 is held in the form of petty cash or change fund. Deposits with financial institutions are secured as follows:

	<u>PER AUDIT</u>	<u>PER BANK</u>
Insured by FDIC	\$ 250,000	\$ 250,000
Collateralized with specific securities in the Authority name which are held by the financial institution	2,779,435	2,783,568
Uncollateralized	-	-
	<u>\$ 3,029,435</u>	<u>\$ 3,033,568</u>

As of December 31, 2017, Sound Side, LLC (Blended Component Unit) had various checking, escrow and other deposits at various financial institutions totaling \$1,819,153. The blended component unit is not required to collateralize deposits in excess of FDIC insurance.

NOTE D - CONTRACTUAL COMMITMENTS

The Authority had Outstanding Contractual Commitments as of the Statement of Net Position Date as follows:

Type Commitment  
None of Significance

NOTE E - USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows and inflows, revenues and expenses in the financial statements. Accordingly, actual results could differ from those estimates.

NOTE F - RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman’s compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.



NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE G – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE H – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTE I – PENSION PLAN

The Authority participates in a defined contribution plan administered by Mutual of America. All employees are fully vested in the plan after six years of continuous service, or at age 65, whichever is first. The plan provisions and changes to the plan contributions are determined by the Board of the Housing Authority.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Housing Authority contributes 12% of the employee's base salary each month, while the employee does not contribute. Total employer contributions to the plan for the year were \$39,860.

NOTE J – RESTRICTED ASSETS AND RESTRICTED NET POSITION

The Authority's restricted assets and restricted net position consist of the following as of June 30, 2018:

Replacement Reserves	\$ 222,520
Other Reserves	808,318
Total Restricted Assets	<u>\$ 1,030,838</u>

NOTE K – CAPITAL ASSETS

A summary of capital assets is as follows at June 30, 2018:

	Public Housing & <u>Capital Fund</u>	Section 8 <u>HCV</u>	Business <u>Activities</u>	Component <u>Unit</u>	<u>Total</u>
Land	\$ 1,662,954	\$ -	\$ -	\$ 1,148,046	\$ 2,811,000
Building and Improvements	8,670,771	-	-	16,955,238	25,626,009
Furniture and Equipment	163,931	52,546	-	1,082,860	1,299,337
Construction in Process	28,527	-	679,322	-	707,849
Less Accumulated Depreciation	<u>(6,843,255)</u>	<u>(38,282)</u>	<u>-</u>	<u>(2,185,560)</u>	<u>(9,067,097)</u>
Total Capital Assets	<u>\$ 3,682,928</u>	<u>\$ 14,264</u>	<u>\$ 679,322</u>	<u>\$ 17,000,584</u>	<u>\$ 21,377,098</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE K – CAPITAL ASSETS - CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	<u>Ending Balance</u>
Land	\$ 2,811,000	\$ -	\$ -	\$ 2,811,000
Construction in Progress	453,131	510,659	(255,941)	707,849
Total Assets not being depreciated	3,264,131	510,659	(255,941)	3,518,849
Buildings and Improvements	25,385,670	35,965	204,374	25,626,009
Furniture and Equipment	1,278,781	4,989	15,567	1,299,337
Total Capital Assets	29,928,582	551,613	(36,000)	30,444,195
Less Accumulated Depreciation:				
Buildings and Improvements	(7,790,601)	(765,590)	36,000	(8,520,191)
Furniture and Equipment	(417,436)	(129,470)	-	(546,906)
Net Book Value	<u>\$ 21,720,545</u>	<u>\$ (343,447)</u>	<u>\$ -</u>	<u>\$ 21,377,098</u>

NOTE L – COMPENSATED ABSENCES

It is the Housing Authority's policy to permit employees to accumulate a limited amount of earned but unused annual leave. Employees receive annual hours based on the number years of service. The maximum amount of annual leave that any employee may accrue is 260 hours for each full-time permanent employee. Upon separation from employment, an employee shall be paid for all accumulated annual leave, as of their final date of employment. For employees hired prior to 1999, sick leave is payable upon separation from employment in the maximum amount of 240 hours. Leave accrued but not yet paid as of June 30, 2018, is shown as a liability allocated between current and non-current.

NOTE M – PILOT AGREEMENT

The Authority has entered into a Payment in Lieu of Taxes Agreement with the City of Fort Walton Beach, Florida, whereby the Authority agrees to pay a negotiated sum in lieu of City real property taxes. As of June 30, 2018, \$28,830 remains outstanding.

NOTE N – MANAGEMENT AGREEMENT

Sound Side Apartments, LLC (Blended Component Unit) is managed by HomeCorp Management, Inc. pursuant to a management agreement approved by HUD. The current management agreement provides for a management fee of 4% of annual collections. A management fee of \$93,152 was charged to operations for the year ended December 31, 2017.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG TERM DEBT

Mortgage Payable – Berkadia Commercial Mortgage, LLC

The Company obtained FHA Loan No 063-35325-PM in the amount of \$18,485,300 with interest at 2.7% per annum for construction of 200 apartment units in Fort Walton Beach, Florida. During construction, Berkadia Commercial Mortgage, LLC provided insured advances to the Company.

On April 13, 2015, Berkadia Commercial Mortgage endorsed the final mortgage loan in the amount of \$18,485,300. The loan bears interest at a rate of 2.7% per annum and is payable in 480 monthly installments of \$63,019. The principal balance of the mortgage as of December 31, 2017 is \$17,566,084 and accrued interest is \$39,524. Interest paid during the year was \$477,740.

Under agreements with the mortgage lender and HUD, the Company is required to make monthly escrow deposits for taxes, insurance and replacement of project assets and is subject to restrictions as to operating policies, operating expenditures and distributions to the Member.

The liability of the Company under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

Future principal and interest payments are payable as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2018	285,457	470,769	\$ 17,280,627
2019	293,260	462,966	16,987,367
2020	301,277	454,949	16,686,090
2021	309,513	446,713	16,376,577
2022	317,974	438,252	16,058,603
2023 - 2027	1,725,106	2,056,023	14,333,497
2028 - 2032	1,974,147	1,806,981	12,359,350
2033 - 2037	2,259,142	1,521,987	10,100,208
2038 - 2042	2,585,279	1,195,850	7,514,929
2043 - 2047	2,958,498	822,631	4,556,431
2048 - 2052	3,385,596	395,532	1,170,835
2053 - 2056	1,170,835	26,521	-
Total Payments	<u>\$ 17,566,084</u>	<u>\$ 10,099,174</u>	

Note Payable – City of Fort Walton Beach

On February 9, 2016, Sound Side Apartments, LLC executed a third amendment to the interlocal agreement between The City of Fort Walton Beach, Florida, Fort Walton Beach Community Redevelopment Agency, Fort Walton Beach Housing Authority and Sound Side Apartments, LLC regarding infrastructure improvements at Sound Side Apartments. The agreement amends the maximum amount borrowed in Community Redevelopment Revenue Special Trust Funds to \$380,118. The amendment also amends the repayment terms. The total amount due shall be repaid by the Property owner to the City at no more than \$28,488 per year at 1.5% interest and shall be payable no sooner than three years after the Closing, which is defined as February 1, 2013. The first annual payment on the amended agreement was due September 1, 2016 and is due in annual installments each year. The payments will be made only from available surplus cash. The principal balance of the loan at December 31, 2017 is \$331,795 and accrued interest is \$15,850. Interest paid during the year was \$5,166.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – LONG TERM DEBT – CONTINUED

Note Payable – Synovus Bank

On January 11, 2018, the Authority executed a commercial loan with Synovus Bank for \$1,220,000. The note bears interest at 4.68%. The loan is payable in monthly installments of \$6,954, beginning on February 11, 2019 for a term of 4 years, and ending with a balloon payment on January 11, 2023. The note is collateralized by the real property on Third Street SE & Church Avenue SE. As of June 30, 2018, the Authority had drawn down \$217,539 of the available funds. Interest paid during the year was \$386.

Future principal and interest payments are payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2019	10,907	23,861	\$ 206,632
2020	26,487	56,957	180,145
2021	27,929	55,516	152,216
2022	29,283	54,161	122,933
2023	122,933	31,099	-
<b>Total Payments</b>	<b>\$ 217,539</b>	<b>\$ 221,594</b>	

NOTE P – LONG-TERM LIABILITIES

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Mortgage Payable	\$ 17,843,945	\$ -	\$ 277,861	\$ 17,566,084	\$ 285,457
Accrued Interest - Mortgage Payable	16,008	-	158	15,850	-
Note Payable - City of Fort Walton	354,958	-	23,163	331,795	-
Note Payable - Synovus Bank	-	217,539	-	217,539	10,907
Accrued Compensated Absences	44,034	25,483	15,350	54,167	5,417
<b>Total Debt</b>	<b>\$ 18,258,945</b>	<b>\$ 243,022</b>	<b>\$ 316,532</b>	<b>\$ 18,185,435</b>	<b>\$ 301,781</b>

NOTE Q – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through November 29, 2018 the date the financial statements were issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE R – BLENDED COMPONENT UNIT CONDENSED FINANCIAL STATEMENTS

Condensed Blended Component Unit - Statement of Net Position

	<u>Sound Side Apartments, LLC December 31, 2017</u>
<b>Assets</b>	
Current and restricted assets	\$ 1,848,279
Capital assets	17,000,584
Total assets	<u>\$ 18,848,863</u>
<b>Liabilities</b>	
Current liabilities	\$ 449,114
Long-Term Liabilities	17,628,272
Total liabilities	<u>18,077,386</u>
<b>Net position</b>	
Net Investment in capital assets	(913,145)
Restricted net position	1,030,838
Unrestricted net position	653,784
Total net position	<u>\$ 771,477</u>

**NOTE R – BLENDED COMPONENT UNIT CONDENSED FINANCIAL STATEMENTS – CONTINUED**

**Condensed Blended Component Unit - Statement of  
Revenues, Expenses and Changes in Net Position**

	<u>Sound Side Apartments, LLC December 31, 2017</u>
<b>Revenues</b>	
Tenant rental revenue, grants and other revenue	\$ 2,147,359
Interest Income	<u>75</u>
<b>Total revenues</b>	<u>2,147,434</u>
<b>Expenses</b>	
Administrative and general expenses	544,281
Maintenance, protective services and utilities	494,867
Interest	482,906
Depreciation	<u>581,927</u>
<b>Total expenses</b>	<u>2,103,981</u>
Operating Income	43,453
Distributions	<u>(67,656)</u>
Increase (decrease) in net position	(24,203)
Beginning net position	<u>795,680</u>
Ending net position	<u>\$ 771,477</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE R – BLENDED COMPONENT UNIT CONDENSED FINANCIAL STATEMENTS – CONTINUED

Condensed Blended Component Unit - Statement of Cash Flows

	Sound Side Apartments, LLC <u>December 31, 2017</u>
Cash flows provided (used) by operating activities	\$ 633,425
Cash flows provided (used) by capital and related financing activities	(309,024)
Cash flows provided (used) by investing activities	<u>(67,656)</u>
Net increase in cash and equivalents	256,745
Beginning current and restricted cash	<u>1,562,408</u>
Ending current and restricted cash	<u>\$ 1,819,153</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ 43,453
Depreciation	581,927
Change in other operating activities	<u>8,045</u>
Net cash provided (used) by operating activities	<u>\$ 633,425</u>

NOTE S – DIFFERENT REPORTING STANDARDS

Sound Side, LLC (Blended Component Unit) follows the standards of accounting and financial reporting for not-for-profit organizations. Under these standards the debt issuance costs are reported in accordance with FASB Update No. 2015-03 which requires debt issuance cost to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. However, in these financial statements debt issuance costs have been presented in accordance with GASB Statement No. 65 which requires the debt issuance costs to be written off in the period incurred. The amount of these debt issuance costs that were reported as a reduction from the debt liability on the separate financial statements of Sound Side, LLC are \$196,252.

**FORT WALTON BEACH HOUSING AUTHORITY  
 STATEMENT AND CERTIFICATION OF PROGRAM COSTS - CAPITAL FUND PROGRAM  
 JUNE 30, 2018**

	<b>Public Housing Capital Fund Program FL29P06950116</b>
Funds Approved	\$ 220,166
Funds Disbursed	<u>220,166</u>
Excess Funds Approved	<u><u>\$ -</u></u>
Funds Advanced	\$ 220,166
Funds Disbursed	<u>220,166</u>
Excess Funds (Deficiency)	<u><u>\$ -</u></u>

1. The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Housing Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.



FORT WALTON BEACH HOUSING AUTHORITY  
FORT WALTON BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

EXPENDITURES

Low Rent Public Housing Expenditures Total CFDA Number 14.850a	<u>397,099</u>
Section 8 Housing Choice Vouchers Program Total CFDA Number 14.871	<u>4,293,025</u>
Public Housing Capital Fund Program Total CFDA Number 14.872	<u>173,150</u>
TOTAL HUD EXPENDITURES	<u>\$ 4,863,274</u>
TOTAL FEDERAL EXPENDITURES	<u>\$ 4,863,274</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of operations of the Authority it is not intended to and does not present the financial net position, changes in net position or cash flows of the Authority.

Note 2 - 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 allowed or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Authority did not elect to use the 10% *De Minimus Cost Rate*.

SOUND SIDE APARTMENTS, LLC  
A COMPONENT UNIT OF THE FORT WALTON HOUSING AUTHORITY  
FORT WALTON BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

**EXPENDITURES**

Mortgage Insurance Rental and Cooperative Housing for Moderate Income Families and Elderly - Section 221 (b)(4) Mortgage Total CFDA Number 14.135	<u>\$ 17,843,945</u>
TOTAL HUD EXPENDITURES	<u>\$ 17,843,945</u>
TOTAL FEDERAL EXPENDITURES	<u>\$ 17,843,945</u>

**Note 1 - Basis of Presentation**

The above schedule of expenditures of federal awards includes the federal grant activity of the Sound Side Apartments, LLC and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of operations of Sound Side Apartments it is not intended to and does not present the financial net position, changes in net position or cash flows of the Authority.

**Note 2 - 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 allowed or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

The Authority did not elect to use the 10% *De Minimus Cost Rate*.

**Note 4 - Federally Funded and Insured Mortgages**

The mortgage balance at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of the outstanding federally insured mortgage at December 31, 2017 is \$17,566,084.

**FORT WALTON BEACH HOUSING AUTHORITY [FL069]  
 FORT WALTON BEACH, FLORIDA  
 FINANCIAL DATA SCHEDULE  
 JUNE 30, 2018**

	PUBLIC HOUSING LOW RENT	CAPITAL FUND	HOUSING CHOICE VOUCHERS	BUSINESS ACTIVITIES	BLENDED COMPONENT UNIT FYE 12/31/2017	ELIMINATION	TOTAL
ASSETS	14,850	14,872	14,871				
<b>CURRENT ASSETS</b>							
CASH							
111 CASH - UNRESTRICTED	2,577,242	-	480,895	136,493	715,667	-	3,710,297
115 CASH - RESTRICTED FOR PAYMENT OF CURRENT LIABILITIES	-	-	-	-	-	-	-
112 CASH - RESTRICTED - MODERNIZATION	-	-	-	-	-	-	-
113 CASH - OTHER RESTRICTED	-	-	-	-	1,030,838	-	1,030,838
114 CASH - TENANT SECURITY DEPOSITS	34,805	-	-	-	72,648	-	107,453
100 TOTAL CASH	2,612,047	-	480,895	136,493	1,819,153	-	4,848,688
<b>ACCOUNTS AND NOTES RECEIVABLE</b>							
121 A/R - FRA PROJECTS	-	-	-	-	-	-	-
122 A/R - HUD OTHER PROJECTS	-	-	25,409	-	-	-	25,409
124 A/R - OTHER GOVERNMENT	-	-	-	-	-	-	-
125 A/R - MISCELLANEOUS	-	-	-	-	-	-	-
126 A/R - TENANTS	3,591	-	-	-	-	-	3,591
126.1 ALLOWANCE FOR DOUBTFUL ACCOUNTS - TENANTS	(2,215)	-	-	-	-	-	(2,215)
126.2 ALLOWANCE FOR DOUBTFUL ACCOUNTS - OTHER	-	-	-	-	-	-	-
127 NOTES AND RECEIVABLES RECEIVABLE - CURRENT	-	-	-	-	-	-	-
128 FRAUD RECOVERY	-	-	-	-	-	-	-
128.1 ALLOWANCE FOR DOUBTFUL ACCOUNTS - FRAUD	-	-	-	-	-	-	-
129 ACCRUED INTEREST RECEIVABLE	-	-	-	-	-	-	-
120 TOTAL RECEIVABLES, NET OF ALLOWANCES	1,476	-	25,409	-	-	-	26,885
<b>CURRENT INVESTMENTS</b>							
131 INVESTMENTS - UNRESTRICTED	-	-	-	-	-	-	-
132 INVESTMENTS - RESTRICTED	-	-	-	-	-	-	-
135 INVESTMENTS - RESTRICTED FOR PAYMENT OF CURRENT LIAB.	-	-	-	-	-	-	-
142 PREPAID EXPENSES AND OTHER ASSETS	56,436	-	10,331	-	29,126	-	97,893
143 INVENTORIES	33,002	-	-	-	-	-	33,002
143.1 ALLOWANCE FOR OBSOLETE INVENTORIES	(1,650)	-	-	-	-	-	(1,650)
144 INTER PROGRAM DUE FROM	-	-	-	-	-	-	-
145 ASSETS HELD FOR SALE	-	-	-	-	-	-	-
150 TOTAL CURRENT ASSETS	2,503,411	-	516,625	136,493	1,848,279	-	5,004,818
<b>NONCURRENT ASSETS</b>							
<b>FIXED ASSETS</b>							
161 LAND	1,662,954	-	-	-	1,148,046	-	2,811,000
162 BUILDINGS	8,670,771	-	-	-	15,002,745	-	23,673,517
163 FURNITURE & EQUIPMENT - DWELLINGS	73,523	-	-	-	831,094	-	904,617
164 FURNITURE & EQUIPMENT - ADMINISTRATION	90,008	-	52,946	-	251,766	-	394,720
165 LEASEHOLD IMPROVEMENTS	-	-	-	-	1,952,492	-	1,952,492
167 CONSTRUCTOR IN PROGRESS	-	28,527	-	679,322	-	-	707,849
166 ACCUMULATED DEPRECIATION	(6,843,255)	-	(38,282)	-	(2,105,560)	-	(9,067,097)
160 TOTAL FIXED ASSETS, NET OF DEPR	3,654,401	28,527	14,264	679,322	17,000,584	-	21,377,098

**FORT WALTON BEACH HOUSING AUTHORITY [FL069]  
FORT WALTON BEACH, FLORIDA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2018**

	PUBLIC HOUSING LOW RENT 14.850	CAPITAL FUND 14.872	HOUSING CHOICE VOUCHERS 14.871	BUSINESS ACTIVITIES	BLENDED COMPONENT UNIT FYE 12/31/2017	ELIMINATION	TOTAL
171	NOTES & MORTGAGES RECEIVABLE - N/C	-	-	-	-	-	-
172	NOTES & MORTGAGES RECEIVABLE - N/C - PAST DUE	-	-	-	-	-	-
173	GRANTS RECEIVABLE - NON CURRENT	-	-	-	-	-	-
174	OTHER ASSETS	-	-	-	-	-	-
176	INVESTMENTS IN JOINT VENTURES	-	-	-	-	-	-
180	TOTAL NON-CURRENT ASSETS	3,654,401	28,527	14,264	679,322	17,000,584	21,377,098
200	DEFERRED OUTFLOW OF RESOURCES	-	-	-	-	-	-
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	6,157,812	28,527	530,899	815,815	18,848,863	26,381,916
	<b>LIABILITIES AND EQUITY</b>						
	<b>CURRENT LIABILITIES</b>						
311	BANK OVERDRAFT	-	-	-	-	-	-
312	A/P < 90 DAYS	41,851	-	7,892	-	9,613	59,456
313	A/P > 90 DAYS PAST DUE	-	-	-	-	-	-
321	ACCRUED WAGE/PAYROLL TAXES PAYABLE	839	-	895	-	4,200	5,924
322	ACCRUED COMPENSATED ABSENCES - CURRENT	3,493	-	1,924	-	-	5,417
324	ACCRUED CONTINGENCY LIABILITY	-	-	-	-	-	-
325	ACCRUED INTEREST PAYABLE	-	-	-	-	39,524	39,524
331	ACCOUNTS PAYABLE - HUD PHA PROGRAMS	-	-	-	-	-	-
332	ACCOUNTS PAYABLE - PHA PROJECTS	-	-	-	-	-	-
333	ACCOUNTS PAYABLE - OTHER GOVERNMENT	28,830	-	-	-	-	28,830
341	TENANT SECURITY DEPOSIT	34,905	-	-	-	72,648	107,553
342	UNEARNED REVENUE	7,301	-	-	-	3,548	10,849
343	CURRENT PORTION OF LT DEBT - CAPITAL/MORTGAGE REVENUE	-	-	-	10,967	285,457	296,364
344	CURRENT PORTION OF LT DEBT - OPERATING BORROWINGS	-	-	-	-	-	-
345	OTHER CURRENT LIABILITIES	-	-	-	-	34,124	34,124
346	ACCRUED LIABILITIES - OTHER	-	-	-	-	-	-
347	INTER PROGRAM DUE TO	-	-	-	-	-	-
348	LOAN LIABILITY - CURRENT	-	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	117,219	-	10,891	10,967	449,114	588,041
	<b>NONCURRENT LIABILITIES</b>						
351	LT DEBT, NET OF CURRENT - CAPITAL/MORTGAGE REVENUE	-	-	-	206,632	17,612,422	17,819,054
352	LT DEBT, NET OF CURRENT - OPERATING BORROWINGS	-	-	-	-	-	-
353	NON-CURRENT LIABILITIES - OTHER	-	-	-	-	15,850	15,850
354	ACCRUED COMPENSATED ABSENCES - NON-CURRENT	31,437	-	17,313	-	-	48,750
357	ACCRUED PENSION & OPEB LIABILITIES	-	-	-	-	-	-
350	TOTAL NON-CURRENT LIABILITIES	31,437	-	17,313	206,632	17,628,272	17,983,654
400	TOTAL LIABILITIES	148,656	-	28,114	217,539	18,077,386	18,471,695
400	DEFERRED INFLOW OF RESOURCES	-	-	-	-	-	-
508.4	NET INVESTMENT IN CAPITAL ASSETS	3,654,401	28,527	14,264	461,783	(913,145)	3,245,830

**FORT WALTON BEACH HOUSING AUTHORITY [FL069]  
FORT WALTON BEACH, FLORIDA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2018**

	PUBLIC HOUSING LOW RENT 14.850	CAPITAL FUND 14.872	HOUSING CHOICE VOUCHERS 14.871	BUSINESS ACTIVITIES	BLENDED COMPONENT UNIT FYE 12/31/2017	ELIMINATION	TOTAL
511.4	RESTRICTED NET POSITION	-	-	-	1,030,838	-	1,030,838
512.1	UNRESTRICTED NET POSITION	2,354,755	-	488,521	136,493	653,784	3,633,553
513	TOTAL EQUITY - NET ASSETS/POSITION	6,009,156	28,527	502,785	598,276	771,477	7,910,221
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & EQUITY	6,157,812	28,527	530,899	815,815	18,848,863	26,381,916
	REVENUE						
70300	NET TENANT RENTAL REVENUE	444,744	-	-	-	2,078,658	2,523,402
70400	TENANT REVENUE - OTHER	27,899	-	-	-	68,791	96,690
70500	TOTAL TENANT REVENUE	472,643	-	-	-	2,147,359	2,620,092
70600	MID PHA OPERATING GRANTS	397,099	129,056	4,293,025	-	-	4,819,180
70610	CAPITAL GRANTS	-	44,094	-	-	-	44,094
70710	MANAGEMENT FEE	-	-	-	-	-	-
70720	ASSET MANAGEMENT FEE	-	-	-	-	-	-
70730	BOOKKEEPING FEE	-	-	-	-	-	-
70750	OTHER FEES	-	-	-	-	-	-
70800	OTHER GOVERNMENT GRANTS	-	-	-	-	-	-
71100	INVESTMENT INCOME - UNRESTRICTED	3,360	-	12	-	75	3,447
71200	MORTGAGE INTEREST INCOME	-	-	-	-	-	-
71300	PROCEEDS FROM DISPOSITION OF ASSETS HELD FOR SALE	-	-	-	-	-	-
71310	COST OF SALE OF ASSETS	-	-	-	-	-	-
71400	FRAUD RECOVERY	-	-	4,272	-	-	4,272
71500	OTHER REVENUE	8,415	-	3,700	108,831	-	53,290
71600	GAIN OR LOSS ON SALE OF CAPITAL ASSETS	-	-	-	-	-	-
72000	INVESTMENT INCOME - RESTRICTED	-	-	-	-	-	-
70000	TOTAL REVENUE	881,517	173,150	4,301,009	108,831	2,147,434	7,544,285
	EXPENSES						
	ADMINISTRATIVE						
91100	ADMINISTRATIVE SALARIES	220,022	15,029	148,015	-	108,090	491,156
91200	AUDITING FEES	7,797	-	7,797	-	7,000	22,594
91300	MANAGEMENT FEE	-	-	-	-	93,152	93,152
91310	BOOKKEEPING FEE	-	-	-	-	-	-
91400	ADVERTISING & MARKETING	-	-	-	-	20,443	20,443
91500	EMPLOYEE BENEFIT CONTRIBUTIONS - ADMINISTRATIVE	53,157	44	44,064	-	26,167	123,432
91600	OFFICE EXPENSE	68,247	-	33,346	211	55,964	157,768
91700	LEGAL EXPENSE	15,506	-	969	5,099	4,868	26,442
91800	TRAVEL	22,061	-	25,424	-	681	48,166
91900	OTHER	48,975	136	49,382	4,795	45,571	148,859
92000	ASSET MANAGEMENT FEE	-	-	-	-	-	-
	TENANT SERVICES						
92100	TENANT SERVICES - SALARIES	-	-	-	-	-	-
92200	RELOCATION COSTS	1,478	-	-	-	-	1,478
92300	EMPLOYEE BENEFIT CONTRIBUTIONS - TENANT SERVICES	-	-	-	-	-	-
92400	TENANT SERVICES - OTHER	-	-	-	3,627	-	3,627

**FORT WALTON BEACH HOUSING AUTHORITY [FL069]**  
**FORT WALTON BEACH, FLORIDA**  
**FINANCIAL DATA SCHEDULE**  
**JUNE 30, 2018**

	PUBLIC HOUSING LOW RENT 14,850	CAPITAL FUND 14,872	HOUSING CHOICE VOUCHERS 14,871	BUSINESS ACTIVITIES	BLENDED COMPONENT UNIT FYE 12/31/2017	ELIMINATION	TOTAL
<b>UTILITIES</b>							
93100 WATER	101,110	-	-	-	6,785	-	107,895
93200 ELECTRICITY	30,381	-	-	-	59,336	-	89,717
93300 GAS	13,777	-	-	-	-	-	13,777
93400 FUEL	-	-	-	-	-	-	-
93500 LABOR	-	-	-	-	-	-	-
93600 SEWER	-	-	-	-	3,455	-	3,455
93700 EMPLOYEE BENEFIT CONTRIBUTIONS - UTILITIES	-	-	-	-	-	-	-
93800 OTHER UTILITIES EXPENSE	-	-	-	-	-	-	-
<b>ORDINARY MAINTENANCE &amp; OPERATION</b>							
94100 LABOR	52,998	-	-	-	88,363	-	141,361
94200 MATERIALE	62,459	1,815	-	-	67,876	-	132,150
94300 CONTRACT COSTS	181,483	-	-	-	247,644	-	429,127
94500 EMPLOYEE BENEFIT CONTRIBUTIONS - ORDINARY MAINTENANCE	13,289	-	-	-	21,408	-	34,697
<b>PROTECTIVE SERVICES</b>							
95100 PROTECTIVE SERVICES - LABOR	-	-	-	-	-	-	-
95200 PROTECTIVE SERVICES - OTHER CONTRACT COSTS	-	-	-	-	-	-	-
95300 PROTECTIVE SERVICES - OTHER	-	-	-	-	-	-	-
95500 EMPLOYEE BENEFIT CONTRIBUTIONS - PROTECTIVE SERVICES	-	-	-	-	-	-	-
<b>GENERAL EXPENSES</b>							
96100 INSURANCE PREMIUMS	96,367	-	16,794	-	174,850	-	288,001
96200 OTHER GENERAL EXPENSE	156	-	5,494	-	765	-	6,415
96210 COMPENSATED ABSENCES	-	-	-	-	-	-	-
96300 PAYMENTS IN LIEU OF TAXES	28,830	-	-	-	-	-	28,830
96400 BAD DEBT - TENANT RENTS	16,893	-	-	-	6,730	-	23,623
96500 BAD DEBT - MORTGAGES	-	-	-	-	-	-	-
96600 BAD DEBT - OTHER	-	-	-	-	-	-	-
96710 INTEREST EXPENSE- MORTGAGES	-	-	-	386	482,906	-	483,292
96720 INTEREST EXPENSE - NOTES PAYABLE	-	-	-	-	-	-	-
96730 AMORTIZATION OF DEBT ISSUANCE COSTS	-	-	-	-	-	-	-
96800 SEVERANCE EXPENSE	-	-	-	-	-	-	-
96900 TOTAL OPERATING EXPENSES	1,034,986	17,024	331,275	14,118	1,522,054	-	2,919,457
97000 EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	(153,469)	156,126	3,969,734	94,713	625,380	(57,656)	4,624,828
<b>EXTRAORDINARY MAINTENANCE</b>							
97100 EXTRAORDINARY MAINTENANCE	6,776	-	-	-	-	-	6,776
97200 CASUALTY LOSSES - NON CAPITALIZED	-	-	-	-	-	-	-
97300 HOUSING ASSISTANCE PAYMENTS	-	-	4,189,987	-	-	-	4,189,987
97350 HAP PORTABILITY-IN	-	-	-	-	-	-	-
97400 DEPRECIATION EXPENSE	308,037	-	5,096	-	581,927	-	895,060
97500 FRAUD LOSSES	-	-	-	-	-	-	-
97600 CAPITAL OUTLAYS - GOVERNMENTAL FUNDS	-	-	-	-	-	-	-
97700 DEBT PRINCIPAL PAYMENT - GOVERNMENTAL FUNDS	-	-	-	-	-	-	-
97800 DWELLING UNITS RENT EXPENSE	-	-	-	-	-	-	-
98000 TOTAL EXPENSES	1,349,799	17,024	4,526,358	14,118	2,103,981	-	8,011,280

**FORT WALTON BEACH HOUSING AUTHORITY [FL069]  
 FORT WALTON BEACH, FLORIDA  
 FINANCIAL DATA SCHEDULE  
 JUNE 30, 2018**

	PUBLIC HOUSING LOW RENT 14.850	CAPITAL FUND 14.872	HOUSING CHOICE VOUCHERS 14.871	BUSINESS ACTIVITIES	BLENDED COMPONENT UNIT FYE 12/31/2017	ELIMINATION	TOTAL
10010	OPERATING TRANSFERS IN	112,032	-	-	-	(112,032)	-
10020	OPERATING TRANSFERS OUT	-	(112,032)	-	-	112,032	-
10070	EXTRAORDINARY ITEMS (NET GAIN/LOSS)	-	-	-	-	-	-
10080	SPECIAL ITEMS (NET GAIN/LOSS)	-	-	-	(67,656)	67,656	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	112,032	(112,032)	-	(67,656)	67,656	-
10000	EXCESS/(DEFICIENCY) OF REVENUE OVER/(UNDER) EXPENSES	(356,250)	44,094	(225,349)	94,713	(24,203)	(466,995)
11030	BEGINNING EQUITY	6,109,465	240,374	854,220	377,477	795,680	8,377,216
11040	EQUITY TRANSFERS	255,941	(255,941)	-	-	-	-
11040	EQUITY TRANSFERS	-	-	(126,086)	126,086	-	-
11040	PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-
	ENDING EQUITY	6,009,156	28,527	502,785	599,276	771,477	7,910,221
11190	UNIT MONTHS AVAILABLE	1,450	-	10,128	-	2,328	13,906
11210	UNIT MONTHS LEASED	1,429	-	8,902	-	2,286	12,617
11170	ADMINISTRATIVE FEE EQUITY	-	-	502,785	-	-	502,785
11180	HOUSING ASSISTANCE PAYMENTS EQUITY	-	-	-	-	-	-
11610	LAND PURCHASES	-	-	-	-	-	-
11620	BUILDING PURCHASES	-	-	-	-	-	-
11630	FURNITURE & EQUIPMENT - DWELLING PURCHASES	-	15,567	-	-	-	15,567
11640	FURNITURE & EQUIPMENT - ADMINISTRATIVE PURCHASES	-	-	-	-	-	-
11650	LEASEHOLD IMPROVEMENTS PURCHASES	-	28,527	-	-	-	28,527
11660	INFRASTRUCTURE PURCHASES	-	-	-	-	-	-
13510	CFFB DEBT SERVICE PAYMENTS	-	-	-	-	-	-
13901	REPLACEMENT HOUSING FACTOR FUNDS	-	-	-	-	-	-

FORT WALTON BEACH HOUSING AUTHORITY  
FORT WALTON BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

**Section I: Summary of Auditors' Results:**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified	
Internal Control over financial reporting:		
Are material weaknesses identified?	__Yes	<u>X</u> No
Are significant deficiencies that are not considered to be material weaknesses identified?	__Yes	<u>X</u> None Reported
Is noncompliance that could have a material effect on the financial statements identified?	__Yes	<u>X</u> No

**FEDERAL AWARDS**

Internal control over major programs:		
Are material weaknesses identified?	__Yes	<u>X</u> No
Are significant deficiencies that are not considered to be material weaknesses identified?	__Yes	<u>X</u> None Reported
Type of report issued on compliance with requirements applicable to each major program:	Unmodified	
Are there any audit findings that are required to be reported in accordance with 2CFR Section 200.516(a) of the Uniform Guidance?	__Yes	<u>X</u> No

Identification of major programs:

<b><u>Name of Federal Program</u></b>	<b><u>CFDA No.</u></b>
Housing Choice Vouchers	14.871

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Is the auditee identified as a low-risk auditee? X Yes \_\_\_No



FORT WALTON BEACH HOUSING AUTHORITY  
FORT WALTON BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

**Section II: Financial Statement Findings:**

**Prior Year Findings and Questioned Costs:**

None

**Current Year Findings and Questioned Costs:**

None

**Section III: Federal Award Findings and Questioned Costs:**

**Prior Year Findings and Questioned Costs**

None

**Current Year Findings and Questioned Costs:**

None