

**HOUSING FINANCE AUTHORITY OF  
VOLUSIA COUNTY**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
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**SEPTEMBER 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Housing Finance Authority of Volusia County:

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

We have audited the accompanying financial statements of the Housing Finance Authority of Volusia County ("the Authority"), as of and for the year ended September 30, 2021, 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***

The Authority's 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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these 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 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 auditors' 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 entity'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 entity'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, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Volusia County as of September 30, 2021, 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.

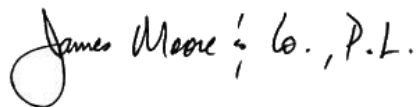
### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–7 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
June 24, 2022

**Housing Finance Authority of Volusia County**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ending September 30, 2021

The Housing Finance Authority of Volusia County (the "Authority") provides this section of the financial statements to present management's analysis of the Authority's financial performance during the fiscal year ending September 30, 2021. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the financial statements and notes to financial statements, which follow this section.

**Overview of the Authority**

The Authority was created as a public body corporate and politic in accordance with the Florida Housing Finance Authority Law, Part IV, of Chapter 159, Florida Statutes, as amended (the "Act"), and Ordinance No. 81-15 (the "Ordinance") adopted by the County Council of Volusia County, Florida (the "County") on July 30, 1981, and was authorized to act in accordance with the Act and the Ordinance by Resolution No. 81-67, adopted by the County on July 30, 1981. The Authority is authorized, in furtherance of the public purposes described in the Act, to alleviate the shortage of affordable residential housing facilities for low, moderate, and middle-income families in Volusia County, Florida, by issuing, *inter alia*, revenue bonds. The Authority's bonds and other related debt obligations do not and shall never constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith or loan credit of the Authority or of the County. The Authority has no taxing power. Accordingly, such financial obligations are not included within the Authority's Basic Financial Statements. In furtherance of its mission, the Authority has traditionally borrowed money through the issuance of conduit revenue bonds to finance the construction and equipping of multi-family housing developments in the County for low, moderate, and middle-income families.

**Financial Highlights**

Key financial highlights for the 2021 fiscal year are as follows:

The Authority's net position is \$1,080,005, an increase of \$133,943 from \$946,062 at the beginning of the fiscal year.

Total assets increased at the end of the fiscal year by \$101,443, primarily due to the increase in cash as a result of increased revenues from Authority fees from new housing projects that opened during the fiscal year and other income.

Total operating revenues increased \$60,668, primarily as a result of the increased Authority fees representing Initial Issuer Fees from new housing project bonds that closed and ongoing Annual Issuer Fees paid during the fiscal year for housing projects with outstanding bonds. Total operating expenditures remained consistent to the previous year, increasing by \$4,247.

The Authority issued two new bonds during the fiscal year ending September 30, 2021.

## **Overview of the Financial Statements**

The financial statements consist of two parts: Management's Discussion and Analysis and the Basic Financial Statements. The Basic Financial Statements offer short-term and long-term financial information about the Authority's activities, and consist of (i) the Statement of Net Position (the "financial position"), (ii) the Statement of Revenues, Expenses, and Changes in Net Position ("operating statement"), and (iii) the Statement of Cash Flows (the "cash flow statement"). The Basic Financial Statements also include notes that explain in more detail some of the information in the Basic Financial Statements. The Authority's Basic Financial Statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred. Operating revenues consist primarily of compliance monitoring income, authority fees, and application fees. Non-operating revenue consist of revenue that is related to investing activity.

### **Basic Financial Statements**

The Statement of Net Position presents the Authority's current and non-current assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations of the Authority (liabilities). It also provides the basis for computing rate of return evaluating the capital structure of the Authority and the liquidity and financial flexibility of the Authority.

The net results of the current year's revenues and expenses represent the changes in net position. This operating statement measures the success of the Authority's operations over the past fiscal year and can be used to determine the extent by which the Authority's revenues from operations exceeded its expenses or changes in net position used to determine the growth or decline of net position.

The primary purpose of the Statement of Cash Flows is to present the specific sources and uses of cash and activities that created or required cash of the Authority with the results being the ending cash balance.

### **Financial Analysis**

Our analysis of the Basic Financial Statements of the Authority begins below. One of the most important questions asked about the Authority's finances is, "Does the Authority consistently employ fiscally sound operating methods to successfully manage its finances?" The Basic Financial Statements provide information about the Authority's activities in a way that will help answer this question. These financial statements report the net position of the Authority and changes in them. You can think of the Authority's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations and new or changed government legislation.

## Net Assets

To begin our analysis, a summary of the Authority's balance sheet is presented in Table A-1.

Table A-1  
Statement of Net Position

	Fiscal Year 2021	Fiscal Year 2020	Dollar Change	Percentage Change
Current assets				
Cash	\$ 1,134,247	\$ 1,009,820	\$ 124,427	(12.3)%
Accounts receivable	-	22,984	(22,984)	(100.0)%
Total assets	<u>\$ 1,134,247</u>	<u>\$ 1,032,804</u>	<u>\$ 101,443</u>	<u>9.8%</u>
Current liabilities				
Accounts payable	\$ 3,701	\$ 8,885	\$ (5,184)	(58.3)%
Unearned revenue	50,541	77,857	(27,316)	(35.1)%
Total liabilities	<u>54,242</u>	<u>86,742</u>	<u>(32,500)</u>	<u>(37.5)%</u>
Net Position:				
Unrestricted	<u>1,080,005</u>	<u>946,062</u>	<u>133,943</u>	<u>14.2%</u>
Total liabilities and net position	<u>\$ 1,134,247</u>	<u>\$ 1,032,804</u>	<u>\$ 101,443</u>	<u>9.8%</u>

As can be seen in Table A-1 above, total assets increased \$101,443 from \$1,032,804 to \$1,134,247 in fiscal year 2021 primarily due to the increase in cash as a result of increased revenues from Authority fees from new housing projects that opened during the fiscal year and other income.

Table A-2  
Condensed Statements of Revenues, Expenses,  
And Changes in Net Position

	Fiscal Year 2021	Fiscal Year 2020	Dollar Change	Percentage Change
Operating revenues				
Compliance monitoring income	\$ 3,532	\$ 3,664	\$ (132)	(3.6)%
Authority fees	141,467	84,169	57,300	68.1%
Application fees	10,500	7,000	3,500	50.0%
Total operating revenues	<u>155,501</u>	<u>94,833</u>	<u>60,668</u>	<u>64.0%</u>
Operating expenses				
Administrative expenditures	1,003	2,102	(1,099)	(52.3)%
Professional fees	57,124	51,778	5,346	10.3%
Total operating expenses	<u>58,127</u>	<u>53,880</u>	<u>4,247</u>	<u>7.9%</u>
Non-operating revenues (expenses)				
Interest income	56	127	(71)	(55.9)%
Other income	36,513	10,674	25,839	242.1%
Total non-operating revenues (expenses)	<u>36,569</u>	<u>10,801</u>	<u>25,768</u>	<u>238.6%</u>
Change in net position:	<u>133,943</u>	<u>51,754</u>	<u>82,189</u>	<u>158.8%</u>
Net position, beginning of year	<u>946,062</u>	<u>894,308</u>	<u>51,754</u>	<u>5.8%</u>
Net position, end of year	<u>\$ 1,080,005</u>	<u>\$ 946,062</u>	<u>\$ 133,943</u>	<u>14.2%</u>

While the Statement of Net Position shows the change in financial position, the operating statement provides answers as to the nature and source of these changes.

### Fund Analysis

During the current fiscal year ending September 30, 2021, the operating statement reflects that there was an increase in revenues that lead to an increase in net position of \$133,943 compared to an increase in fiscal year 2020 of \$51,754. This net position increase in fiscal year 2021 primarily due to the increase in cash as a result of increased revenues from Authority fees from new housing projects that opened during the fiscal year and other income. Accordingly, the Statement of Net Position in fiscal year 2021 reflects an increase in the net position. Overall, the Basic Financial Statements demonstrate that the Authority employed fiscally sound operating methods to manage its finances while performing services consistent with its mission under the Act.



### **Economic Factors and Next Year's Budget**

The Authority's Members, acting as its Board of Directors, are responsible for the management of the Authority's resources and they considered many factors when setting the fiscal year 2021 and 2022 budgets. These factors include, but are not limited to, whether or not the Authority's revenue stream from issuer and compliance monitoring fees generated from existing and/or prospective bond projects will remain stable and positive or will fluctuate for reasons outside the control of the Authority, the vagaries of market conditions on the demand for new multi-family housing starts and costs related thereto, the impact of tax or other incentives available to developers under existing law to stimulate new multi-family housing construction in Volusia County, and general economic and market conditions that affect the Authority's revenues and expenses.

The projected budget for fiscal year 2022 reflects an increase in revenues primarily from project application fees as a result of new projects that would replace the projects that have been paid off.

### **Request for Information**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chairman, Housing Finance Authority of Volusia County, c/o its general counsel, Sarah Metz, P.O. Box 15200, Daytona Beach, Florida 32115-5200.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 1,134,247
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**Total Assets**

<u>\$ 1,134,247</u>
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**LIABILITIES AND NET POSITION**

**Liabilities**

Current liabilities

Accounts payable	\$ 3,701
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Unearned revenue	50,541
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Total liabilities	<u>54,242</u>
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**Net Position**

Unrestricted	<u>1,080,005</u>
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Total net position	<u>1,080,005</u>
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**Total Liabilities and Net Position**

<u><u>\$ 1,134,247</u></u>
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The accompanying notes to financial statements  
are an integral part of this statement.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<b>Operating revenues</b>	
Compliance monitoring income	\$ 3,532
Authority fees	141,469
Application fees	10,500
Total operating revenues	<u>155,501</u>
<b>Operating expenses</b>	
Administrative expenses	1,003
Professional fees	57,124
Total operating expenses	<u>58,127</u>
<b>Operating income</b>	<u>97,374</u>
<b>Nonoperating revenues (expenses)</b>	
Interest income	56
Other income	36,513
Total nonoperating revenues (expenses)	<u>36,569</u>
<b>Change in net position</b>	<u>133,943</u>
<b>Net position, beginning of year</b>	946,062
<b>Net position, end of year</b>	<u><u>\$ 1,080,005</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<b>Cash flows from operating activities</b>	
Cash received from developers	\$ 187,682
Cash payments for contractual and other services	(63,311)
Net cash provided by operating activities	<u>124,371</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>56</u>
Net cash provided by (used in) investing activities	<u>56</u>
<b>Net increase in cash and cash equivalents</b>	<u>124,427</u>
<b>Cash and cash equivalents, beginning of year</b>	1,009,820
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 1,134,247</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Cash flows from operating activities	
Operating income	<u>\$ 97,374</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous income	36,513
Changes in assets and liabilities	
Decrease (Increase) in accounts receivable	22,984
Increase (Decrease) in accounts payable	(5,184)
Increase (Decrease) in unearned revenue	<u>(27,316)</u>
Total adjustments	<u>26,997</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 124,371</u></u>

The accompanying notes to financial statements  
are an integral part of this statement.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(1) Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Housing Finance Authority of Volusia County (“the Authority”), which affect significant elements in the accompanying financial statements:

(a) **Reporting entity and services**—The Housing Finance Authority of Volusia County a body Corporate and Politic, was created in 1981 in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes, following the adoption of an approving ordinance by the County Council of the County of Volusia, Florida. The Authority was created and is governed by County Ordinance 81-15. The Authority is authorized, in furtherance of the public purposes described in the Housing Finance Authority Law, to issue its revenue bonds in order to provide funds to alleviate the shortage of affordable rental housing and residential housing facilities for low- and moderate- income families and persons, and to provide capital for investment in such housing facilities. Revenue bonds issued by the Authority are special obligations of the Authority payable solely from the revenues, receipts, and resources pledged under the related trust indenture. These revenue bonds do not constitute a debt, liability, general or moral obligation or pledge of the faith or credit of the Authority, Volusia County, the State of Florida, or any of its political subdivisions. Accordingly, such obligations are not included within the accompanying financial statements. The Authority has no taxing power.

Financial oversight and accountability to the citizens of Volusia County is provided by the County Council (“the Council”). The Council appoints the Authority members, who serve four-year terms. Members may be reappointed. Prior to issuance by the Authority, the Council approves bond financings, when required by either the Ordinance or federal tax law. Pursuant to Florida Statutes, the Council may alter or change the structure, organization, programs, or activities of the Authority; terminate the Authority; and remove members of the Authority. The Authority has no employees and is managed by its members and legal counsel. The Authority has no component units.

(b) **Basis of presentation**—The accounting records of the Authority are organized on the basis of funds as prescribed by GAAP in the United States applicable to governments as established by the Governmental Accounting Standards Board (GASB). The Authority is required to follow all statements of the GASB. The operations of the Authority are carried out by a single fund and accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues, and expenses.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the Authority.

(c) **Measurement focus and basis of accounting**—Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made regardless of the measurement focus applied.

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of compliance monitoring income, authority fees and application fees, Nonoperating revenue consists of revenue that is related to investing activity.

(d) **Net position flow assumption**—When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, and then unrestricted resources as they are needed.

(e) **Accounts receivable**—The Authority's accounts receivable consists of amounts due from developers. The Authority performs credit evaluations on their developers.

(f) **Cash and cash equivalents**—The Authority considers all short-term investments with an initial maturity of less than three months when purchased by the Authority to be cash equivalents. Cash and cash equivalents consist of demand deposits and investments in external investment pools.

(g) **Advance deposits**—The Authority usually requires a good-faith deposit from developers seeking new bond financing or bond refunding for multi-family developments. To the extent necessary, the deposited funds are subsequently utilized to pay the professional fees incurred to structure and close the bond financing. Unused funds are returned to the developer. As of September 30, 2021, there were no deposits held.

(h) **Accounting estimates**—The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures/expenses during the reported periods. Actual results could differ from those estimates.

(i) **Budgets**—The Authority adopts a balanced budget annually. The Authority is authorized to amend any areas of the budget, as appropriate, based on changing circumstances or events. There were no amendments in the current year.

(2) **Cash and Cash Equivalents:**

The Authority maintains its funds in an interest-bearing checking account, in a checking account held in escrow by legal counsel. At September 30, 2021, the bank balance of the Authority’s deposits held by the Authority was \$1,134,247. The deposits were with one bank, which is part of a branch banking system covering the State of Florida. The maximum amount covered by federal depository insurance or collateral (“FDIC”) was \$250,000 per depositor at each separately chartered FDIC-insured depository institution. The amount of the bank balance of deposits not covered by FDIC at September 30, 2021 was \$884,247. However, the entire amount of the bank balance of deposits is secured by the bank through participation in the State of Florida Security for Public Deposits Act.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(2) Cash and Cash Equivalents:** (Continued)

The Florida Security for Public Deposits Act (“the Act”) establishes guidelines for qualifications and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, the Authority’s deposits in qualified public depositories are totally insured and the Authority is authorized to deposit funds only in Qualified Public Depositories. The qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

**(3) Conduit Debt Obligations:**

From time to time, the Authority has issued revenue bonds to finance the construction or acquisition of multi-family housing developments which are intended for occupancy in part by persons of low, moderate, or middle income. Neither the Authority, nor the County, or the State, or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2021, there were fourteen series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$131,413,416.

**(4) 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; and natural disasters for which the Authority carries commercial insurance. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

**(5) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. GASB 91 provides for a single method of reporting conduit debt obligations and requires essential information related to the conduit debt obligations be disclosed in the notes to the financial statements. The provisions in GASB 91 are effective for periods beginning after December 15, 2021.

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(6) Risks and Uncertainties – COVID-19:**

Subsequent to September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Authority as of June 24, 2022, management believes that an impact on the Authority's financial position and results of future operations is reasonably possible.



**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***

To the Board of Directors of the  
Housing Finance Authority of Volusia County:

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 financial statements of the Housing Finance Authority of Volusia County ("the Authority"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 24, 2022.

***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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below as item 2021-001, that we consider to be a material weakness.

**2021-001 Preparation of Financial Statements (Repeat Finding)**

The internal control structure of the Authority has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles.

Certain adjustments were required to be made to the accounting records prior to the start of the audit process and during the process of the audit related to accounts receivable, accounts payable, deferred revenue, operating revenue, and operating expenses. Since these adjustments, if not recorded, would have resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

*Management Response:* While the Authority agrees with the above finding, the Authority has historically operated on a cash basis to keep its costs and administrative structure to a reasonable minimum, and advises that no loss of funds or issues as to accountability or actual control have occurred. Maintaining financial records on a cash basis accounting method proved a reliable method for many years and was an efficient use of the Authority's resources during that time. Due to the Authority's recent increased activity of issuing bonds, with a resulting increase in revenues and the audit finding of a material weakness due to not using the accrual basis of accounting, the Authority's board members decided in March 2022 to convert its cash basis financial statements to a full accrual method of accounting effective for the FYE September 30, 2022

### ***Compliance and Other Matters***

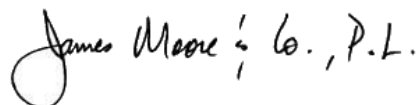
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### **Housing Finance Authority of Volusia County's Response to Findings**

The Authority's response to the findings identified in our audit is described above. We did not audit the Authority's response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore, Jr., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Daytona Beach, Florida  
June 24, 2022

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY  
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE OF  
THE AUDITOR GENERAL**

To the Board of Directors of the  
Housing Finance Authority of Volusia County:

**Report on the Financial Statements**

We have audited the basic financial statements of the Housing Finance Authority of Volusia County ("the Authority"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 24, 2022.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountants' Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Two findings were reported in the most recent audit and have not yet been fully corrected. The following summarizes the status of prior audit findings and recommendations:

**2020-001 Preparation of Financial Statements** – Corrective action not taken. See 2021-001.

**Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

## **Special District Component Units**

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

## **Special District Specific Information**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: -0-.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 3.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$ - 0 -.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$38,311.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as: No such projects noted.


- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: There were no amendments between the original and final total district expenditure budget.

#### **Additional Matters**

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

#### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Volusia County Council, the board of directors, management, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

 James Moore & Co., P.L.

Daytona Beach, Florida  
June 24, 2022

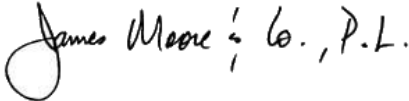
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Board of Directors of the  
Housing Finance Authority of Volusia County:

We have examined the Housing Finance Authority of Volusia County's ("the Authority") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority is in compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinions.

In our opinion, the Housing Finance Authority of Volusia County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Daytona Beach, Florida  
June 24, 2022