

**CLEARWATER  
HOUSING  
AUTHORITY**

**Basic  
Financial Statements and  
Supplemental Information**

**Year ended  
March 31, 2018**



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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Clearwater Housing Authority  
Clearwater, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity of the Clearwater Housing Authority (the "Authority"), as of and for the year ended March 31, 2018, 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 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.

### Auditor's Responsibility

Our responsibility is to express an opinion 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, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 respective financial position of the Authority's business-type activity as of March 31, 2018, and the respective changes in financial position and cash flows thereof for the year 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying financial data schedule and schedule of actual program costs and advances are presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and are not a required part of the financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements of the Authority. The other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

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

July 25, 2018  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## Management's Discussion and Analysis

As management of the Clearwater Housing Authority (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Executive Officer, Jacqueline Rivera, Clearwater Housing Authority, 28050 U.S. Hwy 19 North, Suite 103, Clearwater, Florida 33761.

### **Financial Highlights**

- The assets of the Authority exceeded the liabilities as of March 31, 2018, by \$21,008,165 (net position).
- The Authority's cash balances as of March 31, 2018, were \$12,063,047, representing a decrease of \$1,108,250.
- The Authority earned revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$11,421,283, which includes funds for capital asset activities.
- Public housing has maintained occupancy of 96.6% for the fiscal year.

### **Overview of Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful 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 client household composition, fluctuations in the local economy, HUD mandated program administrative changes and the physical condition of capital assets. The following statements are included:

- Statement of Net Position - reports the Authority's assets, liabilities and net position at the end of the fiscal year. The reader may consider or view the Authority's net position as the difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources).
- Statement of Revenues, Expenses, and Changes in Net Position - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in the future periods.
- Statement of Cash Flows - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (e.g. capital additions, debt service, prior period obligations, etc.). The statement reflects the receipt or disbursement of cash that was obligated to or paid by the Authority in prior periods and subsequently received or paid during the current fiscal year (e.g. receivables and payables).

## **Overview of Financial Statements (continued)**

- **Notes to the Basic Financial Statements** - notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

## **Financial Analysis**

	<u>Net Position</u>		
	<u>2018</u>	<u>2017</u>	<u>Net Change</u>
Current assets	\$ 12,465,992	\$ 13,517,170	\$ (1,051,178)
Capital assets, net	36,305,537	35,181,374	1,124,163
Total assets	<u>48,771,529</u>	<u>48,698,544</u>	<u>72,985</u>
Current liabilities	2,408,678	3,355,840	(947,162)
Long-term debt	25,354,686	26,325,866	(971,180)
Total liabilities	<u>27,763,364</u>	<u>29,681,706</u>	<u>(1,918,342)</u>
Net investment in capital assets	9,968,469	7,038,769	2,929,700
Restricted	6,592,720	8,185,719	(1,592,999)
Unrestricted	4,446,976	3,792,350	654,626
Total net position	<u>\$ 21,008,165</u>	<u>\$ 19,016,838</u>	<u>\$ 1,991,327</u>

**Current Assets** decreased by \$1,051,178 primarily due to a decrease in cash and cash equivalents of \$1,108,250, mainly due to the purchase of capital assets in excess of capital grants. See the accompanying Statement of Cash Flows for details of changes in cash.

**Net Capital Assets** increased by \$1,124,163 due mainly to capital asset additions of \$3,786,133, offset by current year depreciation expense of \$2,017,761 and the sale of the Vincent Building (see Note B-3). The additions consisted mainly of the improvements and replacements to Mainstreet Apartments, Corporate Square, and Paradise Trail.

**Current Liabilities** decreased by \$947,162 in the current year mainly due to the payment on the Vincent Building debt (see Note B-4-e), of which all was considered a current liability in 2017.

**Long-term Debt** decreased by \$971,180 in the current year mainly due to payments on debt (see Note B-4).

**Net Position** - The difference between the Authority's rights (assets and deferred outflows of resources) and the Authority's obligations (liabilities and deferred inflows of resources) is its net position. Net position is categorized as one of three types.

## Financial Analysis (continued)

### **Net Position (continued)**

1. Net investment in capital assets - capital assets, net of accumulated depreciation and related debt, is due to the capital asset and long-term debt activity;
2. Restricted - the Authority's net position whose use is subject to constraints imposed by law or agreement consisting primarily of debt service reserves, restricted cash proceeds from the sale of former public housing sites, and Section 8 housing assistance payments (HAP) reserves;
3. Unrestricted - the Authority's net position that is neither invested in capital assets nor restricted which increases principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

#### Changes in Net Position

	<u>2018</u>	<u>2017</u>	<u>Net Change</u>
Operating revenue:			
HUD revenue	\$ 10,971,719	\$ 11,109,833	\$ (138,114)
Other revenue	9,821,876	9,267,348	554,528
Total operating revenue	<u>20,793,595</u>	<u>20,377,181</u>	<u>416,414</u>
Operating expenses:			
Housing assistance payments	8,983,838	9,282,425	(298,587)
Depreciation	2,017,761	1,769,296	248,465
Administrative	2,690,442	2,638,787	51,655
Tenant services	791,173	755,368	35,805
Utilities	1,228,621	1,203,782	24,839
Maintenance	2,041,532	1,878,119	163,413
Protective services	133,163	120,208	12,955
General	757,507	760,104	(2,597)
Total operating expenses	<u>18,644,037</u>	<u>18,408,089</u>	<u>235,948</u>
Operating income (loss)	2,149,558	1,969,092	180,466
Nonoperating revenues (expenses):	<u>(607,795)</u>	<u>(1,237,154)</u>	<u>629,359</u>
Change in net position before capital contributions	1,541,763	731,938	809,825
Capital contributions:			
HUD capital grants	<u>449,564</u>	<u>479,759</u>	<u>(30,195)</u>
Change in net position	1,991,327	1,211,697	779,630
Total net position - beginning	<u>19,016,838</u>	<u>17,805,141</u>	<u>1,211,697</u>
Total net position - ending	<u>\$ 21,008,165</u>	<u>\$ 19,016,838</u>	<u>\$ 1,991,327</u>

**Total Operating Revenue** increased by \$416,414 in 2018. HUD operating revenue decreased \$138,114 resulting primarily from a decrease in Section 8 Administrative Fees. Other Revenue increased \$554,528 due to increases in tenant revenues.



**Total Operating Expenses** increased \$235,948 in 2018. This increase primarily consisted of an increase in depreciation of \$248,465 and maintenance expense of \$163,413. Depreciation increased due to an increase in depreciable capital assets and maintenance expense increased due to an increase in the leveraging amount of public housing replacement housing factor grants. This increase was offset by a decrease in Housing Assistance Payments of \$298,587.

**Total Nonoperating Revenues (Expenses)** increased by \$629,359 which is mainly attributable to the gain on the sale of the Vincent Building.

### **Capital Assets and Debt Activity**

At the end of fiscal year 2018, the Authority's capital assets increased by \$1,124,163 over the prior year. This increase was due to capital improvements totaling \$3,786,133 primarily at Mainstreet Apartments, Corporate Square, and Paradise Trail. These increases were offset by current year depreciation of \$2,017,761 and the sale of capital assets with a net book value of \$644,209 for proceeds of \$1,221,951 resulting in a total gain on sale of \$577,742. The sale of capital assets primarily consisted of the sale of the Vincent Building. The accompanying financial statements include a detailed roll forward of capital assets in Note B-3.

At the end of fiscal year 2018, the Authority had long-term debt of \$26,337,068 which includes the current portion of \$982,382 (included in current liabilities). Principal payments of \$1,805,537 were made during the year (see Note B-4).

### **Factors Affecting Next Year's Budget**

The Authority is dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher, Mainstream Voucher and Capital Fund programs; therefore, the Authority is affected by the federal budget. Other portions of the Authority's portfolio, affordable housing sites, and third party contract work via the Economies of Scale ("EOS") are affected more by local economic conditions.

### **Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income as well as the Housing Assistance Payments (HAP) to landlords;
- Inflationary pressure on utility rates, housing costs, supplies and other costs;
- Trends in the current local housing market.

### **Other Highlights**

The EOS interlocal agreements continue with the St. Petersburg Housing Authority and the Dunedin Housing Authority.

Clearwater Housing Authority

STATEMENT OF NET POSITION

March 31, 2018

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - unrestricted	\$ 5,135,879
Cash and cash equivalents - restricted	6,927,168
Receivables, net	229,748
Prepaid expenses	163,715
Inventory, net	9,482
Total current assets	<u>12,465,992</u>

**NONCURRENT ASSETS**

Capital assets, net	<u>36,305,537</u>
Total assets	<u>48,771,529</u>

**LIABILITIES**

**CURRENT LIABILITIES**

Current portion of long-term debt	982,382
Accrued wages	98,216
Accrued compensated absences	136,754
Due to other governments	63,060
Unearned revenue	176,491
Tenant security deposits	168,420
Accrued interest payable	154,295
Family self-sufficiency program escrows	166,028
Other accrued liabilities	425,470
Unclaimed funds	27,233
Other current liabilities	10,329
Total current liabilities	<u>2,408,678</u>

**NONCURRENT LIABILITIES**

Long-term debt	<u>25,354,686</u>
Total liabilities	<u>27,763,364</u>

**NET POSITION**

Net investment in capital assets	9,968,469
Restricted	6,592,720
Unrestricted	4,446,976
Total net position	<u>\$ 21,008,165</u>

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

## Clearwater Housing Authority

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended March 31, 2018

#### OPERATING REVENUES

HUD operating revenues	\$ 10,971,719
Tenant revenue, net	9,378,660
Other operating revenue	443,216
Total operating revenues	<u>20,793,595</u>

#### OPERATING EXPENSES

Administrative	2,690,442
Tenant services	791,173
Utilities	1,228,621
Maintenance	2,041,532
Protective services	133,163
General	757,507
Depreciation	2,017,761
Housing assistance payments	8,983,838
Total operating expenses	<u>18,644,037</u>

#### OPERATING INCOME

2,149,558

#### NONOPERATING REVENUES (EXPENSES)

Gain on sale of capital assets	577,742
Interest income - unrestricted	19,415
Interest expense	(1,204,952)
Total nonoperating revenues (expenses)	<u>(607,795)</u>
Change in net position before capital contributions	1,541,763

#### CAPITAL CONTRIBUTIONS

HUD capital grants	449,564
Change in net position	1,991,327
Total net position - beginning	<u>19,016,838</u>
Total net position - ending	<u>\$ 21,008,165</u>

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

Clearwater Housing Authority

STATEMENT OF CASH FLOWS

Year ended March 31, 2018

**CASH FLOWS FROM OPERATING ACTIVITIES**

HUD operating grants received	\$ 10,977,192
Collections from tenants	9,379,147
Collections from other sources	502,584
Payments to employees	(3,155,692)
Payments to suppliers	(4,662,252)
Housing assistance payments	(8,921,749)
Net cash provided by operating activities	<u>4,119,230</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>19,415</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

HUD capital grants received	332,537
Proceeds from sale of fixed assets	1,221,951
Payments on long-term debt	(1,805,537)
Interest paid	(1,209,713)
Purchase of property and equipment	(3,786,133)
Net cash used in capital and related financing activities	<u>(5,246,895)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (1,108,250)

Cash and cash equivalents at beginning of year	<u>13,171,297</u>
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Cash and cash equivalents at end of year	<u>\$ 12,063,047</u>
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**AS PRESENTED ON THE STATEMENT OF NET POSITION:**

Cash and cash equivalents - unrestricted	\$ 5,135,879
Cash and cash equivalents - restricted	<u>6,927,168</u>
	<u>\$ 12,063,047</u>

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

Clearwater Housing Authority

STATEMENT OF CASH FLOWS (continued)

Year ended March 31, 2018

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 2,149,558
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	2,017,761
Provision for bad debt	90,967
(Increase) decrease in assets:	
Receivables, net	(16,060)
Prepaid expenses	(11,909)
Inventory, net	(3,043)
Increase (decrease) in liabilities:	
Accrued wages	9,644
Accrued compensated absences	(4,081)
Due to other governments	18,732
Unearned revenue	(4,668)
Tenant security deposits	(5,356)
Family self-sufficiency program escrows	62,089
Other accrued liabilities	(184,849)
Unclaimed funds	445
Net cash provided by operating activities	<u>\$ 4,119,230</u>

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

## Clearwater Housing Authority

### NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Clearwater Housing Authority (the "Authority"), a governmental agency, was created pursuant to Florida Statutes, Chapter 421, by the City of Clearwater, Florida (the "City"), on January 20, 1969. The primary purpose of the Authority is to develop, acquire and operate safe, decent, sanitary and affordable housing for low-income families and to operate the housing programs in accordance with federal legislation. The Authority's governing board consists of a four member Board of Commissioners (the "Board"), which is appointed by the Mayor of the City. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*, ("GASB No. 61") since the Board independently oversees the Authority's operations.

The accompanying financial statements include the Authority (the primary government) and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the primary government's financial statements because of the nature and significance of their relationship with the primary government.

The decision to include a potential component unit in the Authority's reporting is based on the criteria stated in GASB Statement No. 61, which includes the ability of the Authority to appoint a voting majority of an organization's body and the ability of the Authority to impose its will on that organization, as well as the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority.

Although legally separate entities, blended component units are, in substance, part of the Authority's operations. Accordingly, data from these blended component units is combined with data of the primary government. The Authority's financial statements include the activity of one blended component, as follows.

**Clearwater Housing Development Corporation, Inc. ("CHDC")** - A not-for-profit organization created on December 30, 1977 for the purpose of assisting with housing operations and developments of the Authority. For the year ended March 31, 2018, the balances and activity of CHDC are reflected in business activities as a direct cost to the properties.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities rely, to a significant extent, on fees and charges for support.

## Clearwater Housing Authority

### NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2. Government-wide and fund financial statements (continued)

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business-type activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating activity generally arises from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of tenant services, utilities, protective services, general, administrative, maintenance, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

##### 3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector; therefore, this fund is maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus and basis of accounting (continued)

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position. As provided by GASB Statement No. 34 and related guidance, tenant revenue is reported net of accounts written-off in the amount of \$90,967.

4. Budgets

Budgets are prepared on an annual basis for each major program, approved by the Board, and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

5. Summary of programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD at the Authority. A summary of each major program is provided below.

*Low Rent Public Housing Programs*

The Low Rent Public Housing Programs include the following: Public Housing, Capital Fund Program and various other related HUD grants.

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development and Capital Fund programs.

Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

*Housing Assistance Payments Programs*

The Housing Assistance Payments ("HAP") programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.



**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. Summary of programs (continued)

A summary of each property operated by the Authority that is not subsidized by HUD is provided below and condensed financial information is presented in Note B-13. The Authority provides management services to each of the properties listed below.

Separate reports are issued for each of these operating segments.

*Hampton at Clearwater Apartments*

This 275-unit apartment complex was purchased in 1993 and refinanced with proceeds from housing revenue bonds in 1997, and again in 2013 with a Mortgage Loan (see Note B-4). Approximately 25% of these units are available for low-income families under the Authority's affordable housing program.

*Pineview Apartments*

This 50-unit apartment complex was purchased in 1998 using proceeds from housing revenue bonds and refinanced in 2014 with a Mortgage Loan (see Note B-4). All of these units are priced as affordable housing below current market rent.

*Mainstreet Apartments*

This 204-unit apartment complex was purchased in 2000 using proceeds from housing revenue bonds (see Note B-4). Approximately 20% of these units are available for low-income families under the Authority's affordable housing program.

6. Assets, liabilities and net position

a. *Cash and cash equivalents*

For financial statement purposes, cash and cash equivalents are considered to be cash in banks and money market funds, which include restricted funded reserves, with original maturities of three months or less.

b. *Receivables and amounts due from HUD*

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD represent reimbursable expenses or grant subsidies earned that have not been collected as of March 31, 2018. Any allowance for uncollectible amounts is based on periodic aging.

c. *Inventory*

Inventory consists principally of materials held for use or consumption and is valued at cost using the first in, first out method. Based on management's experience with the types of items in inventory and related usage plans, there was an allowance for obsolescence of \$1,053 recorded as of March 31, 2018.

Clearwater Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

d. *Capital assets*

The Authority's policy is to capitalize assets with a value in excess of \$2,000 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair value on the date contributed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation has been determined using the straight-line method over the estimated useful lives, which range as follows:

Structures and improvements	10 - 30 years
Equipment	5 - 10 years

e. *Impairment of long-lived assets*

The Authority evaluates events or changes in circumstances affecting long-lived assets, including intangible and capital assets, to determine whether an impairment of its assets has occurred. If the Authority determines that a long-lived asset is impaired, and that the impairment is significant and other-than temporary, then an impairment loss will be recorded in the Authority's financial statements. In the current year, the Authority did not recognize any loss on impairment related to its long-lived assets.

f. *Accrued compensated absences*

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to service already rendered and that is 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.

Clearwater Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

*g. Net position*

In accordance with GASB Statement No. 34, as amended, total equity as of March 31, 2018, is classified into three components of net position:

*i.) Net investment in capital assets*

This component consists of capital assets net of accumulated depreciation and is reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

*ii.) Restricted component of net position*

This category consists of components of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$6,592,720 of restricted net position which consists of the following;

Funds restricted from Mainstreet settlement	\$ 1,083,056
Funds restricted from the sale of Parkview	2,782,204
Bond fund reserves	2,014,491
Funds from sale of former public housing sites	514,203
HAP reserves (see Note B-7-b)	198,766
	<hr/>
	\$ 6,592,720
	<hr/>

*iii.) Unrestricted component of net position*

This component includes all of the remaining net position that does not meet the definition of the other two components.

Clearwater Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

*h. Eliminations*

*i.) Interprogram due to/from*

In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. The interprogram receivables and payables net to zero and as of March 31, 2018, \$9,999 is eliminated for the presentation of the Authority as a whole.

*ii.) Internal charges*

The Authority internally charges rent to programs within the Authority. For financial reporting purposes \$106,518 of internal rent charges has been eliminated from revenues and expenses for the year ended March 31, 2018. Additionally, the Authority internally charges management fees to programs within the Authority. For financial reporting purposes \$472,898 of total internal charges have been eliminated from revenues and expenses for the year ended March 31, 2018.

7. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. CHDC, a blended component unit, is a not-for-profit organization and, as such, is also not subject to federal and state income taxes. Accordingly, no provision for federal or state income taxes has been made in the financial statements.

8. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Impact of recently issued accounting principles

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the Authority's March 31, 2021 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

Clearwater Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

NOTE B - DETAILED NOTES

1. Deposits

As of March 31, 2018, the carrying value of the Authority's cash and cash equivalents consists of cash in banks of \$9,577,203 and U.S. Treasury Money Market Funds with a fair value of \$2,485,844.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy to limit its exposure to declines in fair values of its investment portfolio is to only invest in HUD allowed investments and to monitor investments. As of March 31, 2018, the Authority was not exposed to interest rate risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of March 31, 2018, the Authority was not exposed to credit risk.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority has a deposit policy for custodial credit risk which requires collateral to be held in the Authority's name by its agent or by the bank's trust department. As of March 31, 2018, none of the Authority's bank balance of \$12,436,184 was exposed to custodial credit risk.

*Restricted cash and cash equivalents*

As of March 31, 2018, restricted cash and cash equivalents consist of:

Funds restricted from Mainstreet lawsuit	\$ 1,083,056
Funds restricted from sale of Parkview	2,782,204
Bond fund reserves	2,014,491
Funds restricted for modernization and development	514,203
Tenant security deposits	168,420
HAP reserves	198,766
Family self-sufficiency escrows	166,028
	<hr/>
	\$ 6,927,168
	<hr/>

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

2. Receivables, net

As of March 31, 2018, receivables consist of:

Tenant receivables	\$	41,723
Due from HUD		179,294
Other receivables		29,935
Total receivables		250,952
Allowance for doubtful accounts - tenants		(21,204)
Total receivables, net	\$	229,748

3. Capital assets, net

A summary of changes in capital assets is as follows:

	Balance at April 1, 2017	Transfers in/ Additions	Transfers out/ Deletions	Balance at March 31, 2018
Non-depreciable:				
Land	\$ 5,650,980	\$ -	\$ (115,894)	\$ 5,535,086
Construction in progress	730,705	738,951	(213,390)	1,256,266
Total non-depreciable	6,381,685	738,951	(329,284)	6,791,352
Depreciated:				
Structures and improvements	52,972,588	2,521,551	(1,391,355)	54,102,784
Equipment - dwelling	785,120	389,113	-	1,174,233
Equipment - administration	1,319,711	345,381	(265,764)	1,399,328
Total depreciated	55,077,419	3,256,045	(1,657,119)	56,676,345
Total capital assets	61,459,104	3,994,996	(1,986,403)	63,467,697
Less accumulated depreciation				
Structures and improvements	(24,433,429)	(1,886,844)	867,567	(25,452,706)
Equipment - dwelling	(723,956)	(31,311)	-	(755,267)
Equipment - administration	(1,120,345)	(99,606)	265,764	(954,187)
Total accumulated depreciation	(26,277,730)	(2,017,761)	1,133,331	(27,162,160)
Capital assets, net	\$ 35,181,374	\$ 1,977,235	\$ (853,072)	\$ 36,305,537

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

3. Capital assets, net (continued)

The Authority's additions mainly consist of roofs and structural repairs for Mainstreet Apartments and rehabilitation of Fairway Gardens a newly acquired public housing property. On May 31, 2017, the Authority sold their administrative building, Vincent Building, having a book value of \$639,333 for \$1,168,350 resulting in a gain on sale in the amount of \$529,017.

4. Noncurrent liabilities

The Authorities noncurrent liabilities consist of:

a. *Hampton Mortgage Loan*

On December 19, 2013, the Authority entered into a mortgage loan agreement with BankUnited, N.A., in the amount of \$9,900,000 bearing 4.4% annual interest for the purpose of refinancing the Authority's outstanding Refunding Bonds, Series 1997 (the Hamptons at Clearwater) and to finance certain capital projects at the Hampton at Clearwater. The fixed assets purchased from the proceeds of the original issue are pledged as collateral for this loan as well as associated rental revenue. Required monthly interest and principal payments of \$60,083 commenced on January 9, 2014. The note was refinanced on March 31, 2017 bearing 4.4% annual interest. The new monthly interest and principal payments of \$62,104.40 commenced on April 19, 2017. The entire outstanding principal balance together with all accrued and unpaid interest is due on January 19, 2027.

b. *Mainstreet - 2004 Housing Revenue Bonds*

On October 1, 2004, the Authority issued \$14,500,000 of housing revenue bonds at interest rates on a graduating scale from 4.2% to 4.3% per annum, to refinance the acquisition of its 204-unit multifamily housing complex known as Mainstreet Apartments. The fixed assets purchased from the proceeds of the original issue are pledged as collateral for this bond issue as well as associated rental revenues. Interest and principal on the bonds are due semiannually on June 1 and December 1 until December 1, 2034.

c. *Pineview Apartments Mortgage Loan*

On October 27, 2014, the Authority entered into a mortgage loan agreement with BankUnited, N.A., in the amount of \$1,550,000 bearing 4.35% annual interest for the purpose of refinancing the Authority's outstanding Multifamily Note. The fixed assets purchased from the proceeds of the original issue are pledged as collateral for this loan as well as associated rental revenue. Required monthly interest and principal payments of \$8,540 commenced on December 1, 2014. The note is due in full with a balloon payment for the remaining principal on October 27, 2021.

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

4. Noncurrent liabilities (continued)

d. *Corporate Square Mortgage Loan*

On January 4, 2016, the Authority entered into a mortgage loan agreement with BankUnited, N.A., in the amount of \$6,090,000 bearing a 4.21% annual interest for the purpose of acquiring property to be utilized as the Authority's administrative building. The capital assets purchased from the proceeds of the original issue are pledged as collateral for this loan. Required monthly interest and principal payments of \$33,064 commenced on February 4, 2016. The note is due in full with a balloon payment for the remaining principal on January 4, 2026.

e. *Vincent Building Mortgage Loan*

On January 4, 2016, the Authority entered into a mortgage loan agreement with BankUnited, N.A., in the amount of \$1,140,000. The variable interest rate had an initial annual interest rate of 2.93%. Subsequent interest rates were subject to changes in the LIBOR Rate. Required interest payments commenced on February 4, 2016. All unpaid principal and accrued interest amounts were due upon maturity on July 3, 2017. As of March 31, 2018, the remaining balance was paid in full.

A summary of changes in noncurrent liabilities is as follows:

	Payable at April 1, 2017	Increases	Decreases	Payable at March 31, 2018	Current Portion
<b>Long-term debt:</b>					
Hampton Mortgage Loan	\$ 8,778,770	\$ -	\$ (367,796)	\$ 8,410,974	\$ 377,330
Mainstreet - 2004 Housing Revenue Bonds	11,125,000	-	(390,000)	10,735,000	410,000
Pineview Mortgage Loan	1,463,184	-	(38,704)	1,424,480	40,296
Corporate Square Mortgage Loan	5,913,757	-	(147,143)	5,766,614	154,756
Vincent Building Mortgage Loan	861,894	-	(861,894)	-	-
Total long-term debt	<u>28,142,605</u>	<u>-</u>	<u>(1,805,537)</u>	<u>26,337,068</u>	<u>982,382</u>
<b>Other noncurrent liabilities:</b>					
Accrued compensated absences	140,835	130,138	(134,219)	136,754	136,754
Family self-sufficiency escrow	184,356	69,344	(87,672)	166,028	166,028
Unclaimed funds	26,950	283	-	27,233	27,233
Total other noncurrent liabilities	<u>352,141</u>	<u>199,765</u>	<u>(221,891)</u>	<u>330,015</u>	<u>330,015</u>
<b>Total long-term liabilities</b>	<u>\$ 28,494,746</u>	<u>\$ 199,765</u>	<u>\$ (2,027,428)</u>	<u>\$ 26,667,083</u>	<u>\$ 1,312,397</u>



**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

4. Noncurrent liabilities (continued)

As of March 31, 2018, the future debt service for all long-term debt is as follows:

Year ended March 31,	Hampton		Mainstreet	
	Principal	Interest	Principal	Interest
2019	\$ 377,330	\$ 367,922	\$ 410,000	\$ 456,564
2020	393,573	351,680	430,000	439,134
2021	412,433	332,820	450,000	420,754
2022	431,213	314,040	475,000	401,082
2023	450,848	294,404	500,000	380,442
2024-2028	6,345,577	931,826	2,915,000	1,552,085
2029-2033	-	-	3,755,000	847,745
2034-2035	-	-	1,800,000	98,254
	<u>\$ 8,410,974</u>	<u>\$ 2,592,692</u>	<u>\$ 10,735,000</u>	<u>\$ 4,596,060</u>

  

Year ended March 31,	Pineview		Corporate Square	
	Principal	Interest	Principal	Interest
2019	\$ 40,296	\$ 62,028	\$ 154,756	\$ 240,005
2020	42,103	60,371	163,487	233,277
2021	44,162	58,313	170,504	226,259
2022	1,297,919	28,492	177,823	218,941
2023	-	-	185,455	211,309
2024-2026	-	-	4,914,589	554,336
	<u>\$ 1,424,480</u>	<u>\$ 209,204</u>	<u>\$ 5,766,614</u>	<u>\$ 1,684,127</u>

Interest expense associated with debt service of the Authority totaled \$1,204,952 for the year ended March 31, 2018.

The Authority complied with the restrictive covenants associated with all long-term debt, which primarily consisted of maintaining a minimum debt service coverage ratio for Hampton and Pineview, as well as not incurring any further indebtedness that identified the existing properties as collateral.

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

5. Pension plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan entitled "Clearwater Housing Authority Employees Retirement Plan." The plan is administered by Principal Life Insurance Company. 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. Employees may contribute the IRS allowed maximum. The Authority contributes up to a 6% maximum on the first 3% of the employee's contribution. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after 5 years of continuous service. Authority contributions and interest forfeited by employees who leave employment before vesting are used to reduce the Authority's current-period contribution requirement.

The Authority and the employees made contributions amounting to \$44,933 and \$18,628, respectively, for the year ended March 31, 2018. For the year ended March 31, 2018 the Authority recognized pension expense of \$44,933, of which there were no forfeitures.

6. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of the Authority's risk management program, the Authority joined Housing Authorities Risk Retention Group ("HARRG") and Housing Authorities Property Insurance, A Mutual Company ("HAPI"), public risk pools currently operating as common risk management and insurance programs. The Authority pays annual premiums to HARRG and HAPI for its general and property insurance coverage. The agreements for formation of HARRG and HAPI provide that they will be self-sustaining through member premiums and will reinsure all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years, nor has there been any reduction in coverage in the current year.

7. Commitments and contingencies

a. *Legal*

The Authority is party to various pending or threatened legal actions arising in the normal course of operations. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any ultimate liability is not expected to have a material adverse effect on the Authority's financial position.

Clearwater Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2018

NOTE B - DETAILED NOTES (continued)

7. Commitments and contingencies (continued)

b. *Grants and contracts*

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such instances.

The Authority has received cumulative funding in excess of housing assistance payments ("HAP") through the Section 8 Housing Choice Voucher and Mainstream Programs in accordance with current regulations. As of March 31, 2018, the Authority had \$198,766 of unspent cumulative excess HAP funding for the Section 8 Housing Choice Voucher and Mainstream Programs.

c. *Funds awarded*

The Authority receives funding from HUD through Capital Fund programs to help subsidize the cost of project repairs, improvements and certain operating costs. Unspent funded awards as of March 31, 2018 was as follows:

Replacement Housing Factor	\$ 2,051,356
Capital Fund Program	495,266
FSS and ROSS Program	<u>122,174</u>
	<u>\$ 2,668,796</u>

8. Concentrations

As of March 31, 2018, approximately 52% of revenues and 78% of receivables reflected in the basic financial statements are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. Any excess reserves may reduce future funding levels and possibly be subject to recapture.

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

9. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, and housing assistance payments. In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, interest expense and gains and losses on the disposal of capital assets. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

10. Economies of scale agreements

In an effort to reduce certain costs, the Authority entered into Interlocal Agreements (the "agreements") with other local housing authorities to provide shared services and resources at a reduced cost. These services include housing authority management, and accounting and finance. For the year ended March 31, 2018, the Authority made no payments and received \$319,289 for these aforementioned services. As of March 31, 2018, the Authority had received payment in full for all services billed.

In addition, other common costs shared between the Authorities have been paid for by the Authority in the amount of \$902 and have not been reimbursed as of March 31, 2018.

11. Leasing activities

The Authority is the lessor of dwelling units 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. In addition, the Authority leases apartment units at affordable housing leasing properties (see Note B-13). Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. In addition, the Authority leases out commercial space on a short term basis.

Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue. Primarily all of the capital assets of the Authority are for these leasing activities except for administrative offices and equipment.

12. Subsequent events

Management has evaluated subsequent events through July 25, 2018, the date that the financial statements were available to be issued, and noted no additional significant items to be disclosed.

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

13. Segment information

The Authority issued debt and used the proceeds to purchase the Hampton at Clearwater Apartments, Mainstreet Apartments, Pineview Apartments, and Corporate Square. The three apartments are affordable housing properties owned by the Authority that are not subsidized by HUD (see Note A-5). Corporate Square is a commercial building the Authority utilizes for its new administrative offices and commercial leasing. Bondholders and lenders rely on the revenues generated by the rental income of each of the properties individually to fund the liabilities. Summary financial information for each property is as follows:

Condensed Statement of Net Position

	<u>Hampton</u>	<u>Mainstreet</u>	<u>Pineview</u>	<u>Corporate Square</u>
<b>Assets:</b>				
Current assets	\$ 8,278,749	\$ 1,979,234	\$ 650,306	\$ 738,748
Capital assets, net	5,310,800	13,924,113	843,629	9,439,972
Total assets	<u>13,589,549</u>	<u>15,903,347</u>	<u>1,493,935</u>	<u>10,178,720</u>
<b>Liabilities:</b>				
Current liabilities	667,070	3,566,600	102,387	4,282,028
Noncurrent liabilities	8,033,644	10,325,000	1,384,184	5,611,858
Total liabilities	<u>8,700,714</u>	<u>13,891,600</u>	<u>1,486,571</u>	<u>9,893,886</u>
<b>Net position:</b>				
Net investment in capital assets	(3,100,174)	3,189,113	(580,851)	3,673,358
Restricted	180,799	1,626,415	-	207,277
Unrestricted	7,808,210	(2,803,781)	588,215	(3,595,801)
Total net position	<u>\$ 4,888,835</u>	<u>\$ 2,011,747</u>	<u>\$ 7,364</u>	<u>\$ 284,834</u>

**Clearwater Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2018**

**NOTE B - DETAILED NOTES (continued)**

13. Segment information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>Hampton</u>	<u>Mainstreet</u>	<u>Pineview</u>	<u>Corporate Square</u>
Operating revenues and (expenses)				
Rental revenue, net	\$ 4,471,071	\$ 2,306,958	\$ 466,251	\$ 1,237,096
Depreciation	(526,207)	(702,708)	(68,714)	(294,004)
Other operating expenses	<u>(2,677,907)</u>	<u>(1,146,121)</u>	<u>(243,407)</u>	<u>(565,738)</u>
Operating income	1,266,957	458,129	154,130	377,354
Nonoperating revenues and (expenses)				
Interest income	-	8,128	-	102
Interest expense	<u>(377,457)</u>	<u>(511,747)</u>	<u>(63,771)</u>	<u>(249,633)</u>
Change in net position	889,500	(45,490)	90,359	127,823
Beginning net position	<u>3,999,335</u>	<u>2,057,237</u>	<u>(82,995)</u>	<u>157,011</u>
Ending net position	<u><u>\$ 4,888,835</u></u>	<u><u>\$ 2,011,747</u></u>	<u><u>\$ 7,364</u></u>	<u><u>\$ 284,834</u></u>

Condensed Statement of Cash Flows

	<u>Hampton</u>	<u>Mainstreet</u>	<u>Pineview</u>	<u>Corporate Square</u>
Net cash provided by (used in):				
Operating activities	\$ 921,848	\$ 2,669,167	\$ 313,259	\$ 1,853,863
Capital and related financing activities	(901,569)	(2,481,347)	(165,868)	(1,597,762)
Investing activities	<u>-</u>	<u>8,128</u>	<u>-</u>	<u>102</u>
Net increase (decrease) in cash and cash equivalents	20,279	195,948	147,391	256,203
Beginning cash and cash equivalents	<u>2,413,334</u>	<u>1,769,905</u>	<u>228,942</u>	<u>468,780</u>
Ending cash and cash equivalents	<u><u>\$ 2,433,613</u></u>	<u><u>\$ 1,965,853</u></u>	<u><u>\$ 376,333</u></u>	<u><u>\$ 724,983</u></u>

**SUPPLEMENTAL INFORMATION**

Clearwater Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2018

PHA: FL075 FYED: 03/31/2018														
Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Hampton at Clearwater Apartments	Mainstreet Apartments	Pineview Apartments	Corporate Square	Other Business Activities	Total Business Activities	Section 8 Housing Choice Voucher Program 14.871	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Elimination	Total
111	Cash - Unrestricted	830,980	-	2,221,250	317,863	370,783	457,245	308,599	3,675,740	597,908	31,251	-	-	5,135,879
112	Cash - Restricted - Modernization and Development	514,203	-	-	-	-	-	-	-	-	-	-	-	514,203
113	Cash - other restricted	-	-	180,799	1,626,415	-	207,277	3,865,260	5,879,751	198,664	102	-	-	6,078,517
114	Cash - Tenant Security Deposits	49,270	-	31,564	21,575	5,550	60,461	-	119,150	-	-	-	-	168,420
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	166,028	-	-	-	166,028
100	Total Cash	1,394,453	-	2,433,613	1,965,853	376,333	724,983	4,173,859	9,674,641	962,600	31,353	-	-	12,063,047
122	Accounts Receivable - HUD	169,295	-	-	-	-	-	-	-	-	-	9,999	-	179,294
124	Accounts Receivable - other government	26,099	-	-	-	-	-	198	198	-	-	-	-	26,297
125	Accounts Receivable - Miscellaneous	2,295	-	-	-	-	-	1,343	1,343	-	-	-	-	3,638
126	Accounts Receivable - Tenants Dwelling Rents	1,128	-	2,554	5,139	568	32,334	-	40,595	-	-	-	-	41,723
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(132)	-	(204)	-	-	(20,868)	-	(21,072)	-	-	-	-	(21,204)
120	Total Receivables, net of allowances for doubtful accounts	198,685	-	2,350	5,139	568	11,466	1,541	21,064	-	-	9,999	-	229,748
142	Prepaid Expenses and Other Assets	103,329	-	23,311	8,242	1,169	2,299	5,947	40,968	19,418	-	-	-	163,715
143	Inventories	10,535	-	-	-	-	-	-	-	-	-	-	-	10,535
143.1	Allowance for Obsolete Inventories	(1,053)	-	-	-	-	-	-	-	-	-	-	-	(1,053)
144	Interprogram due from	5,941	-	5,819,475	(2,885,965)	272,236	(3,892,488)	686,742	-	4,058	-	-	(9,999)	-
150	Total Current Assets	1,711,890	-	8,278,749	(906,731)	650,306	(3,153,740)	4,868,089	9,736,673	986,076	31,353	9,999	(9,999)	12,465,992
161	Land	655,468	-	1,820,000	1,562,736	250,000	1,246,882	-	4,879,618	-	-	-	-	5,535,086
162	Buildings	9,707,773	-	12,240,903	21,522,692	2,057,076	8,574,340	-	44,395,011	-	-	-	-	54,102,784
163	Furniture, Equipment & Machinery -Dwellings	199,770	-	770,200	13,892	55,195	165,011	169,935	1,174,233	-	-	-	-	1,374,003
164	Furniture, Equipment & Machinery - Administration	-	-	677,420	137,807	29,470	-	230,512	1,075,209	124,349	-	-	-	1,199,558
166	Accumulated Depreciation	(5,181,080)	-	(10,273,063)	(9,349,948)	(1,583,564)	(610,585)	(51,449)	(21,868,609)	(112,471)	-	-	-	(27,162,160)
167	Construction In Progress	1,017,944	-	75,340	36,934	35,452	64,324	26,272	238,322	-	-	-	-	1,256,266
160	Total Fixed Assets, net of Accumulated Depreciation	6,399,875	-	5,310,800	13,924,113	843,629	9,439,972	375,270	29,893,784	11,878	-	-	-	36,305,537
180	Total Non-Current Assets	6,399,875	-	5,310,800	13,924,113	843,629	9,439,972	375,270	29,893,784	11,878	-	-	-	36,305,537
190	Total Assets	8,111,765	-	13,589,549	13,017,382	1,493,935	6,286,232	5,243,359	39,630,457	997,954	31,353	9,999	(9,999)	48,771,529

See independent auditor's report.



Clearwater Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2018

PHA: FL075 FYED: 03/31/2018														
Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Hampton at Clearwater Apartments	Mainstreet Apartments	Pineview Apartments	Corporate Square	Other Business Activities	Total Business Activities	Section 8 Housing Choice Voucher Program 14.871	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Elimination	Total
321	Accrued Wage/Payroll Taxes Payable	22,354	-	22,883	5,449	1,825	-	24,278	54,435	21,427	-	-	-	98,216
322	Accrued Compensated Absences	25,949	-	47,158	8,799	1,822	-	32,955	90,734	20,071	-	-	-	136,754
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	154,295	-	-	-	154,295	-	-	-	-	154,295
333	Accounts Payable - Other Government	38,753	-	334	-	-	23,973	-	24,307	-	-	-	-	63,060
341	Tenant Security Deposits	49,270	-	31,564	21,575	5,550	60,461	-	119,150	-	-	-	-	168,420
342	Unearned Revenues	-	-	62,692	33,143	3,858	76,798	-	176,491	-	-	-	-	176,491
343	Current portion of long-term debt - capital projects	-	-	377,330	410,000	40,296	154,756	-	982,382	-	-	-	-	982,382
345	Other current liabilities	3,611	-	3,087	1,536	818	-	1,277	6,718	166,028	-	-	-	176,357
346	Accrued liabilities - other	143,836	-	122,022	45,838	48,218	73,552	-	289,630	19,237	-	-	-	452,703
347	Interprogram due to	-	-	-	-	-	-	-	-	-	-	9,999	(9,999)	-
310	Total Current Liabilities	283,773	-	667,070	680,635	102,387	389,540	58,510	1,898,142	226,763	-	9,999	(9,999)	2,408,678
351	Long-term debt, net of current - capital projects	-	-	8,033,644	10,325,000	1,384,184	5,611,858	-	25,354,686	-	-	-	-	25,354,686
350	Total Noncurrent Liabilities	-	-	8,033,644	10,325,000	1,384,184	5,611,858	-	25,354,686	-	-	-	-	25,354,686
300	Total Liabilities	283,773	-	8,700,714	11,005,635	1,486,571	6,001,398	58,510	27,252,828	226,763	-	9,999	(9,999)	27,763,364
508.4	Net Investment in Capital Assets	6,399,875	-	(3,100,174)	3,189,113	(580,851)	3,673,358	375,270	3,556,716	11,878	-	-	-	9,968,469
511.4	Restricted Net Position	514,203	-	180,799	1,626,415	-	207,277	3,865,260	5,879,751	198,664	102	-	-	6,592,720
512.4	Unrestricted Net Position	913,914	-	7,808,210	(2,803,781)	588,215	(3,595,801)	944,319	2,941,162	560,649	31,251	-	-	4,446,976
513	Total Equity	7,827,992	-	4,888,835	2,011,747	7,364	284,834	5,184,849	12,377,629	771,191	31,353	-	-	21,008,165
600	Total Liabilities and Equity	8,111,765	-	13,589,549	13,017,382	1,493,935	6,286,232	5,243,359	39,630,457	997,954	31,353	9,999	(9,999)	48,771,529

See independent auditor's report.

Clearwater Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2018

PHA: FL075 FYED: 03/31/2018														
Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Hampton at Clearwater Apartments	Mainstreet Apartments	Pineview Apartments	Corporate Square	Other Business Activities	Total Business Activities	Section 8 Housing Choice Voucher Program 14.871	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Elimination	Total
70300	Net Tenant Rental Revenue	661,421	-	3,850,815	2,063,462	430,411	-	-	6,344,688	-	-	-	-	7,006,109
70400	Tenant Revenue - Other	59,870	-	625,505	271,845	36,589	1,257,964	318,263	2,510,166	-	-	-	(106,518)	2,463,518
70500	Total Tenant Revenue	721,291	-	4,476,320	2,335,307	467,000	1,257,964	318,263	8,854,854	-	-	-	(106,518)	9,469,627
70600	HUD PHA Grants	596,061	341,000	-	-	-	-	-	-	9,443,805	483,524	107,329	-	10,971,719
70610	HUD PHA Capital Grants	-	449,564	-	-	-	-	-	-	-	-	-	-	449,564
71100	Investment Income - Unrestricted	-	-	-	8,128	-	102	11,185	19,415	-	-	-	-	19,415
71400	Fraud recovery	-	-	-	-	-	-	-	-	2,384	-	-	-	2,384
71500	Other revenue	118,795	-	-	-	-	-	794,377	794,377	558	-	-	(472,898)	440,832
71600	Gain/Loss on Sale of Fixed Assets	37,500	-	-	-	-	-	540,242	540,242	-	-	-	-	577,742
70000	Total Revenue	1,473,647	790,564	4,476,320	2,343,435	467,000	1,258,066	1,664,067	10,208,888	9,446,747	483,524	107,329	(579,416)	21,931,283
91100	Administrative Salaries	289,169	-	214,646	97,656	23,093	-	388,000	723,395	270,635	14,974	-	-	1,298,173
91200	Auditing Fees	7,800	-	13,783	11,750	6,810	2,400	-	34,743	16,200	1,200	-	-	59,943
91300	Management Fees	58,230	-	156,921	92,548	18,650	-	-	268,119	-	-	-	(326,349)	-
91310	Book-keeping Fee	-	-	22,862	17,146	3,957	-	-	43,965	-	-	-	(43,965)	-
91400	Marketing and Advertising Fees	-	-	58,914	24,282	3,684	-	-	86,880	-	-	-	-	86,880
91500	Employee Benefit Contributions - Administrative	113,192	-	53,957	23,354	5,431	-	166,735	249,477	134,510	7,501	-	-	504,680
91600	Office Expenses	168,401	24,000	101,318	48,863	12,794	78,038	108,622	349,635	353,611	14,496	-	(209,102)	701,041
91700	Legal Expenses	9,565	-	1,951	5,168	329	11,286	6,381	25,115	1,107	59	-	-	35,846
91800	Travel	295	-	-	-	-	-	1,338	1,338	2,164	82	-	-	3,879
92100	Tenant services - salaries	-	-	387,280	-	-	-	-	387,280	-	-	62,254	-	449,534
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-	-	-	31,051	-	31,051
92400	Tenant Services - Other	6,704	-	289,860	-	-	-	-	289,860	-	-	14,024	-	310,588
93100	Water	142,197	-	189,247	187,566	32,521	11,692	387	421,413	711	64	-	-	564,385
93200	Electricity	168,096	-	262,649	34,262	8,352	107,031	1,162	413,456	2,126	198	-	-	583,876
93300	Gas	15,218	-	65,142	-	-	-	-	65,142	-	-	-	-	80,360
94100	Ordinary Maintenance and Operations - Labor	203,672	-	213,198	125,886	38,579	-	-	377,663	-	-	-	-	581,335
94200	OMO - Materials and Other	50,637	10,941	26,167	30,499	4,778	8,467	1,755	71,666	693	36	-	-	133,973
94300	Ordinary Maintenance and Operations - Contract Costs	257,684	4,059	266,830	257,355	57,047	224,362	2,838	808,432	4,614	418	-	-	1,075,207
94500	Employee Benefit Contributions - Ordinary Maintenance	54,976	-	64,290	34,571	12,507	-	-	111,368	-	-	-	-	166,344

See independent auditor's report.

Clearwater Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2018

PHA: FL075 FYED: 03/31/2018

Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Hampton at Clearwater Apartments	Mainstreet Apartments	Pineview Apartments	Corporate Square	Other Business Activities	Total Business Activities	Section 8 Housing Choice Voucher Program 14.871	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Elimination	Total
95200	Protective Services - Other Contract Costs	-	-	85,397	-	-	-	-	85,397	-	-	-	-	85,397
95300	Protective Services - Other	19,490	-	9,935	9,818	849	7,674	-	28,276	-	-	-	-	47,766
96110	Property Insurance	90,975	-	163,578	81,211	10,679	27,237	5,403	288,108	-	-	-	-	379,083
96120	Liability Insurance	22,215	-	29,982	17,298	3,347	-	9,665	60,292	11,350	636	-	-	94,493
96200	Other General Expenses	-	-	-	46,888	-	-	-	46,888	-	-	-	-	46,888
96210	Compensated Absences	25,841	-	-	-	-	-	62,311	62,311	39,880	2,106	-	-	130,138
96300	Payments in Lieu of Taxes	19,354	-	-	-	-	87,551	-	87,551	-	-	-	-	106,905
96400	Bad Debt - Tenant Rents	35,752	-	5,249	28,349	749	20,868	-	55,215	-	-	-	-	90,967
96710	Interest Expense	-	-	377,457	468,394	63,771	249,633	2,344	1,161,599	-	-	-	-	1,161,599
96730	Amortization of Bond Issue Costs	-	-	-	43,353	-	-	-	43,353	-	-	-	-	43,353
96900	Total Operating Expenses	1,759,463	39,000	3,060,613	1,686,217	307,927	836,239	756,941	6,647,937	837,601	41,770	107,329	(579,416)	8,853,684
97000	Excess Operating Revenue over Operating Expenses	(285,816)	751,564	1,415,707	657,218	159,073	421,827	907,126	3,560,951	8,609,146	441,754	-	-	13,077,599
97100	Extraordinary Maintenance	-	-	-	-	-	-	84,673	84,673	-	-	-	-	84,673
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	8,515,624	468,214	-	-	8,983,838
97400	Depreciation Expense	376,608	-	526,207	702,708	68,714	294,004	48,200	1,639,833	1,320	-	-	-	2,017,761
90000	Total Expenses	2,136,071	39,000	3,586,820	2,388,925	376,641	1,130,243	889,814	8,372,443	9,354,545	509,984	107,329	(579,416)	19,939,956
10010	Operating transfers in	302,000	-	-	-	-	-	-	-	-	-	-	(302,000)	-
10020	Operating transfers out	-	(302,000)	-	-	-	-	-	-	-	-	-	302,000	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(360,424)	449,564	889,500	(45,490)	90,359	127,823	774,253	1,836,445	92,202	(26,460)	-	-	1,991,327
11010	Capital Outlays Enterprise Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
11020	Debt Principal Payments - Enterprise Funds	-	-	367,796	390,000	38,704	147,143	861,894	1,805,537	-	-	-	-	1,805,537
11030	Beginning Equity	7,738,852	-	3,999,335	2,057,237	(82,995)	157,011	4,410,596	10,541,184	678,989	57,813	-	-	19,016,838
11040	Prior Period Adjustments, Equity transfer and correction of errors	449,564	(449,564)	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	572,527	-	-	-	572,527
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	198,664	-	-	-	198,664
11190	Unit Months Available	2,784	-	3,276	2,370	600	-	-	6,246	15,180	900	-	-	25,110
11210	Number of Unit Months Leased	2,690	-	2,661	2,232	581	-	-	5,474	12,948	863	-	-	21,975
11270	Excess Cash	654,481	-	-	-	-	-	-	-	-	-	-	-	654,481
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	449,564	-	-	-	-	-	-	-	-	-	-	449,564
13901	Replacement Housing Factor Funds	-	325,404	-	-	-	-	-	-	-	-	-	-	325,404

See independent auditor's report.

Clearwater Housing Authority

SCHEDULE OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

Year ended March 31, 2018

PROGRAM NUMBER	FL14 P075 501-13	FL14 P075 501-14	FL14 P075 501-15	FL14 P075 501-16	FL14 P075 501-17	FL14 R075 502-09	FL14 R075 501-10	FL14 R075 502-10	FL14 R075 502-11	FL14 R075 502-12	FL14 R075 501-13	TOTAL
<b>BUDGET AMOUNT</b>	\$ 209,296	\$ 333,750	\$ 337,809	\$ 376,626	\$ 385,607	\$ 64,209	\$ 662,089	\$ 63,695	\$ 54,586	\$ 481,033	\$ 72,561	\$ 3,041,261
<b>ADVANCES</b>												
Cash receipts - prior years	\$ 194,296	\$ 214,901	\$ 273,467	\$ -	\$ -	\$ 49,859	\$ 656,305	\$ -	\$ -	\$ -	\$ -	\$ 1,388,828
Cash receipts - current year	15,000	3,446	20,728	307,000	-	14,350	5,784	63,695	50,142	120,710	72,561	673,416
Cumulative as of March 31, 2018	209,296	218,347	294,195	307,000	-	64,209	662,089	63,695	50,142	120,710	72,561	2,062,244
<b>COSTS</b>												
Prior years	194,296	214,901	273,465	-	-	61,715	656,545	33,727	-	-	6,326	1,440,975
Current year	15,000	118,849	24,311	307,000	-	2,494	5,544	29,968	52,715	168,448	66,235	790,564
Cumulative as of March 31, 2018	209,296	333,750	297,776	307,000	-	64,209	662,089	63,695	52,715	168,448	72,561	2,231,539
<b>RECEIVABLE DUE FROM HUD</b>	\$ -	\$ 115,403	\$ 3,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,573	\$ 47,738	\$ -	\$ 169,295
<b>SOFT COSTS</b>												
Prior years	\$ 181,096	\$ 214,901	\$ 273,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669,462
Current year	9,825	3,447	20,728	307,000	-	-	-	-	-	-	-	341,000
Cumulative as of March 31, 2018	190,921	218,348	294,193	307,000	-	-	-	-	-	-	-	1,010,462
<b>HARD COSTS</b>												
Prior years	13,200	-	-	-	-	61,715	656,545	33,727	-	-	6,326	771,513
Current year	5,175	115,402	3,583	-	-	2,494	5,544	29,968	52,715	168,448	66,235	449,564
Cumulative as of March 31, 2018	18,375	115,402	3,583	-	-	64,209	662,089	63,695	52,715	168,448	72,561	1,221,077
<b>CUMULATIVE HARD AND SOFT COSTS</b>	\$ 209,296	\$ 333,750	\$ 297,776	\$ 307,000	\$ -	\$ 64,209	\$ 662,089	\$ 63,695	\$ 52,715	\$ 168,448	\$ 72,561	\$ 2,231,539

The following RHF grants have been awarded and are unspent as of March 31, 2018:

FL14R075-502-13	\$ 433,034
FL14R075-502-14	421,763
FL14R075-502-15	427,588
FL14R075-502-16	454,515
	<u>\$ 1,736,900</u>

See independent auditor's report.

Clearwater Housing Authority

SCHEDULE OF ACTUAL FSS AND ROSS PROGRAM COSTS AND ADVANCES

Year ended March 31, 2018

<b>PROGRAM NUMBER</b>	<b>FSS17 FL0497</b>	<b>FL075 RPS102 A015</b>	<b>FL075 FSH137 A016</b>	<b>TOTAL</b>
<b>BUDGET AMOUNT</b>	<u>\$ 48,693</u>	<u>\$ 175,224</u>	<u>\$ 47,769</u>	<u>\$ 271,686</u>
<b>ADVANCES</b>				
Cash receipts - prior years	\$ -	\$ 30,120	\$ 11,942	\$ 42,062
Cash receipts - current year	<u>8,116</u>	<u>53,508</u>	<u>35,827</u>	<u>97,451</u>
Cumulative as of March 31, 2018	<u>8,116</u>	<u>83,628</u>	<u>47,769</u>	<u>139,513</u>
<b>COSTS</b>				
Prior years	-	30,240	11,943	42,183
Current year	<u>14,481</u>	<u>57,022</u>	<u>35,826</u>	<u>107,329</u>
Cumulative as of March 31, 2018	<u>14,481</u>	<u>87,262</u>	<u>47,769</u>	<u>149,512</u>
<b>RECEIVABLE DUE FROM HUD</b>	<u>\$ 6,365</u>	<u>\$ 3,634</u>	<u>\$ -</u>	<u>\$ 9,999</u>

See independent auditor's report.

**SINGLE AUDIT SECTION**

**Clearwater Housing Authority**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended March 31, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number		Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Public and Indian Housing	14.850		\$ 596,061
Capital Fund Program	14.872		790,564
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	\$ 9,443,805	
Mainstream Vouchers	14.879	<u>483,524</u>	
Subtotal Housing Voucher Cluster			9,927,329
Family Self-Sufficiency Program	14.896		<u>107,329</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 11,421,283</u></u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Clearwater Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program, CFDA No. 14.871, to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD.

**NOTE B - INDIRECT COST RATE**

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

See independent auditor's report.

**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  
Clearwater Housing Authority  
Clearwater, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Clearwater Housing Authority (the "Authority"), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 25, 2018.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

July 25, 2018  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

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

Board of Commissioners  
Clearwater Housing Authority  
Clearwater, Florida

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

We have audited the Clearwater 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 March 31, 2018. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 federal program. However, our audit does not provide a legal determination of the Authority's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended March 31, 2018.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

July 25, 2018  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

Clearwater Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified? **No**

Significant deficiencies identified? **None reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weaknesses identified? **No**

Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

There are no audit findings that are required to be reported in accordance with 2 CFR 200.506(a).

The programs tested as major programs are as follows:

Housing Voucher Cluster:

Section 8 Housing Choice Voucher - CFDA Number 14.871

Mainstream Vouchers - CFDA Number 14.879

The threshold for distinguishing types A and B programs was **\$750,000**

Did the auditee qualify as a low-risk auditee? **Yes**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

**None.**

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS AND QUESTIONED COSTS

**None.**

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

**None.**