

**HOUSING FINANCE AUTHORITY OF
VOLUSIA COUNTY**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

**HOUSING FINANCE AUTHORITY OF VOLUSIA COUNTY
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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Housing Finance Authority of Volusia County (“the Authority”), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Authority’s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

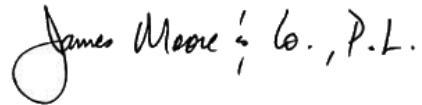
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. . Such information is the responsibility of management and, 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 27, 2023, 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 style with a large, looped initial "J".

Daytona Beach, Florida
June 27, 2023

Housing Finance Authority of Volusia County
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ending September 30, 2022

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, 2022. 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 2022 fiscal year are as follows:

The Authority's net position is \$1,189,891, an increase of \$109,886 from \$1,080,005 at the beginning of the fiscal year.

Total assets increased at the end of the fiscal year by \$133,378, primarily due to an increase in cash as a result of increased revenues from Authority fees for two new housing projects and ongoing annual Authority Fees for existing housing projects.

Total operating revenues increased \$18,644, primarily due to an increase in cash as a result of increased revenues from Authority fees for two new housing projects and ongoing annual Authority Fees for existing housing projects.

Total operating expenditures increased slightly by \$8,527.

The Authority issued two new bonds during the fiscal year ending September 30, 2022.

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.

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percentage Change
Current assets				
Cash	\$ 1,244,459	\$ 1,134,247	\$ 110,212	9.7%
Accounts receivable	23,166	-	23,166	100.0%
Total assets	<u>\$ 1,267,625</u>	<u>\$ 1,134,247</u>	<u>\$ 133,378</u>	<u>11.8%</u>
Current liabilities				
Accounts payable	\$ 11,034	\$ 3,701	\$ 7,333	198.1%
Unearned revenue	66,700	50,541	16,159	32.0%
Total liabilities	<u>77,734</u>	<u>54,242</u>	<u>27,193</u>	<u>50.1%</u>
Net Position:				
Unrestricted	<u>1,189,891</u>	<u>1,080,005</u>	<u>109,886</u>	<u>10.2%</u>
Total liabilities and net position	<u>\$ 1,267,625</u>	<u>\$ 1,134,247</u>	<u>\$ 133,378</u>	<u>11.8%</u>

As can be seen in Table A-1 above, total assets increased \$133,378 from \$1,134,247 to \$1,267,625 in fiscal year 2022 primarily due to an increase in cash in the amount of \$110,212 as a result of increased revenues from Authority fees for two new housing projects and ongoing annual Authority Fees for existing housing projects.

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

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percentage Change
Operating revenues				
Compliance monitoring income	\$ 7,469	\$ 3,532	\$ 3,937	111.5%
Authority fees	163,176	141,467	21,709	15.3%
Application fees	3,500	10,500	(7,000)	(66.7%)
Total operating revenues	<u>174,145</u>	<u>155,501</u>	<u>18,644</u>	<u>12.0%</u>
Operating expenses				
Administrative expenditures	4,875	1,003	3,872	386.0%
Professional fees	61,779	57,124	4,655	8.1%
Total operating expenses	<u>66,654</u>	<u>58,127</u>	<u>8,527</u>	<u>14.7%</u>
Non-operating revenues (expenses)				
Interest income	84	56	28	50.0%
Other income	2,311	36,513	(34,202)	(93.7%)
Total non-operating revenues (expenses)	<u>2,395</u>	<u>36,569</u>	<u>(34,174)</u>	<u>(93.5%)</u>
Change in net position:	<u>109,886</u>	<u>133,943</u>	<u>(24,057)</u>	<u>(18.0%)</u>
Net position, beginning of year	<u>1,080,005</u>	<u>946,062</u>	<u>133,943</u>	<u>14.2%</u>
Net position, end of year	<u>\$ 1,189,891</u>	<u>\$ 1,080,005</u>	<u>\$ 109,886</u>	<u>10.2%</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, 2022, the operating statement reflects that there was an increase in revenues that lead to an increase in net position of \$109,886 compared to an increase in fiscal year 2021 of \$133,943. This net position increase in fiscal year 2022 is primarily due to an increase in cash as a result of increased revenues from Authority fees for two new housing projects and ongoing annual Authority Fees for existing housing projects. Accordingly, the Statement of Net Position in fiscal year 2022 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 2022 and 2023 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 2023 reflects an increase in revenues primarily from 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, 2022

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,244,459
Accounts receivable	23,166
Total current assets	1,267,625
Total Assets	\$ 1,267,625

LIABILITIES AND NET POSITION

Liabilities	
Current liabilities	
Accounts payable	\$ 11,034
Unearned revenue	66,700
Total liabilities	77,734
Net Position	
Unrestricted	1,189,891
Total net position	1,189,891
Total Liabilities and Net Position	\$ 1,267,625

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, 2022**

Operating revenues	
Compliance monitoring income	\$ 7,469
Authority fees	163,176
Application fees	3,500
Total operating revenues	174,145
 Operating expenses	
Administrative expenses	4,875
Professional fees	61,779
Total operating expenses	66,654
Operating income	107,491
 Nonoperating revenues (expenses)	
Interest income	84
Other income	2,311
Total nonoperating revenues (expenses)	2,395
Change in net position	109,886
Net position, beginning of year	1,080,005
Net position, end of year	\$ 1,189,891

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, 2022**

Cash flows from operating activities	
Cash received from developers	\$ 169,449
Cash payments for contractual and other services	(59,321)
Net cash provided by operating activities	110,128
Cash flows from investing activities	
Interest received	84
Net cash provided by (used in) investing activities	84
Net increase in cash and cash equivalents	110,212
Cash and cash equivalents, beginning of year	1,134,247
Cash and cash equivalents, end of year	\$ 1,244,459
Reconciliation of operating income to net cash provided by operating activities	
Cash flows from operating activities	
Operating income	\$ 107,491
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous income	2,311
Changes in assets and liabilities	
Decrease (Increase) in accounts receivable	(23,166)
Increase (Decrease) in accounts payable	7,333
Increase (Decrease) in unearned revenue	16,159
Total adjustments	2,637
Net cash provided by operating activities	\$ 110,128

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, 2022

(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, 2022

(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, 2022, 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, 2022, the bank balance of the Authority’s deposits held by the Authority was \$1,244,459. 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, 2022 was \$994,459. 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, 2022

(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, 2022, there were sixteen series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$141,954,060.

(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.

**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, 2022, 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 27, 2023.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described below as item 2022-001, that we consider to be a significant deficiency.

2022-001 Audit Adjustments

Since inception, the Authority has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). During the current year, the Authority revised its basis of accounting to keep the accounting records on an accrual basis, a change from the prior cash basis used. However, audit adjustments were still required to be made to accounts receivable, deferred revenue, operating revenue, and net position to ensure proper financial reporting. We recommend the Authority review year-end account balances and reconciliations for accuracy and completeness.

Management Response: While the Authority agrees with the above finding that four small audit adjustments were made to the annual financial statements, the Authority considered that only one adjustment demonstrated the need for a change in its accounting process and chart of accounts. The Authority has already implemented the change to ensure there is no further repeat of the issue by adding a new account to its chart of accounts to provide for one-time Authority fees paid by developers at the closing of bond issues as being distinct and easily identified as requiring different accounting treatment from the account for annual Authority fees paid throughout the life of the bonds. The remainder of the adjustments required by the audit resulted from human error in operation of the controls and will be addressed through additional review of reconciliations for accuracy and completeness as recommended.

Report on Compliance and Other Matters

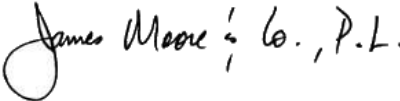
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described previously. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Daytona Beach, Florida
June 27, 2023

**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, 2022, and have issued our report thereon dated June 27, 2023.

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 27, 2023, 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. One finding was reported in the most recent audit and second preceding audit report, and has not yet been fully corrected. The following summarizes the status of prior audit findings and recommendations:

2021-001 Preparation of Financial Statements – Previously reported as 2020-001. Corrective action taken.

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: \$ 60,180.
- 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.

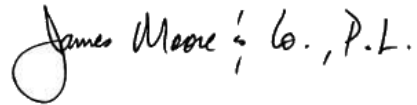
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: There were no amendments between the original and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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a distinct "Co." followed by "P.L.".

Daytona Beach, Florida
June 27, 2023

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

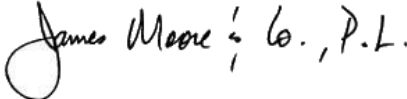
To the Board of Directors of the
Housing Finance Authority of Volusia County:

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, 2022. The Authority's management is responsible for the Authority's compliance with those requirements. Our responsibility is to obtain reasonable assurance by measuring (or evaluating) the Authority's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement (or evaluation) based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by measuring (or evaluating) the Authority's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement or evaluation of the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Authority was not in compliance with those requirements, in all material respects, 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.

We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Housing Finance Authority of Volusia County complied with the aforementioned requirements for the year ended September 30, 2022, in all material respects.



Daytona Beach, Florida
June 27, 2023