

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	24-25
Independent Auditor’s Report On Compliance For Each Major Federal Program and Report On Internal Control Over Compliance Required by 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
Dania Beach Housing Authority
Dania Beach, Florida

HUD, Miami Area Office
Office of Public Housing
909 S. E. First Avenue, Room 500
Miami, Florida 33131

Report on the Financial Statements

We have audited the accompanying financial statements of the Dania Beach Housing Authority ("the Authority") which include the statement of net position as of September 30, 2017, 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, 2017, 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 May 25, 2018 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
May 25, 2018

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

ASSETS

Current assets

Cash and cash equivalents, unrestricted	\$ 166,653
Cash and cash equivalents, restricted	106,310
Accounts receivable, net of allowance	16,764
Due from other governments	4,144
Inventories, net of obsolescence	7,630
Prepaid expense	11,054
Total current assets	<u>312,555</u>

Noncurrent assets

Capital assets

Not being depreciated	506,754
Depreciable, net	500,324
Total capital assets, net	<u>1,007,078</u>

Total assets

1,319,633

Deferred Outflow of Resources

-

Total Assets and Deferred Outflow of Resources

1,319,633

LIABILITIES

Current liabilities

Vendors and contractors payable	13,898
Accrued wages/taxes payable	11,817
Accrued compensated absences	620
Unearned revenue	767
Notes and bonds payable	4,095
Resident security deposits	14,098
Total current liabilities	<u>45,295</u>

Noncurrent liabilities

Notes and bonds payable	1,413
Accrued compensated absences	2,432
Total noncurrent liabilities	<u>3,845</u>

Total liabilities

49,140

Deferred Inflow of Resources

-

Total Liabilities and Deferred Inflow of Resources

49,140

NET POSITION

Net investment in capital assets	1,007,078
Restricted	92,212
Unrestricted	171,203
Total net position	<u>\$ 1,270,493</u>

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

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

As management of the Dania Beach Housing Authority ("the Authority"), we offer the readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements.

Financial Highlights

- Total net position of the Authority as of September 30, 2017 is \$1,270,493 (net position).
- The Authority's unrestricted net position as of September 30, 2017 is \$171,203 and restricted net position is \$92,212.
- The Authority's Total operating revenue was \$5,650,665 which consisted of intergovernmental revenues of \$5,457,721 in HUD PHA grants, tenant revenues of \$90,602 and \$102,342 in other revenue.

Overview of Financial Statements

The basic financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- **Statement of Net Position** – reports the Authority's assets and liabilities at the end of the fiscal year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- **Statement of Revenue, Expenses and Change in Net Position** – the results of activity over the course of the fiscal year. It details the costs associated with operating the facility and how those costs were funded. It also provides an explanation of the change in net position from the previous fiscal year end to the current fiscal year end.
- **Statement of Cash Flows** – reports the Authority's cash flows in and out from operating, investments and financing activities. It details the sources of the Authority's cash, what it was used for, and the change in cash over the course of the fiscal year.
- The basic financial statements also include notes that provide required disclosures and other information necessary to gather the full meaning of the material presented in the statements.

The attached analysis of entity wide net position, revenue, and expenses are detailed and provide a comprehensive portrayal of financial conditions and related trends. The analysis includes all assets and liabilities using the accrual basis of accounting. Our analysis of the Authority as a whole begins on the next page.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis presents the Authority's net position which can be thought of as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The net position analysis will allow the reader to measure the health or financial position of the Authority.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Overview of Financial Statements (Continued)

Over time, significant changes in the Authority's net position is an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

At FYE 2017, total net position was \$1,270,493; Total current assets were \$312,555, and total capital net assets were \$1,007,078.

In addition, total liabilities were \$49,140. Total long-term (non-current) liabilities were \$3,845 at the end of FYE 2017.

Net Position – The difference between an organization's assets and its liabilities equals its net position. There are three categories to classify Net position and they are the following:

Net investment in capital assets – Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets;

Restricted –net position whose use is subject to constraints imposed by law or agreement;

Unrestricted – net position that is neither invested in capital assets nor restricted.

Comparative Statement of Net Position is as follows:

	September 30,		
	2017	2016	Variances
Assets			
Cash and other assets	\$ 312,555	\$ 317,055	\$ (4,500)
Capital assets - net	1,007,078	1,053,065	(45,987)
Total assets	1,319,633	1,370,120	(50,487)
Liabilities			
Total liabilities	49,140	51,018	(1,878)
Net Position	1,270,493	1,319,102	(48,609)
Net investment in capital assets	1,007,078	1,043,667	(36,589)
Unrestricted net position	171,203	195,177	(23,974)
Restricted net position	92,212	80,258	11,954
Total net position	\$ 1,270,493	\$ 1,319,102	\$ (48,609)

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Overview of Financial Statements (Continued)

Cash and other assets decreased by \$4,500, representing a 1.42% decrease from the prior fiscal year. There was an increase in overall operating expenses of \$28,392 and an increase in other revenue of \$7,573.

There was a decrease in net accounts receivable of \$9,554. The decrease of \$45,987 in net capital assets is attributed to construction in progress of \$9,538, equipment additions of \$3,746 and net accumulated depreciation of \$59,271.

At FYE 2017, the Authority has long term debt of \$1,413 related to capital assets.

There was a decrease in liabilities of \$1,878, due to an increase of \$637 in vendors and contractors payable, decrease of \$2,941 in accrued wages/taxes payable, increase of \$620 in accrued compensated absences, increase in unearned revenue of \$673, increase in notes and bonds payable of \$206, increase in resident security deposits of \$590, and a decrease of noncurrent liabilities – notes and bonds payable and accrued compensated absences - of \$1,663.

This schedule reflects a decrease in total net position of \$48,609.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Overview of Financial Statements (Continued)

Comparative Statement of Revenues, Expenses and Changes in Net Position are as follows:

	September 30,		Variances
	2017	2016	
Operating revenue & expense			
Rental revenue	\$ 90,602	\$ 95,475	\$ (4,873)
HUD grants	5,457,721	5,487,341	(29,620)
Other revenue	102,342	94,769	7,573
Total operating revenue	5,650,665	5,677,585	(26,920)
Operating expenses			
Administrative	480,071	485,084	(5,013)
Tenant services, other	1,915	3,585	(1,670)
Utilities	11,496	10,807	689
Ordinary maintenance and operation	130,243	135,529	(5,286)
Insurance	22,868	24,628	(1,760)
General expenses	75,154	85,365	(10,211)
Housing assistance payments	4,919,530	4,867,874	51,656
Depreciation	59,271	59,284	(13)
Total operating expenses	5,700,548	5,672,156	28,392
Operating loss	(49,883)	5,429	55,312
Nonoperating revenues (expenses)			
Interest revenue	446	441	5
Other expense	(395)	(321)	(74)
Fraud recovery	18,968	41,824	(22,856)
Extraordinary maintenance	(17,745)	-	(17,745)
Loss on disposition of fixed assets	-	4,771	(4,771)
Total nonoperating revenues (expenses)	1,274	46,715	(45,441)
Increase (decrease) in net position	(48,609)	52,144	(100,753)
Net position, beginning of year	1,319,102	1,266,958	52,144
Net position, end of year	\$ 1,270,493	\$ 1,319,102	\$ (48,609)

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Overview of Financial Statements (Continued)

The Authority had a net decrease in revenue of \$26,920, a net increase in expenses of \$28,392 with 2017 experiencing a net loss of \$49,883. The Authority experienced a difference (decrease) in net income between 2016 and 2017 of \$100,753.

The Authority received an increase in Housing Assistance Payments revenue of \$25,729 and a decrease in administrative fees of \$27,783 from the amount received in 2016. There was an increase in housing assistance payments of \$51,656.

Administrative expenses decreased by \$5,013 mostly due to an increase in salaries of \$11,573, a decrease in employee benefits of \$9,100 and sundry decreased \$7,534. Tenant services decreased by \$1,670, utilities increased by \$689, ordinary maintenance and operations decreased by \$5,286, insurance decreased by \$1,760, total general expense decreased by \$10,211.

There was a decrease in tenant revenue of \$4,873. This decrease is due to the employment trends in the area.

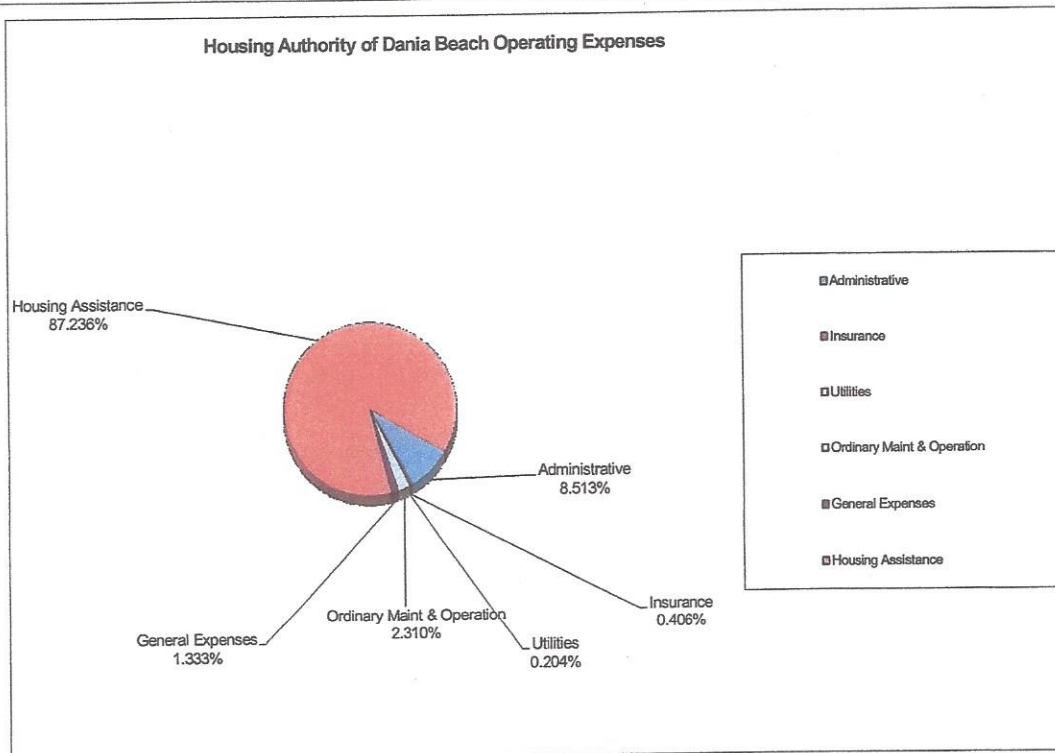
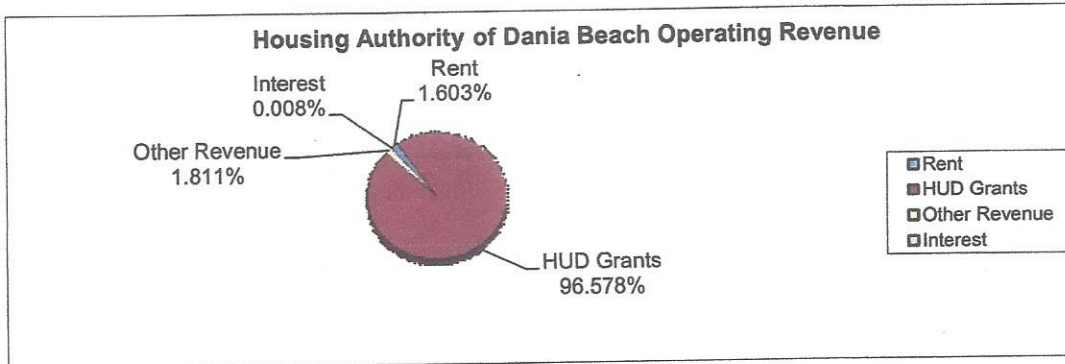
There was an increase in the overall cost of operations. There was an increase in housing assistance payments of 1.07%.

In FYE 2017, total revenue was \$5,650,665 while total operating expenses were \$5,700,548. This contributed to a decrease in net position of \$49,883.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Overview of Financial Statements (Continued)



Governmental Funds

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.

Authority's Programs

- PHA Owned Housing – Low Income Public Housing (CFDA #14.850)
- Capital Fund Program (CFDA #14.872)
- Housing Choice Voucher Program (CFDA #14.871)

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(Continued)

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding of 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 utility rates, supplies and other costs.

Capital Asset and Debt Activity

There were \$3,746 in fixed asset purchases for the 2017 year. There were \$0 in equipment disposals. Depreciation for the year was \$59,271. Total net capital assets decreased by \$45,987.

Contacting the Authority's Financial Management

Questions concerning any of the information provided in this report or request for additional information should be addressed to Anne Castro, Executive Director, Dania Beach Housing Authority, 715 W. Dania Beach Blvd., Dania Beach Florida 33004.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Operating revenues	\$ 90,602
Rental revenue	5,457,721
HUD grants	102,342
Other revenue	<u> </u>
Total operating revenues	<u>5,650,665</u>
Operating expenses	
Administrative	480,071
Tenant services	1,915
Utilities	11,496
Ordinary maintenance & operation	130,243
Insurance	22,868
General expenses	75,154
Housing assistance payments	4,919,530
Depreciation	59,271
Total operating expenses	<u>5,700,548</u>
Operating income (loss)	<u>(49,883)</u>
Nonoperating revenues (expenses)	
Interest revenue, unrestricted	446
Interest expense	(395)
Fraud recovery	18,968
Extraordinary maintenance	(17,745)
Total nonoperating revenues	<u>1,274</u>
Income (loss) before transfers	<u>(48,609)</u>
Net position, beginning of year	<u>1,319,102</u>
Net position, end of year	<u>\$ 1,270,493</u>

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

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Cash Flows From Operating Activities	
Receipts from dwelling rentals	\$ 99,939
Operating grants	5,457,485
Other receipts	100,974
Payments to employees and suppliers	(651,131)
Payments to landlords and resident benefits	<u>(4,984,994)</u>
Net cash provided (used) by operating activities	<u>22,273</u>
Cash Flows From Noncapital Financing Activities	
Principal paid on operating debt	<u>(3,889)</u>
Net cash provided (used) by noncapital financing activities	<u>(3,889)</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(13,284)
Interest paid on capital debt	<u>(395)</u>
Net cash provided (used) by capital and related financing activities	<u>(13,679)</u>
Cash Flows From Investing Activities	
Interest	<u>446</u>
Net cash provided (used) by investing activities	<u>446</u>
Net increase (decrease) in cash and cash equivalents	5,151
Balance - beginning of the year	<u>267,812</u>
Balance - end of the year	<u>\$ 272,963</u>
Reconciliation of Cash Flows to Statement of Net Position	
Cash and cash equivalents, unrestricted	\$ 166,653
Cash and cash equivalents, restricted	<u>106,310</u>
	<u>\$ 272,963</u>

There are no non-cash transactions.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(Continued)

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

Operating income/(loss)	\$ (49,883)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:	
Depreciation elimination	59,271
Decrease in accounts receivable	11,862
Increase in due to/from other governments	(2,308)
Decrease in inventory	151
Increase in prepaid expenses	(54)
Increase in security deposits	590
Increase in accounts payable	637
Decrease in accrued wages	(2,941)
Increase in accrued compensated absences	620
Increase in accrued liabilities	673
Increase in unearned revenue	2,432
Other revenue and expense reported as nonoperating	1,223
	<u><u>\$ 22,273</u></u>

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

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

A - Summary of Significant Accounting Policies and Organization:

1. **Organization:** Dania 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 Housing under Annual Contributions Contract A-4299 and Section 8 Housing Assistance Programs under Annual Contributions Contract A-3398.

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-4299

- 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-3398 - 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.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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:** Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.
- 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, 2017, 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.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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	40 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, 2017.
- 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.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 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.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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, 2017, 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 \$272,963 at September 30, 2017. Bank balances before reconciling items were \$280,970 at that date, the total amount of which was collateralized as Public Funds in the State of Florida.

C - Accounts Receivable:

Dwelling rents (net of allowance for doubtful accounts of \$22)	\$ 1,029
Fraud Recovery – Section 8 Program	<u>15,735</u>
	<u>\$ 16,764</u>

D - Due From Other Governments:

U.S. Department of Housing and Urban Development (HUD)	\$ 236
Other Public Housing Authorities	<u>3,908</u>
	<u>\$ 4,144</u>

E - Prepaid Expense:

Insurance	\$ 6,402
Other Service Contracts	<u>4,652</u>
	<u>\$ 11,054</u>

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

F - Land, Buildings and Equipment:

	Balance September 30, 2016	Additions	Balance September 30, 2017
Not being depreciated:			
Land	\$ 497,216	\$ -	\$ 497,216
Construction in progress	-	9,538	9,538
Total not being depreciated	497,216	9,538	506,754
Depreciable:			
Buildings & improvements	1,882,330	-	1,882,330
Accumulated depreciation	(1,339,012)	(53,868)	(1,392,880)
Net buildings & improvements	543,318	(53,868)	489,450
Equipment	271,151	3,746	274,897
Accumulated depreciation	(258,620)	(5,403)	(264,023)
Net equipment	12,531	(1,657)	10,874
Net depreciable assets	555,849	(55,525)	500,324
TOTAL	\$ 1,053,065	\$ (45,987)	\$ 1,007,078

G - Annual Contributions by Federal Agencies:

Annual Contributions Contract A-4299 - 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, 2017 were \$174,706. HUD also contributed additional funds for modernization and operations in the amount of \$20,000 for the year ended September 30, 2017.

Annual Contributions Contract A-3398 - 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 and related administrative expense. HUD contributions for the year ended September 30, 2017, were \$5,346,715.

H - Defined Contribution Pension Plan: The Authority provides pension benefits for all its full-time employees through a defined contribution plan entitled "The Housing Renewal and Local Agency Retirement Plan. 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 9% of the employee's base salary each month, while the employee contributes 1%. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five (5) 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.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

H - Defined Contribution Pension Plan (Continued)

The Authority's total payroll in fiscal year 2017 was \$362,700. The Authority's and employee's contributions were calculated using the \$279,274. The Authority and the employees made the required contributions amounting to \$25,134 and \$2,793 respectively.

I - 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.

J - Economic Dependency: The Authority receives approximately 96% 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.

K - 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, 2017.

L - Long-Term Debt:

Lease Purchase Note Payable

Note payable through a Lending Institution of \$5,508 at September 30, 2017 consist of note issued in the amount of \$5,508 during the audit period and retirements in the amount of \$6,424, with annual principal reduction contributions of approximately \$4,000.

The above Note is secured by the equipment under signed Lease Purchase Agreement.

The outstanding balance of Note Payable at September 30, 2017 was \$5,508. The note is payable monthly in the amounts and at the interest rate listed below:

<u>September 30,</u>	<u>Amount</u>	<u>Interest Rate</u>
2018	\$ 4,095	5.17%
2019	1,413	5.17%
	<u>5,508</u>	
Less Current Portion	4,095	
	<u>\$ 1,413</u>	

Interest expense for the year ended September 30, 2017 was \$395. There was no capitalized interest expense for the year ended September 30, 2017.

The debt is secured by the property under Lease Purchase in conjunction with the above financing as reported above.

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(Continued)

M - Schedule of Changes in Noncurrent Liabilities:

	Balance at September 30, 2016		Year Ended September 30, 2017		Balance at September 30, 2017	
	Noncurrent Portion	Current Portion	Additions	Payments	Current Portion	Noncurrent Portion
Notes payable	\$ 5,508	\$ 3,889	\$ -	\$ (3,889)	\$ 4,095	\$ 1,413
Accrued compensated absences	-	-	13,927	(10,875)	620	2,432
	<u>\$ 5,508</u>	<u>\$ 3,889</u>	<u>\$ 13,927</u>	<u>\$ (14,764)</u>	<u>\$ 4,715</u>	<u>\$ 3,845</u>

N - 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.

O - 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.

P - 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 cash transfers made during the current fiscal year from the Capital Fund Program to the Low Rent Public Housing Program totaling \$20,000.

Q - 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 the Date of the Independent Auditors Report 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

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

COMBINING SCHEDULE OF NET POSITION
SEPTEMBER 30, 2017

	<u>Project Total</u>	<u>Housing Choice Vouchers</u>	<u>Total 2017</u>
ASSETS			
Current assets			
Cash and cash equivalents, unrestricted	\$ 158,447	\$ 8,206	\$ 166,653
Cash and cash equivalents, restricted	14,098	92,212	106,310
Accounts receivable, net of allowance	1,029	15,735	16,764
Due from other governments	236	3,908	4,144
Inventories, net of obsolescence	7,630	-	7,630
Prepaid expense	4,760	6,294	11,054
Total current assets	186,200	126,355	312,555
Noncurrent assets			
Capital assets			
Not being depreciated	486,664	20,090	506,754
Depreciable, net	490,010	10,314	500,324
Total capital assets, net	976,674	30,404	1,007,078
Total assets	1,162,874	156,759	1,319,633
Deferred Outflow of Resources	-	-	-
Total Assets and Deferred Outflow of Resources	1,162,874	156,759	1,319,633
LIABILITIES			
Current liabilities			
Vendors and contractors payable	4,182	9,716	13,898
Accrued wages/taxes payable	2,865	8,952	11,817
Accrued compensated absences	350	270	620
Unearned revenue	767	-	767
Notes and bonds payable	-	4,095	4,095
Resident security deposits	14,098	-	14,098
Total current liabilities	22,262	23,033	45,295
Noncurrent liabilities			
Notes and bonds payable	-	1,413	1,413
Accrued compensated absences	-	2,432	2,432
Total noncurrent liabilities	-	3,845	3,845
Total liabilities	22,262	26,878	49,140
Deferred Inflow of Resources	-	-	-
Total Liabilities and Deferred Inflow of Resources	22,262	26,878	49,140
NET POSITION			
Net investment in capital assets	976,674	30,404	1,007,078
Restricted	-	92,212	92,212
Unrestricted	163,938	7,265	171,203
Total net position	\$ 1,140,612	\$ 129,881	\$ 1,270,493

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Project Total	Housing Choice Vouchers	Total 2017
Operating revenues			
Rental revenue	\$ 90,602	\$ -	\$ 90,602
HUD grants	194,706	5,263,015	5,457,721
Other revenue	13,754	88,588	102,342
Total operating revenues	299,062	5,351,603	5,650,665
Operating expenses			
Administrative	101,074	378,997	480,071
Tenant services	1,915	-	1,915
Utilities	11,496	-	11,496
Ordinary maintenance & operation	130,243	-	130,243
Insurance	17,211	5,657	22,868
General expenses	6,489	68,665	75,154
Housing assistance payments	-	4,919,530	4,919,530
Depreciation	53,898	5,373	59,271
Total operating expenses	322,326	5,378,222	5,700,548
Operating income (loss)	(23,264)	(26,619)	(49,883)
Nonoperating revenues (expenses)			
Interest revenue, unrestricted	148	298	446
Interest expense	-	(395)	(395)
Fraud recovery	-	18,968	18,968
Extraordinary maintenance	(17,745)	-	(17,745)
Total nonoperating revenues	(17,597)	18,871	1,274
Income (loss) before transfers	(40,861)	(7,748)	(48,609)
Net position, beginning of year	1,181,473	137,629	1,319,102
Net position, end of year	\$ 1,140,612	\$ 129,881	\$ 1,270,493

DANIA BEACH HOUSING AUTHORITY (FL116)

DANIA BEACH, FL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$158,447	\$8,206	\$166,653	\$166,653
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$92,212	\$92,212	\$92,212
114 Cash - Tenant Security Deposits	\$14,098		\$14,098	\$14,098
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$172,545	\$100,418	\$272,963	\$272,963
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$236		\$236	\$236
124 Accounts Receivable - Other Government		\$3,908	\$3,908	\$3,908
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$1,051		\$1,051	\$1,051
126.1 Allowance for Doubtful Accounts - Tenants	-\$22	\$0	-\$22	-\$22
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery		\$15,735	\$15,735	\$15,735
128.1 Allowance for Doubtful Accounts - Fraud		\$0	\$0	\$0
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,265	\$19,643	\$20,908	\$20,908
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$4,760	\$6,294	\$11,054	\$11,054
143 Inventories	\$8,478		\$8,478	\$8,478
143.1 Allowance for Obsolete Inventories	-\$848		-\$848	-\$848
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$186,200	\$126,355	\$312,555	\$312,555
161 Land	\$477,126	\$20,090	\$497,216	\$497,216
162 Buildings	\$1,360,706		\$1,360,706	\$1,360,706
163 Furniture, Equipment & Machinery - Dwellings	\$206,906		\$206,906	\$206,906
164 Furniture, Equipment & Machinery - Administration	\$27,194	\$40,797	\$67,991	\$67,991
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$1,626,420	-\$30,483	-\$1,656,903	-\$1,656,903
167 Construction in Progress	\$9,538		\$9,538	\$9,538
168 Infrastructure	\$521,624		\$521,624	\$521,624
160 Total Capital Assets, Net of Accumulated Depreciation	\$976,674	\$30,404	\$1,007,078	\$1,007,078
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	\$976,674	\$30,404	\$1,007,078	\$1,007,078
200	Deferred Outflow of Resources				
290	Total Assets and Deferred Outflow of Resources	\$1,162,874	\$156,759	\$1,319,633	\$1,319,633
311	Bank Overdraft				
312	Accounts Payable <= 90 Days	\$4,182	\$9,716	\$13,898	\$13,898
313	Accounts Payable >90 Days Past Due				
321	Accrued Wage/Payroll Taxes Payable	\$2,865	\$8,952	\$11,817	\$11,817
322	Accrued Compensated Absences - Current Portion	\$350	\$270	\$620	\$620
324	Accrued Contingency Liability				
325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs				
332	Account Payable - PHA Projects				
333	Accounts Payable - Other Government				
341	Tenant Security Deposits	\$14,098		\$14,098	\$14,098
342	Unearned Revenue	\$767		\$767	\$767
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344	Current Portion of Long-term Debt - Operating Borrowings		\$4,095	\$4,095	\$4,095
345	Other Current Liabilities				
346	Accrued Liabilities - Other				
347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$22,262	\$23,033	\$45,295	\$45,295
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352	Long-term Debt, Net of Current - Operating Borrowings		\$1,413	\$1,413	\$1,413
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current		\$2,432	\$2,432	\$2,432
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities				
350	Total Non-Current Liabilities	\$0	\$3,845	\$3,845	\$3,845
300	Total Liabilities	\$22,262	\$26,878	\$49,140	\$49,140
400	Deferred Inflow of Resources				
508.4	Net Investment in Capital Assets	\$976,674	\$30,404	\$1,007,078	\$1,007,078
511.4	Restricted Net Position	\$0	\$92,212	\$92,212	\$92,212
512.4	Unrestricted Net Position	\$163,938	\$7,265	\$171,203	\$171,203
513	Total Equity - Net Assets / Position	\$1,140,612	\$129,881	\$1,270,493	\$1,270,493
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,162,874	\$156,759	\$1,319,633	\$1,319,633

DANIA BEACH HOUSING AUTHORITY (FL116)

DANIA BEACH, FL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$90,602		\$90,602	\$90,602
70400 Tenant Revenue - Other	\$10,211		\$10,211	\$10,211
70500 Total Tenant Revenue	\$100,813	\$0	\$100,813	\$100,813
70600 HUD PHA Operating Grants	\$194,706	\$5,263,015	\$5,457,721	\$5,457,721
70610 Capital Grants				
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	\$148	\$298	\$446	\$446
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$18,968	\$18,968	\$18,968
71500 Other Revenue	\$3,543	\$88,588	\$92,131	\$92,131
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$299,210	\$5,370,869	\$5,670,079	\$5,670,079
91100 Administrative Salaries	\$65,513	\$225,212	\$290,725	\$290,725
91200 Auditing Fees	\$868	\$9,982	\$10,850	\$10,850
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$84		\$84	\$84
91500 Employee Benefit contributions - Administrative	\$19,175	\$65,774	\$84,949	\$84,949
91600 Office Expenses	\$2,046	\$60,572	\$62,618	\$62,618
91700 Legal Expense	\$2,357	\$429	\$2,786	\$2,786
91800 Travel	\$48	\$550	\$598	\$598
91810 Allocated Overhead				
91900 Other	\$10,983	\$16,478	\$27,461	\$27,461
91000 Total Operating - Administrative	\$101,074	\$378,997	\$480,071	\$480,071
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$1,915		\$1,915	\$1,915
92500 Total Tenant Services	\$1,915	\$0	\$1,915	\$1,915

93100 Water	\$1,330		\$1,330	\$1,330
93200 Electricity	\$8,411		\$8,411	\$8,411
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$1,755		\$1,755	\$1,755
93000 Total Utilities	\$11,496	\$0	\$11,496	\$11,496
94100 Ordinary Maintenance and Operations - Labor	\$57,443		\$57,443	\$57,443
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,407		\$8,407	\$8,407
94300 Ordinary Maintenance and Operations Contracts	\$43,556		\$43,556	\$43,556
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,837		\$20,837	\$20,837
94000 Total Maintenance	\$130,243	\$0	\$130,243	\$130,243
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
96110 Property Insurance	\$3,692		\$3,692	\$3,692
96120 Liability Insurance	\$11,311		\$11,311	\$11,311
96130 Workmen's Compensation	\$1,814	\$4,231	\$6,045	\$6,045
96140 All Other Insurance	\$394	\$1,426	\$1,820	\$1,820
96100 Total insurance Premiums	\$17,211	\$5,657	\$22,868	\$22,868
96200 Other General Expenses	\$22	\$59,520	\$59,542	\$59,542
96210 Compensated Absences	\$3,383	\$9,145	\$12,528	\$12,528
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents	\$3,084		\$3,084	\$3,084
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$6,489	\$68,665	\$75,154	\$75,154
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)		\$395	\$395	\$395
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$395	\$395	\$395
96900 Total Operating Expenses	\$268,428	\$453,714	\$722,142	\$722,142
97000 Excess of Operating Revenue over Operating Expenses	\$30,782	\$4,917,155	\$4,947,937	\$4,947,937
97100 Extraordinary Maintenance	\$17,745		\$17,745	\$17,745
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$4,839,772	\$4,839,772	\$4,839,772

97350 HAP Portability-In		\$79,758	\$79,758	\$79,758
97400 Depreciation Expense	\$53,898	\$5,373	\$59,271	\$59,271
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$340,071	\$5,378,617	\$5,718,688	\$5,718,688
10010 Operating Transfer In	\$20,000		\$20,000	\$20,000
10020 Operating transfer Out	-\$20,000		-\$20,000	-\$20,000
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$40,861	-\$7,748	-\$48,609	-\$48,609
11020 Required Annual Debt Principal Payments	\$0	\$1,413	\$1,413	\$1,413
11030 Beginning Equity	\$1,181,473	\$137,629	\$1,319,102	\$1,319,102
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$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		\$37,669	\$37,669	\$37,669
11180 Housing Assistance Payments Equity		\$92,212	\$92,212	\$92,212
11190 Unit Months Available	468	5988	6456	6456
11210 Number of Unit Months Leased	450	5883	6333	6333
11270 Excess Cash	\$129,179		\$129,179	\$129,179
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	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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	\$ 174,706
14.872	Capital Fund Program	NA	20,000
	Housing Choice Voucher Cluster		
14.871	Housing Choice Voucher Program	NA	5,263,015
14.871	Housing Choice Voucher-Pass thru	Other PHA's	83,700
	Total Housing Choice Voucher Cluster		<u>5,346,715</u>
	Total U.S. Department of HUD		<u>5,541,421</u>
	Total Federal Awards Expenditures		<u>\$ 5,541,421</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, 2017. 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	\$ 5,457,721
FDS line 715	HCVP other income	88,588
	Less: nonfederal portion	(4,888)
		<u>\$ 5,541,421</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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Dania Beach Housing Authority
Dania Beach, Florida

HUD, Miami Area Office
Office of Public Housing
909 S. E. First Avenue, Room 500
Miami, Florida 33131

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 Dania Beach Housing Authority ("the Authority"), which include the statement of net position as of September 30, 2017, 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 May 25, 2018

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.

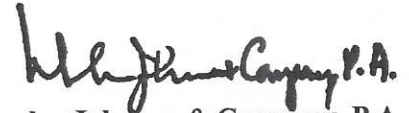
Compliance and Other Matters

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 May 25, 2018

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
May 25, 2018

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
Dania Beach Housing Authority
Dania Beach, Florida

HUD, Miami Area Office
Office of Public Housing
909 S. E. First Avenue, Room 500
Miami, Florida 33131

Report on Compliance for Each Major Program

We have audited Dania 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, 2017. 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, 2017.

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
May 25, 2018

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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)? None reported

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
14.871

Name of Federal Program
Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? Yes

DANIA BEACH HOUSING AUTHORITY
Dania Beach, Florida

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

There were no prior audit findings.