

**HERNANDO COUNTY HOUSING AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Hernando County Housing Authority  
Brooksville, Florida

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of Hernando County Housing Authority (the Authority), as of and for the year ended September 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2023, and the 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.

#### **Basis for Opinions**

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 opinions.

#### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 1 to the financial statements, effective October 1, 2022, the Authority adopted new accounting guidance for Subscription-Based Information Technology Arrangements (SBITAs). The guidance requires SBITA users to recognize a right-to-use SBITA asset and corresponding SBITA liability for all SBITAs with terms greater than twelve months. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 and information on pension benefits 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 GAAS, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the financial data schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 26, 2024

**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

The Hernando County Board of County Commissioners created the Hernando County Housing Authority (the Authority) on May 3, 1977 through resolution no.77-32 pursuant to the provisions of Chapter 421, Florida Statutes. A governing body of five (5) Commissioners develops the policies and goals of the Authority; this autonomous Board is appointed by the Governor of the state of Florida. However, the Authority receives almost all its funding through the U.S. Department of Housing and Urban Development (HUD). Therefore, the Authority must administer its program in compliance with HUD rules and regulations and is annually graded by HUD. HUD currently considers the Authority to be a high performing housing authority.

The Authority is dedicated to enhancing the quality of life in Hernando County, Florida by providing and effectively managing affordable housing programs. To further its goal, HCHA has adopted the formal mission statement, "The Authority is committed to educating, organizing, advocating and ensuring the provisions of adequate, affordable housing within strong viable communities for Hernando County citizens, particularly those with very low to moderate incomes". HCHA seeks to achieve the highest and best use of its housing and housing programs for families of low- and moderate-income through its de-concentration efforts and efforts to create viable mixed-income affordable housing communities throughout our jurisdiction.

As management of Hernando County Housing 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 September 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Since the last audit period, year ended September 30, 2022, the Authority has continued to make progress both financially and operationally. This may be attributed to a progressive and committed Board of Commissioners, Executive Director, and staff.

**Financial Highlights**

In addition to the following highlights, a more descriptive explanation of the following items is provided later in this report.

- The assets and deferred outflow of resources of the Authority exceeded its liabilities and deferred inflow of resources as of September 30, 2023 by \$3,093,243 (Net position).
- The Authority's cash balance as of September 30, 2023 was \$694,268 representing an decrease of \$75,329 from September 30, 2022.
- The Authority had operating revenues of \$4,867,599 and operating expenses of \$4,956,401 for the year ended September 30, 2023.

**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

**Overview of the Financial Statements**

The financial statements included in this annual report are those of a Florida established housing authority which is a public body corporate and politic and are considered to be special districts (governmental entities). The following entity wide financial statements are included:

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

An analysis of net position, revenues, and expenses has been provided, and includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This analysis also reflects the Authority's net position and changes in net position. The Authority's net position are the differences between what the Authority owns (i.e., assets and deferred outflows) and what the Authority owes (i.e., liabilities and deferred inflows), and are considered one way to measure the Authority's financial health.

Over a period of time, changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Readers should consider other nonfinancial factors such as fluctuation in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets to assess the overall health of the Authority.

**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

**Analysis of Net Position (Statement of Net Position)**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	September 30,		Dollar	Percent
	2023	2022	Variance	Variance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Current Assets - Unrestricted	\$ 834,834	\$ 794,164	\$ 40,670	5%
Current Assets - Restricted	54,293	56,446	(2,153)	-4%
Net Capital Assets	<u>2,700,298</u>	<u>2,756,518</u>	<u>(56,220)</u>	-2%
Total Assets	3,589,425	3,607,128	(17,703)	0%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources - Pension	<u>207,894</u>	<u>145,488</u>	<u>62,406</u>	43%
Total Assets and Deferred Outflows of Resources	<u>\$ 3,797,319</u>	<u>\$ 3,752,616</u>	<u>\$ 44,703</u>	1%
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>				
<b>LIABILITIES</b>				
Current Liabilities	\$ 67,323	\$ 49,729	\$ 17,594	35%
Noncurrent Liabilities	<u>622,636</u>	<u>498,593</u>	<u>124,043</u>	25%
Total Liabilities	689,959	548,322	141,637	26%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources - Pension	14,117	21,182	(7,065)	-33%
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,678,919	2,698,272	(19,353)	-1%
Restricted	39,693	41,796	(2,103)	100%
Unrestricted	<u>374,631</u>	<u>443,044</u>	<u>(68,413)</u>	-15%
Total Net Position	<u>3,093,243</u>	<u>3,183,112</u>	<u>(89,869)</u>	-3%
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,797,319</u>	<u>\$ 3,752,616</u>	<u>\$ 44,703</u>	1%

Total assets for fiscal year-end 2023 were \$3,589,425 and at fiscal year-end 2022 the amount was \$3,607,128. This represents a net decrease of \$17,703 or less than 1%.

Current unrestricted assets increased by \$40,670 primarily due to a increase in accounts receivable relating to grants, federal and state, recognized in the current year which were not received by the Authority until after the fiscal year end.

Current restricted assets decreased \$2,153 primarily due to restricted housing assistance payment (HAP) funds.

Net capital assets decreased by \$56,220 due to current year depreciation and amortization of \$94,483 offset by the implementation of GASB 96 – Subscription-Based Information Technology Arrangements (SBITAs) of \$38,263.

**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

**Analysis of Net Position (Statement of Net Position) (Continued)**

Current liabilities increased by \$17,594, which was primarily due to the implementation of GASB 96 for the SBITA liability of \$19, 642.

Noncurrent liabilities increased by \$124,043. The increase is a result of an increase in net pension liability.

The deferred outflows and inflows as of September 30, 2023 are due to the difference between expected and actual economic expense, change in actual assumptions, net difference between projected and actual earnings on the pension plan and contributions subsequent to the measurement date.

**Analysis of Revenue (Statement of Revenues, Expenses, and Changes in Net Position)**

The following provides the programs administered by the Authority and the revenues generated from these programs during fiscal years ended 2023 and 2022:

	Year Ended September 30,		Dollar	Percent
	2023	2022	Variance	Variance
<b>OPERATING REVENUES</b>				
Tenant Rental Revenue	\$ 210,958	\$ 204,794	\$ 6,164	3%
HUD PHA Operating Grants	3,517,266	3,331,560	185,706	6%
Other Government Grants	35,090	34,011	1,079	3%
Other Revenue	1,104,245	948,966	155,279	16%
Total Operating Revenues	<u>4,867,559</u>	<u>4,519,331</u>	<u>348,228</u>	-
<b>OPERATING EXPENSES</b>				
Administrative	623,133	535,602	87,531	16%
Utilities	14,468	11,828	2,640	22%
Maintenance and Operations	57,627	71,059	(13,432)	-19%
Protective Services	1,041	856	185	22%
Insurance	36,942	32,263	4,679	15%
General Expense	38,134	26,283	11,851	45%
Housing Assistance Payments	4,090,573	3,703,357	387,216	10%
Depreciation Expense	94,483	80,039	14,444	-
Total Operating Expenses	<u>4,956,401</u>	<u>4,461,287</u>	<u>495,114</u>	11%
<b>OPERATING INCOME (LOSS)</b>	(88,842)	58,044	(146,886)	-253%
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment Income - Unrestricted	64	69	(5)	-7%
Interest Expense	(1,091)	(3,198)	2,107	-66%
Total Nonoperating Revenue (Expense)	<u>(1,027)</u>	<u>(3,129)</u>	<u>2,102</u>	-67%
<b>CHANGE IN NET POSITION</b>	(89,869)	54,915	(144,784)	-264%
Net Position - Beginning of Year	<u>3,183,112</u>	<u>3,128,197</u>	<u>54,915</u>	-
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,093,243</u>	<u>\$ 3,183,112</u>	<u>\$ (89,869)</u>	-3%

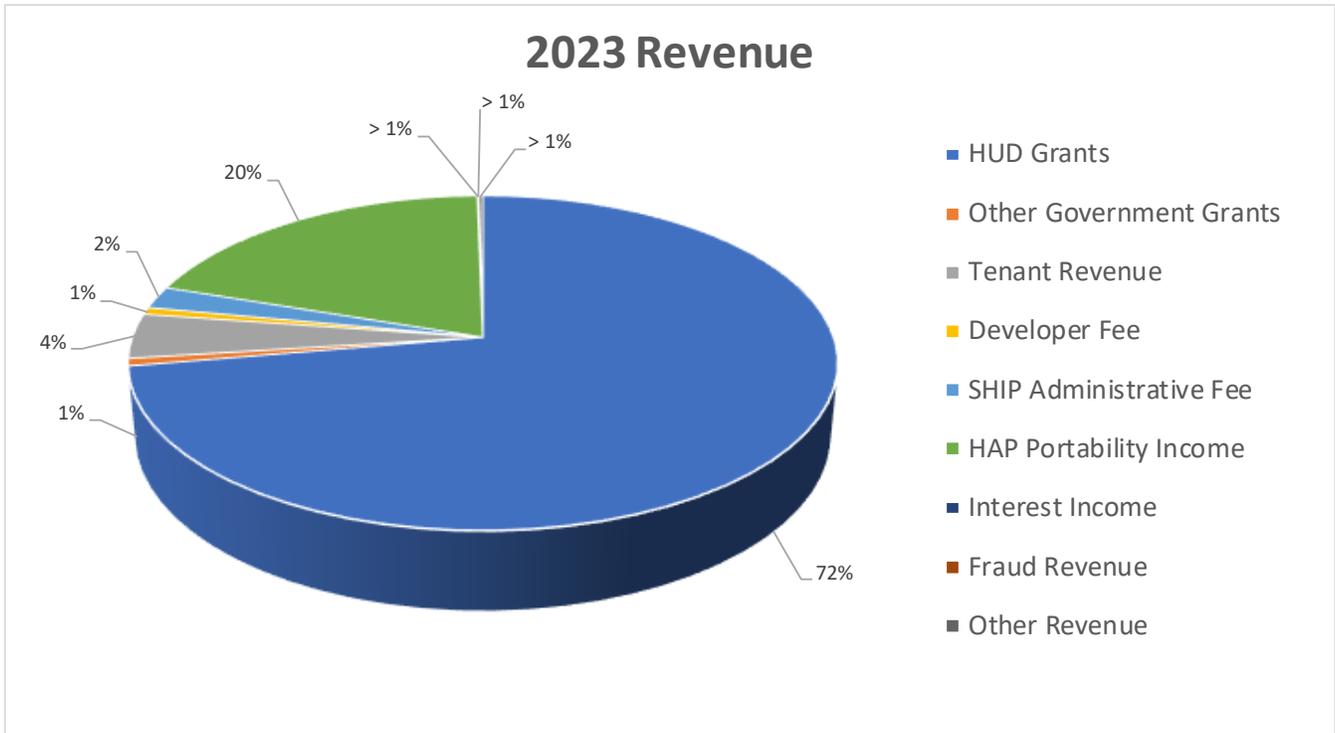
**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

**Analysis of Revenue (Statement of Revenues, Expenses and Changes in Net Position)  
(Continued)**

Overall operating revenue increased by \$348,228 from the prior year due to an increase other revenue primarily due to an increase in HAP portability income. Additionally, there was an increase in HUD Operating Grants for the Housing Choice Voucher Program.

Overall operating expenses increased by \$495,114. These increases were mainly caused by a increase in Housing Assistance payments and in administrative expenses.

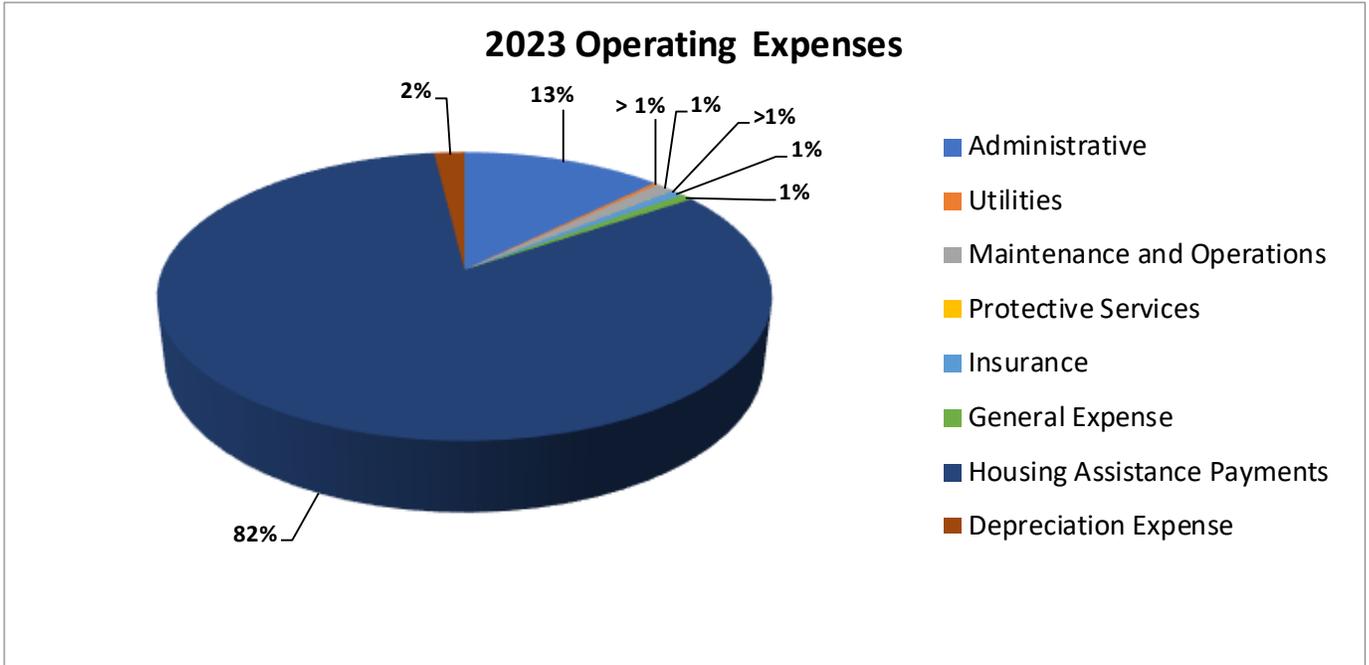
The diagram below illustrates the percentage of revenues generated from these programs by the Authority during fiscal year 2023.



**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

**Analysis of Expenses (Statement of Revenues, Expenses, and Changes in Net Position)**

The diagram below illustrates the percentage of expenses during fiscal year 2023:



**Capital Assets**

The table below provides a summary of change in capital assets:

	September 30,		Dollar Change	Percent Change
	2023	2022		
Land	\$ 259,751	\$ 259,751	\$ -	0%
Buildings and Improvements	2,936,824	2,936,824	-	-
Equipment	52,631	52,631	-	-
SBITA	38,263	-	38,263	100
Right-to-Use Leased Asset	4,727	4,727	-	-
Total Capital Assets	3,292,196	3,253,933	38,263	0
Accumulated Depreciation/Amortization	(591,898)	(497,415)	(94,483)	19%
Total Capital Assets, Net	<u>\$ 2,700,298</u>	<u>\$ 2,756,518</u>	<u>\$ (56,220)</u>	-2%

At the end of fiscal year 2022, the Authority had net capital assets of \$2,756,518. As of September 30, 2023, the Authority's net capital assets had decreased \$56,220. This decrease is due to depreciation and amortization of \$94,483 offset by the implementation of GASB 96 – SBITA of \$38,263.

**HERNANDO COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2023**

**Long-Term Debt**

The table below provides a summary of changes in long-term debt related to the Authority's mortgage payable:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Mortgage Payable	\$ 54,857	\$ -	\$ (54,857)	\$ -	\$ -

At the end of fiscal year 2023, the Authority had no mortgage payable balance. The decrease from the prior year relates to current year payments of \$54,857.

**Future Plans**

The Hernando County Housing Authority established the goals of:

- 1) The Housing Authority will continue to assist private development in the financing of affordable housing outside the traditional realm of assisted housing by issuing tax-exempt bonds and with State Housing Initiative Partnership (SHIP) funding.
- 2) Continue to improve its Section 8 Housing Choice Voucher program by increasing housing opportunities and improving the operational aspects of the program.

**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 housing assistance payments.
- Inflationary pressure on utility rates, supplies and other costs
- Fluctuations in the local real estate market and housing prices
- Availability of affordable housing options in the area

**Financial Contact**

The individual to be contacted regarding this report is Terri Beverly, Executive Director of the Hernando County Housing Authority. Specific requests may be submitted to the Hernando County Housing Authority at 621 W. Jefferson Street; Brooksville, Florida 34601; telephone 352-754-4160.

**HERNANDO COUNTY HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash - Unrestricted	\$	639,975
Cash - Other Restricted		39,693
Cash - Restricted for Tenant Security Deposits		14,600
Accounts Receivable, Net		168,997
Prepaid Expenses and Other Assets		25,862
Total Current Assets		889,127

**NONCURRENT ASSETS**

Capital Assets:		
Land		259,751
Building		2,936,824
Furniture and Equipment - Administration		52,631
SBITA		38,263
Right-To-Use Asset		4,727
Less: Accumulated Depreciation/Amortization		(591,898)
Total Capital Assets (Net)		2,700,298
Total Noncurrent Assets		2,700,298

Total Assets		3,589,425
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources - Pension		207,894
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Total Assets and Deferred Outflows of Resources		\$ 3,797,319
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**HERNANDO COUNTY HOUSING AUTHORITY  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2023**

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

**CURRENT LIABILITIES**

Accounts Payable	\$	4,098
Accounts Payable - PHA Projects		18,560
Accrued Payroll		4,947
Tenant Security Deposits (Payable from Restricted Assets)		14,600
Accrued Compensated Absences		3,739
SBITA - Short Term		19,642
Lease - Short Term		1,737
Total Current Liabilities		67,323

**NONCURRENT LIABILITIES**

Unearned Revenue		115,751
Accrued Compensated Absences		33,654
Net Pension Liability		473,231
Total Noncurrent Liabilities		622,636

Total Liabilities		689,959
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources- Pension		14,117
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**NET POSITION**

Net Investment in Capital Assets		2,678,919
Restricted		39,693
Unrestricted		374,631
Total Net Position		3,093,243
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	3,797,319

**HERNANDO COUNTY HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2023**

<b>OPERATING REVENUES</b>	
Tenant Revenue	\$ 210,958
HUD PHA Operating Grants	3,517,266
Other Government Grants	35,090
Partnership Fees Revenue	33,266
SHIP Administrative Funding	105,075
HAP Portability Income	951,743
Fraud Revenue	4,036
Other Revenue	10,125
Total Operating Revenues	<u>4,867,559</u>
<b>OPERATING EXPENSES</b>	
Administrative	623,133
Utilities	14,468
Maintenance and Operations	57,627
Protective Services	1,041
Insurance	36,942
General	38,134
Housing Assistance Payments	4,090,573
Depreciation/Amortization	94,483
Total Operating Expenses	<u>4,956,401</u>
<b>OPERATING INCOME</b>	(88,842)
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Investment Income - Unrestricted	64
Interest Expense	(1,091)
Total Nonoperating Revenue (Expense)	<u>(1,027)</u>
<b>CHANGE IN NET POSITION</b>	(89,869)
Net Position - Beginning of Year	<u>3,183,112</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,093,243</u>

See accompanying Notes to Financial Statements.

**HERNANDO COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Receipts:

Operating Subsidy and Grant Receipts	\$ 3,422,966
Dwelling Rent Receipts	218,577
Other Income Receipts	1,155,653
Total Receipts	4,797,196

Cash Disbursements:

Payments to and Benefits for Employees	449,960
Payments to Suppliers	259,234
Payments to Landlords	4,087,174
Total Disbursements	4,796,368
Net Cash Provided by Operating Activities	828

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal Paid on Capital Debt	(54,857)
Principal Payments on Leases	(1,652)
Principal Payments on SBITA's	(18,621)
Interest Paid	(1,091)
Net Cash Used by Capital and Related Financing Activities	(76,221)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income - Unrestricted	64
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**NET CHANGE IN CASH**

(75,329)

Cash - Beginning of Year

769,597

**CASH - END OF YEAR**

\$ 694,268

**REPORTED AS**

Cash - Unrestricted	\$ 639,975
Cash - Restricted for Housing Assistance Payments	39,693
Cash - Tenant Security Deposits	14,600
Total Cash - End of Year	\$ 694,268

See accompanying Notes to Financial Statements.

**HERNANDO COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2023**

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH FROM OPERATING ACTIVITIES**

Operating Loss	\$	(88,842)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation		94,483
Increase (Decrease) in Assets:		
Accounts Receivable - PHA Projects		(8,052)
Accounts Receivable - HUD Other		(94,300)
Accounts Receivable - Other Governments		(6,864)
Accounts Receivable - Misc.		(4,000)
Accounts Receivable - Tenants		3,816
Prepaid Expenses and Other Assets		(4,446)
Deferred Outflows of Resources - Pension		(62,406)
Increase (Decrease) in Liabilities:		
Accounts Payable		1,036
Accrued Payroll		474
Accrued Compensated Absences		10,052
Accounts Payable - PHA Projects		3,399
Tenant Security Deposits		(50)
Unearned Revenue		1,761
Net Pension Liability		161,832
Deferred Inflows of Resources - Pension		(7,065)
Net Cash Provided by Operating Activities	\$	<u>828</u>

See accompanying Notes to Financial Statements.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Hernando County Housing Authority (the Authority) is a public body corporate and politic organized under Chapter 421 of the Florida State Statutes to operate housing projects for the benefit of lower-income families by providing decent, safe and sanitary dwellings within the financial means of such families.

Where the United States Department of Housing and Urban Development (HUD) subsidizes housing, total rent is determined by the Authority within guidelines established by HUD. The tenant's portion of such rent and the housing assistance provided by HUD are also determined using the agency's guidelines.

**Reporting Entity**

The Governmental Accounting Standards Board (GASB) has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these criteria, the Authority is considered to be a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate and is fiscally independent of other state or local governments.

The Authority is a related organization of the state of Florida since the members of its board of commissioners are appointed by the Governor. The state of Florida is not financially accountable for the Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on the state of Florida. Accordingly, the Authority is not a component unit of the state of Florida.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria established by the GASB. These criteria include manifestation of oversight responsibility; including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion and organizations included in the reporting entity although the primary organization is not financially accountable. Based on the application of these criteria, the Authority has two blended component units.

**HCHA-Magnolia, LLC**

The Authority is the sole member of HCHA-Magnolia, LLC, a Florida Limited Liability Company. HCHA-Magnolia, LLC is a general partner in Magnolia Gardens I, LTD, a Florida Limited Liability Company that was formed to develop a 60-unit elderly low-income housing complex. HCHA-Magnolia, LLC has a minority interest (0.01%) in the Magnolia Gardens I, LTD.

**Hernando Housing Development Corporation, Inc. (HHDC)**

HHDC is an instrumentality of the Authority for the purpose of assisting in providing low- and moderate-income housing within the state of Florida, Hernando County and the City of Brooksville, Florida. HHDC was created July 23, 1985 and shall exist for a period of 50 years. Since the inception of HHDC, the corporation has not had any activity.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation and Accounting**

**Proprietary Fund**

Based on compelling reasons offered by HUD, the Authority reports its operations as a proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphasizes the flow of economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred.

The enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board of commissioners has decided that the determination of revenues earned, costs incurred, and or net income necessary for management accountability is appropriate. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the public on a continuing basis be financed or recovered primarily through user charges.

**Program/Activity Accounting**

The accounting records are established in a manner which enables the Authority to ensure observance of limitations and restrictions placed on the use of resources available to it. The accounting records are also maintained in a manner that provides the Authority with the ability to monitor the financial results associated with certain other activities or otherwise provide for management accountability.

Separate identifiable accounts are maintained within the accounting records for each program/activity. However, all of the programs/activities are part of a single enterprise fund for financial reporting purposes.

The programs/activities included in the accompanying financial statements include all programs/activities of the Authority that relate to providing housing assistance to lower-income families and all other programs, functions and activities over which the Board has oversight responsibility and financial accountability.

**Section 8 Housing Choice Vouchers (ALN 14.871)**

This program accounts for the activity associated with the projects and other facilities subsidized by HUD under an Annual Contribution Contract. The purpose of Section 8 housing is to aid very-low income families in obtaining decent, safe, and sanitary rental housing. Section 8 housing allows very-low income families to rent privately-owned housing in the neighborhood of their choice.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program/Activity Accounting (Continued)**

State Housing Initiative Partnership Program

This program accounts for the activity associated with the projects and other facilities subsidized by the state of Florida through the State Housing Initiative Partnership (SHIP) Program and Hernando County, Florida. The SHIP program is administered by the Authority, but Hernando County, Florida is the grantor.

Business Activity

These activities account for the operations of various housing programs to assist low-income families. Business activities may be funded with private and public grants or from other nonrestricted sources of revenue.

HOME Investment Partnerships Program (ALN 14.239)

The HOME Investment Partnerships Program accounts for the Tenant Based Rental Assistance (TBRA) program. The TBRA program provides security deposit assistance to low-income families affected by natural disasters.

**Budgets**

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

**Cash and Cash Equivalents**

The Authority considers all highly liquid, short-term investment instruments with an original maturity of three months or less, to be cash equivalents.

**Restricted Assets**

Certain assets are classified as restricted assets in the accompanying net position when constraints are placed on their use by external parties or law. The assets that are classified as restricted include the following:

Restricted Cash

Restricted cash consists of funds restricted for tenant security deposits and Housing Assistance Payments.

**Capital Assets**

Capital assets are recorded at cost if their cost exceeds \$1,000. Donated assets are recorded at acquisition value at the date of donation. Routine repairs and maintenance are charged against operations.

**HERNANDO COUNTY HOUSING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Depreciation is calculated using the straight-line method over the useful life of the related asset. The useful life established for administrative equipment is five years and the useful life of buildings is forty years. When assets are disposed of the related cost and accumulated depreciation are relieved and any gain or loss is included in the change in net position.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based information technology arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**Leases**

The Authority is the lessor of dwelling units to low-income and market rate residents. The low-income rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. A significant majority of the capital assets are used in these leasing activities. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue.

**Compensated Absences**

The Authority's policy allows employees to accumulate unused vacation leave as follows:

	Maximum Carryover in Hours
Date of Hire to End of 5th Year	240
Start of 6th Year to End of 10th Year	360
Start of 11th Year and Over	480

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences (Continued)**

Employee's that have accrued hours in excess of the maximum lose the excess hours as of January 1 of each year. Employees are paid for unused leave upon termination of employment.

Sick leave is accrued at the rate of .04615 hours for each hour worked. Accumulated unused sick leave is not carried forward and is not paid to the employee upon separation from the Authority.

**Unearned Revenue**

The Authority received a \$150,000 property development payment during the year ended September 30, 2011. The property development term is 52 years. Income is recognized over the term of the property development agreement. The unearned revenue relates to usage of the land over the term of the property development agreement.

**Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the financial statements and is classified into three components:

Net Investment in Capital Assets – This component consists of capital assets net of related accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, including retainage payable.

Restricted – Net position with constraints placed on the use either by external groups such as creditors, grantors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation is reflected in this component.

Unrestricted – All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

The Authority applies restricted resources first when an expense is incurred for the purpose of which both restricted and unrestricted net position is available.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating and Nonoperating Revenues and Expenses**

The Authority recognizes operating revenues and expenses as a result of providing low-rent housing and other services. The principal operating revenues of the Authority consist of operating subsidies and grants and other revenue received from similar operations. Operating expenses include the costs of housing assistance payments to landlords, administrative expenses, and costs associated with providing program services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Government Grants and Subsidies**

The subsidies and operating grants received by the Authority from HUD under Annual Contributions Contracts are recorded as operating revenue in the period earned in accordance with accounting principles generally accepted in the United States of America.

The Section 8 Housing Choice Vouchers Program Annual Contributions Contract with HUD provides for housing assistance payments to private owners of residential units on behalf of eligible low- or very low-income families. The program provides for such payments covering the difference between the maximum rental on a dwelling unit and the amount of rent contribution by the participating family plus related administrative expenses.

**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.

**Income Taxes**

The Authority is a public body corporate and politic exempt from federal and state income taxes.

**Pensions**

The net pension liability is the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources reported in the Authority's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings on investments, changes in the proportion and differences between the Authority's contributions and proportionate share of contributions, and the Authority's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Authority's statement of net position represent the difference between expected and actual economic experience, the net difference between projected and actual earnings on investments, and changes in the proportion and differences between the Authority's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in pension expense in future years.

**Adoption of New Accounting Standards:**

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Authority adopted the requirements of the guidance effective October 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 2 CASH**

**Cash**

Cash in the accompanying financial statements consists of demand deposits in financial institutions and cash on hand.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At year-end, the Authority's deposits were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

**Deposits**

All deposits are carried at cost and are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized. Florida Statutes Chapter 280 sets forth the qualifications and requirements that a financial institution must meet in order to become a qualified depository. The Statute also defines the amount and type of collateral that must be pledged in order to remain qualified.

Florida Statute 218.415 requires deposits of governmental entities be made only with Qualified Public Depositories (QPDs). Public funds on deposit in QPDs are protected against loss due to insolvency by: (1) federal deposit insurance; (2) the pledge of securities as collateral; and (3) a contingent liability agreement that allows the Chief Financial Officer of the state of Florida to assess QPDs if the securities pledged by an insolvent QPD are insufficient. The agreement for collateralization of public funds is with the state of Florida and not with the Authority. Similar to FDIC, the state of Florida is guaranteeing the deposit.

Total bank balances as of September 30, 2023 were \$717,103 and the total carrying value was \$694,268 at September 30, 2023.

**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable as of September 30, 2023 consisted of the following:

Accounts Receivable - PHA Projects	\$ 27,982
Accounts Receivable - HUD Other Projects	94,300
Accounts Receivable - Other Governments	29,407
Accounts Receivable - Tenant	13,308
Accounts Receivable - Miscellaneous	4,000
Fraud Recovery	15,956
Allowance for Doubtful Accounts - Fraud	(15,956)
Accounts Receivable, Net	\$ 168,997

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 4 CAPITAL ASSETS**

The changes in capital assets for the year ended September 30, 2023 were as follows:

	Beginning Balance as Restated	Additions	Deletions	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 259,751	\$ -	\$ -	\$ -	\$ 259,751
Capital Assets Being Depreciated:					
Building	2,936,824	-	-	-	2,936,824
Furniture and Equipment - Administration	52,631	-	-	-	52,631
Total Capital Assets Being Depreciated	<u>2,989,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,989,455</u>
Less: Accumulated Depreciation:					
Buildings	445,244	74,785	-	-	520,029
Furniture and Equipment - Administration	50,595	1,286	-	-	51,881
Total Accumulated Depreciation	<u>495,839</u>	<u>76,071</u>	<u>-</u>	<u>-</u>	<u>571,910</u>
Total Capital Assets Being Depreciated, Net	2,493,616	(76,071)	-	-	2,417,545
Right-to-Use Lease Assets:					
Right-to-Use Leased Equipment	4,727	-	-	-	4,727
Lees: Accumulated Amortization:					
Right-to-Use Leased Equipment	<u>1,576</u>	<u>1,576</u>	<u>-</u>	<u>-</u>	<u>3,152</u>
Total Right-to-Use Lease Assets, Net	3,151	(1,576)	-	-	1,575
Subscription-Based Information Technology Arrangement Assets (SBITA):					
SBITA*	38,263	-	-	-	38,263
Lees: Accumulated Amortization:					
SBITA*	<u>-</u>	<u>16,836</u>	<u>-</u>	<u>-</u>	<u>16,836</u>
Total SBITAs, Net	<u>38,263</u>	<u>(16,836)</u>	<u>-</u>	<u>-</u>	<u>21,427</u>
Total Capital Assets, Net	<u>\$2,794,781</u>	<u>\$ (94,483)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,700,298</u>

\* Restatement of capital assets as of October 1, 2022, is a result of implementing GASB Statement No. 96, SBITA during the 2023 fiscal year.

On June 16, 2010, the Authority entered into a 52-year property development agreement with Magnolia Gardens I, LTD to rent a parcel of land in Brooksville, Florida. The land is recorded at a cost of \$104,158.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS**

*Background*

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**Florida Retirement System Pension Plan**

*Plan Description*

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55, if vested, or at any age after 25 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

*Benefits Provided*

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the member's five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the member's eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service:	Percent Value
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement Up to Age 62 or Up to 30 Years of Service	1.60 %
Retirement Up to Age 63 or Up to 31 Years of Service	1.63
Retirement Up to Age 64 or Up to 32 Years of Service	1.65
Retirement Up to Age 65 or Up to 33 Years of Service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement Up to Age 65 or Up to 33 Years of Service	1.60
Retirement Up to Age 66 or Up to 34 Years of Service	1.63
Retirement Up to Age 67 or Up to 35 Years of Service	1.65
Retirement Up to Age 68 or Up to 36 Years of Service	1.68
Senior Management Service Class	2.00

*Benefits Provided (Continued)*

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

*Contributions*

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the Authority, effective July 1, 2022, were applied to employee salaries as follows: regular employees 11.91%, senior management 31.57%. The Authority's contributions to the FRS Plan were \$45,757 for the year ended September 30, 2023.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

*Pension Costs*

At September 30, 2023, the Authority reported a liability of \$354,616 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportion of the net pension liability was based on the Authority's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2023, the Authority's proportion was 0.000889947%, which was an increase of 0.000252298%, from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Authority recognized pension expense of \$98,461 for its proportionate share of FRS's pension expense. In addition, the Authority reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 33,295	\$ -
Changes in Actuarial Assumptions	23,117	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,811	-
Changes in Proportion and Differences Between the Authority's Contributions and Proportionate Share of Contributions	104,526	700
Authority's Contributions Subsequent to the Measurement Date	13,143	-
Total	\$ 188,892	\$ 700

\$13,143 reported as deferred outflows of resources related to pensions resulting from Authority's contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2024	\$ 37,472
2025	23,991
2026	84,043
2027	23,903
2028	5,640
Thereafter	-

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

*Actuarial Assumptions*

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.70%

Mortality rates were based on the PUB-2010 base table (varies by member category and sex) and projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash Equivalents	1.0 %	2.9 %	2.9 %	1.1 %
Fixed Income	19.8	4.5	4.4	3.4
Global Equity	54.0	8.7	7.1	18.1
Real Estate (Property)	10.3	7.6	6.6	14.8
Private Equity	11.1	11.9	8.8	26.3
Strategic Investments	3.8	6.3	6.1	7.7
Total	<u>100 %</u>			

Assumed Inflation - Mean	2.4 %	1.4 %
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*Discount Rate*

The discount rate used to measure the total pension liability was 6.70% for the FRS Plan, which was no change from the 6.70% rate as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Florida Retirement System Pension Plan (Continued)**

*Pension Liability Sensitivity*

The following presents the Authority's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	One Percent Decrease	Current Discount Rate	One Percent Increase
FRS Plan Discount Rate	5.70%	6.70%	7.70%
Authority's Proportionate Share of the FRS Plan Net Pension Liability	\$ 605,756	\$ 354,616	\$ 144,507

*Pension Plan Fiduciary Net Position*

Detailed information about the FRS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**Retiree Health Insurance Subsidy Program**

*Plan Description*

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

*Benefits Provided*

For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

*Contributions*

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.75% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Authority's contributions to the HIS Plan were \$5,422 for the year ended September 30, 2023.

*Pension Costs*

As of September 30, 2023, the Authority reported a liability of \$118,615 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the net pension liability was based on the Authority's contributions received during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all participating employers. At June 30, 2023, the Authority's proportion was 0.000746884%, which was an increase of 0.000046884%, from its proportion measured as of June 30, 2022.

For the year ended September 30, 2023, the Authority recognized pension expense of \$45,077 for its proportionate share of HIS's pension expense. In addition, the Authority reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,736	\$ 278
Changes in Actuarial Assumptions	3,118	10,278
Net Difference Between Projected and Actual Earnings on Pension Plan Program Investments	62	-
Changes in Proportion and Differences Between the Authority's Contributions and Proportionate Share of Contributions	12,416	2,861
Authority's Contributions Subsequent to the Measurement Date	1,670	-
Total	\$ 19,002	\$ 13,417

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

**Retiree Health Insurance Subsidy Program (Continued)**

\$1,670 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2024	\$ (83)
2025	1,754
2026	1,642
2027	231
2028	198
Thereafter	173

*Actuarial Assumptions*

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022, valuation was based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

*Discount Rate*

The discount rate used to measure the total pension liability was 3.65% for the HIS Plan which was a 0.11% increase from 3.54% % rate as of June 30, 2023. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 5 RETIREMENT PLANS (CONTINUED)**

*Pension Liability Sensitivity*

The following presents the Authority's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>One Percent Decrease</u>	<u>Current Discount Rate</u>	<u>One Percent Increase</u>
HIS Plan Discount Rate	2.65 %	3.65 %	4.65 %
Authority's Proportionate Share of the HIS Plan Net Pension Liability	<u>\$ 135,321</u>	<u>\$ 118,615</u>	<u>\$ 104,767</u>

*Pension Plan Fiduciary Net Position*

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**Summary**

The aggregate amount of the net pension liability, related deferred inflows of resources, and deferred outflows or resources, and pension expense the Authority's defined benefit pension plans are summarized below.

	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net Pension Liability	\$ 354,616	\$ 118,615	\$ 473,231
Deferred Outflow of Resources	188,892	19,002	207,894
Deferred Inflow of Resources	700	13,417	14,117
Pension Expense	98,461	45,077	143,538

**NOTE 6 DEFINED CONTRIBUTION PLAN**

*FRS Investment Plan*

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the state of Florida Comprehensive Annual Financial Report.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 6 DEFINED CONTRIBUTION PLAN (CONTINUED)**

*FRS Investment Plan (Continued)*

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$8,311 for the year ended September 30, 2023. Employee contributions to the Investment Plan totaled \$1,448 for the year ended September 30, 2023.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 LONG-TERM LIABILITIES**

The changes in noncurrent liabilities for the year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings:					
Mortgage Payable	\$ 54,857	\$ -	\$ (54,857)	\$ -	\$ -
Accrued Compensated Absences	27,341	10,306	(254)	37,393	3,739
SBITA*	38,263	-	(18,621)	19,642	19,642
Lease	3,389	-	(1,652)	1,737	1,737
	<u>\$ 123,850</u>	<u>\$ 10,306</u>	<u>\$ (55,111)</u>	<u>\$ 37,393</u>	<u>\$ 3,739</u>

\*Restatement of long term liabilities as of October 1, 2022, is a result of implementing GASB Statement No. 96, SBITA during the 2023 fiscal year.

**Mortgage Payable**

On July 22, 2016, the Authority entered into a Construction Loan agreement with Brannen Bank, in the amount of \$300,000. The loan has an interest rate of 5.50% and matures on July 1, 2037. The loan is secured by a security agreement on the property. At September 30, 2023, the balance of the loan was \$0.

**Lessee Arrangement**

The Authority leases a piece of office equipment under a long-term, noncancelable lease agreement. The lease expires during 2024.

The principal and interest payments under the lease agreement is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	1,737	47
Total Minimum Lease Payments	<u>\$ 1,737</u>	<u>\$ 47</u>

**Subscription-Based Information Technology Arrangement (SBITA)**

The Authority has a subscription for use of housing software. The SBITA expires during 2024.

The principal and interest payments under the lease agreement is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	19,642	164
Total Minimum Lease Payments	<u>\$ 19,642</u>	<u>\$ 164</u>

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 RISK MANAGEMENT**

**A. Property and Liability Insurance**

The Authority has obtained commercial insurance from the Florida Housing Authorities Risk Management Insureds for the following risks:

- Comprehensive property and general liability
- Vehicles

Settled claims have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**B. Workers' Compensation**

The Authority belongs to the Florida Municipal Insurance Trust for Workers' Compensation.

**C. Employee Health Insurance**

The Authority belongs to Hernando County's health insurance program. The program is administered by an outside third party.

**NOTE 9 ECONOMIC DEPENDENCY**

**Federal Subsidies and Grants**

Government grants require the fulfillment of certain conditions as set forth in laws, rules, regulations, and grant agreements. Failure to fulfill the conditions could result in the return of funds to grantors. The Authority's management believes that disallowances, if any, would be immaterial.

The Authority receives a substantial amount of its support from the federal government in the form of subsidies and grants. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities. Revenue for the year ended September 30, 2023 was as follows:

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 9 ECONOMIC DEPENDENCY (CONTINUED)**

	Total Revenue	Revenue as a Percentage of Total Revenue
Revenue from HUD:		
Section 8 Housing Choice Voucher - HAP	\$ 3,175,675	65.6 %
Section 8 Housing Choice Voucher - Administrative	341,591	7.0
HOME Program - Tenant Based Rental Assistance	35,090	0.7
Total Revenue from HUD	<u>3,552,356</u>	<u>73.3</u>
 Non-HUD Funding:		
Section 8 Housing Choice Voucher - Port-In HAP	885,328	18.3
Section 8 Housing Choice Voucher - Port-In Administrative	66,415	1.4
SHIP Administrative Funding	105,075	1.7
Investment Income - Unrestricted	64	-
Net Tenant Revenue	210,958	4.3
Partnership Fees	33,266	0.7
Fraud Revenue	4,036	0.1
Other Revenue	10,125	0.2
Total Non-HUD Funding	<u>1,315,267</u>	<u>26.7</u>
 Total Revenue	<u>\$ 4,867,623</u>	<u>100.0 %</u>

**NOTE 10 INTERLOCAL AGREEMENT**

On August 1, 2019, the Authority entered into an Interlocal Agreement, pursuant to authority granted by Section 421.11 and Section 163.01, Florida Statutes, with the Housing Authority of the City of Brooksville (BHA), another public housing authority created under Chapter 421, Florida Statutes. BHA has engaged the Authority as its sole and exclusive agent to serve as the executive manager, performing all required tasks and making arrangements for the applicable services of BHA's properties.

The term of the agreement was extended through July 31, 2025, unless terminated or extended by a written notice approved by both the respective Boards of Commissioners of the Housing Authorities. The monthly management fees are as follows: \$2,500 per month from February 1, 2021 through January 31, 2022; \$3,000 per month from February 1, 2022 through January 31, 2023; \$3,500 per month from February 1, 2023 through July 31, 2025, for up to 20 hours of management services, and \$75 per hour for every hour over 20 hours. BHA will also reimburse the Authority for expenses incurred in the administration of the agreement. During the year ended September 30, 2023, the Authority received \$33,266 from BHA.

**HERNANDO COUNTY HOUSING AUTHORITY  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION  
LIABILITY – FLORIDA RETIREMENT SYSTEM PENSION PLAN  
LAST 10 MEASUREMENT PERIODS<sup>1</sup>**

Florida Retirement System Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.000008899 %	0.000006376 %	0.000004432 %	0.000003761 %	0.000003618 %	0.000003318 %	0.000394553 %	0.000570165 %	0.000006132 %
Proportionate Share of the Net Pension Liability	\$ 354,615	\$ 237,258	\$ 33,481	\$ 162,998	\$ 124,592	\$ 99,943	\$ 116,706	\$ 143,967	\$ 79,198
Covered Payroll	\$ 295,896	\$ 257,420	\$ 228,557	\$ 203,286	\$ 201,053	\$ 194,779	\$ 228,610	\$ 231,505	\$ 226,692
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	119.84%	92.17%	14.65%	80.18%	61.97%	51.31%	51.05%	62.19%	34.94%
Plan Fiduciary Net Position as a Percentage of the Pension Liability	82.38%	82.89%	96.40%	78.85%	84.26%	84.26%	83.89%	84.88%	92.00%

<sup>1</sup>The amounts presented for each fiscal year were determined as of June 30.

Information is required to be presented for 10 years. However, until a full 10-year trend is complied, the Authority will present information for only those years for which information is available.

**HERNANDO COUNTY HOUSING AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN**  
**LAST 10 MEASUREMENT PERIODS<sup>1</sup>**

Florida Retirement System Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 45,757	\$ 33,440	\$ 17,291	\$ 13,071	\$ 11,944	\$ 9,640	\$ 9,511	\$ 13,904	\$ 14,578
Contributions in Relation to the Contractually Required Contribution	(45,757)	(33,440)	(17,291)	(13,071)	(11,944)	(9,640)	(9,511)	(13,904)	(14,578)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 309,433	\$ 277,101	\$ 232,406	\$ 300,124	\$ 267,771	\$ 267,717	\$ 243,276	\$ 234,950	\$ 185,129
Contributions as a Percentage of Covered Employee Payroll	14.79%	12.07%	7.44%	4.36%	4.46%	3.60%	3.91%	5.92%	7.87%

<sup>1</sup>The amounts presented for each fiscal year were determined as of September 30.

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**HERNANDO COUNTY HOUSING AUTHORITY  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION  
LIABILITY – HEALTH INSURANCE SUBSIDY PROGRAM  
LAST 10 MEASUREMENT PERIODS<sup>1</sup>**

<u>Retiree Health Insurance Subsidy Program</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	0.000007469 %	0.000007000 %	0.000006456 %	0.000005857 %	0.000006011 %	0.000005964 %	0.000717108 %	0.000749917 %	0.000007472 %
Proportionate Share of the Net Pension Liability	\$ 18,615	\$ 74,141	\$ 79,193	\$ 71,514	\$ 67,263	\$ 63,119	\$ 76,676	\$ 87,400	\$ 76,202
Covered Payroll	\$ 295,896	\$ 257,420	\$ 228,557	\$ 203,286	\$ 201,053	\$ 194,779	\$ 228,610	\$ 231,505	\$ 226,692
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	40.09%	28.80%	34.65%	35.18%	33.46%	32.41%	33.54%	37.75%	33.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.12%	4.81%	3.56%	3.00%	2.15%	2.15%	1.64%	0.97%	0.50%

<sup>1</sup>The amounts presented for each fiscal year were determined as of June 30.

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**HERNANDO COUNTY HOUSING AUTHORITY  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PROGRAM  
LAST 10 FISCAL YEARS<sup>1</sup>**

<u>Retiree Health Insurance Subsidy Program</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 5,422	\$ 4,562	\$ 3,859	\$ 3,338	\$ 3,421	\$ 3,244	\$ 3,697	\$ 3,844	\$ 3,019
Contributions in Relation to the Contractually Required Contribution	(5,422)	(4,562)	(3,859)	(3,338)	(3,421)	(3,244)	(3,697)	(3,844)	(3,019)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 309,433	\$ 277,101	\$ 232,406	\$ 300,124	\$ 267,771	\$ 267,717	\$ 243,276	\$ 234,950	\$ 222,111
Contributions as a Percentage of Covered Employee Payroll	175%	165%	166%	11%	128%	12%	152%	164%	136%

<sup>1</sup>The amounts presented for each fiscal year were determined as of September 30.

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for only those years for which information is available.

**HERNANDO COUNTY HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

Line Item No.	Account Description	Housing Choice Voucher	State/Local Program	Business Activities	HOME Program	Subtotal	Eliminations	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
<b>CURRENT ASSETS</b>								
Cash:								
111	Cash - Unrestricted	\$ 278,784	\$ 5,473	\$ 341,414	\$ 14,304	\$ 639,975	\$ -	\$ 639,975
113	Cash - Other Restricted	39,693	-	-	-	39,693	-	39,693
114	Cash - Tenant Security Deposits	-	-	14,600	-	14,600	-	14,600
100	Total Cash	<u>318,477</u>	<u>5,473</u>	<u>356,014</u>	<u>14,304</u>	<u>694,268</u>	<u>-</u>	<u>694,268</u>
Accounts Receivable:								
121	Accounts Receivable - PHA Projects	27,982	-	-	-	27,982	-	27,982
122	Accounts Receivable - HUD Other Projects	94,300	-	-	-	94,300	-	94,300
124	Accounts Receivable - Other Governments	-	29,407	-	-	29,407	-	29,407
125	Accounts Receivable - Miscellaneous	-	-	4,000	-	4,000	-	4,000
126	Accounts Receivable - Tenant	-	-	7,567	5,741	13,308	-	13,308
128	Fraud Recovery	15,956	-	-	-	15,956	-	15,956
128.1	Allowance for Doubtful Accounts - Fraud	(15,956)	-	-	-	(15,956)	-	(15,956)
120	Total Receivables, Net	<u>122,282</u>	<u>29,407</u>	<u>11,567</u>	<u>5,741</u>	<u>168,997</u>	<u>-</u>	<u>168,997</u>
Other Current Assets:								
142	Prepaid Expenses and Other Assets	10,589	3,964	11,267	42	25,862	-	25,862
	Total Other Current Assets	<u>10,589</u>	<u>3,964</u>	<u>11,267</u>	<u>42</u>	<u>25,862</u>	<u>-</u>	<u>25,862</u>
150	Total Current Assets	<u>451,348</u>	<u>38,844</u>	<u>378,848</u>	<u>20,087</u>	<u>889,127</u>	<u>-</u>	<u>889,127</u>
<b>NONCURRENT ASSETS</b>								
Capital Assets:								
161	Land	-	-	259,751	-	259,751	-	259,751
162	Building	-	-	2,936,824	-	2,936,824	-	2,936,824
164	Furniture and Equipment - Administration	89,302	-	6,319	-	95,621	-	95,621
166	Less: Accumulated Depreciation	(65,946)	-	(525,952)	-	(591,898)	-	(591,898)
160	Total Capital Assets, Net	<u>23,356</u>	<u>-</u>	<u>2,676,942</u>	<u>-</u>	<u>2,700,298</u>	<u>-</u>	<u>2,700,298</u>
180	Total Noncurrent Assets	<u>23,356</u>	<u>-</u>	<u>2,676,942</u>	<u>-</u>	<u>2,700,298</u>	<u>-</u>	<u>2,700,298</u>
190	Total Assets	<u>474,704</u>	<u>38,844</u>	<u>3,055,790</u>	<u>20,087</u>	<u>3,589,425</u>	<u>-</u>	<u>3,589,425</u>
200	Deferred Outflow of Resources	<u>128,894</u>	<u>41,580</u>	<u>37,420</u>	<u>-</u>	<u>207,894</u>	<u>-</u>	<u>207,894</u>
290	Total Assets and Deferred Outflow of Resources	<u>\$ 603,598</u>	<u>\$ 80,424</u>	<u>\$ 3,093,210</u>	<u>\$ 20,087</u>	<u>\$ 3,797,319</u>	<u>\$ -</u>	<u>\$ 3,797,319</u>

**HERNANDO COUNTY HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2023**

Line Item No.	Account Description	Housing Choice Voucher	State/Local Program	Business Activities	HOME Program	Subtotal	Eliminations	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>								
<b>CURRENT LIABILITIES</b>								
312	Accounts Payable - ≤ 90 Days	\$ 1,952	\$ 108	\$ 2,029	\$ 9	\$ 4,098	\$ -	\$ 4,098
321	Accrued Payroll	2,974	1,143	830	-	4,947	-	4,947
322	Accrued Compensated Absences - Current Portion	2,492	369	878	-	3,739	-	3,739
332	Accounts Payable - PHA Projects	18,560	-	-	-	18,560	-	18,560
341	Tenant Security Deposits	-	-	14,600	-	14,600	-	14,600
342	Unearned Revenues	-	-	110,482	5,269	115,751	-	115,751
343	Current Portion of Long-Term Debt - Capital Projects	21,379	-	-	-	21,379	-	21,379
310	Total Current Liabilities	<u>47,357</u>	<u>1,620</u>	<u>128,819</u>	<u>5,278</u>	<u>183,074</u>	<u>-</u>	<u>183,074</u>
<b>NONCURRENT LIABILITIES</b>								
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Noncurrent	22,431	3,321	7,902	-	33,654	-	33,654
357	Accrued Pension and OPEB Liabilities	293,403	94,646	85,182	-	473,231	-	473,231
350	Total Noncurrent Liabilities	<u>315,834</u>	<u>97,967</u>	<u>93,084</u>	<u>-</u>	<u>506,885</u>	<u>-</u>	<u>506,885</u>
300	Total Liabilities	363,191	99,587	221,903	5,278	689,959	-	689,959
400	Deferred Inflow of Resources	8,752	2,823	2,542	-	14,117	-	14,117
<b>NET POSITION</b>								
508.4	Net Investment in Capital Assets	1,977	-	2,676,942	-	2,678,919	-	2,678,919
511.4	Restricted	39,693	-	-	-	39,693	-	39,693
512.4	Unrestricted	189,985	(21,986)	191,823	14,809	374,631	-	374,631
513	Total Net Position	<u>231,655</u>	<u>(21,986)</u>	<u>2,868,765</u>	<u>14,809</u>	<u>3,093,243</u>	<u>-</u>	<u>3,093,243</u>
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 603,598</u>	<u>\$ 80,424</u>	<u>\$ 3,093,210</u>	<u>\$ 20,087</u>	<u>\$3,797,319</u>	<u>\$ -</u>	<u>\$ 3,797,319</u>

**HERNANDO COUNTY HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**SEPTEMBER 30, 2023**

Line Item No.	Account Description	Housing Choice Voucher	State/Local Program	Business Activities	HOME Program	Subtotal	Eliminations	Total
<b>REVENUE</b>								
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ 218,342	\$ -	\$ 218,342	\$ -	\$ 218,342
70500	Total Tenant Revenue	-	-	218,342	-	218,342	-	218,342
70600	HUD PHA Operating Grants	3,517,266	-	-	-	3,517,266	-	3,517,266
70800	Other Government Grants	-	-	-	35,090	35,090	-	35,090
71100	Investment Income - Unrestricted	30	4	29	1	64	-	64
71400	Fraud Recovery Revenue	4,036	-	-	-	4,036	-	4,036
71500	Other Revenue	951,743	105,075	79,576	1,141	1,137,535	(37,326)	1,100,209
70000	Total Revenue	4,473,075	105,079	297,947	36,232	4,912,333	(37,326)	4,875,007
<b>EXPENSES</b>								
Administrative:								
91100	Administrative Salaries	189,342	62,203	54,524	1,276	307,345	-	307,345
91200	Auditing Fees	28,560	2,856	4,284	-	35,700	-	35,700
91400	Advertising and Marketing	244	380	-	-	624	-	624
91500	Employee Benefit Contributions -							
	Administrative	137,221	53,140	36,367	-	226,728	-	226,728
91600	Office Expenses	53,914	9,025	7,370	95	70,404	(37,326)	33,078
91700	Legal Expense	-	-	-	-	-	-	-
91800	Travel	1,640	36	-	-	1,676	-	1,676
91900	Other	6,930	572	10,474	6	17,982	-	17,982
91000	Total Administrative	417,851	128,212	113,019	1,377	660,459	(37,326)	623,133
Utilities:								
93100	Water	-	-	5,145	-	5,145	-	5,145
93200	Electricity	-	-	9,323	-	9,323	-	9,323
93000	Total Utilities	-	-	14,468	-	14,468	-	14,468
Maintenance:								
94200	Materials and Other	-	-	548	-	548	-	548
94300	Contracts	1,992	-	55,087	-	57,079	-	57,079
94000	Total Maintenance	1,992	-	55,635	-	57,627	-	57,627
95200	Protective Services - Other Contracts	-	-	1,041	-	1,041	-	1,041
95000	Total Protective Services	-	-	1,041	-	1,041	-	1,041

**HERNANDO COUNTY HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2023**

Line Item No.	Account Description	Housing Choice Voucher	State/Local Program	Business Activities	HOME Program	Subtotal	Eliminations	Total
	Insurance Premiums:							
96110	Property Insurance	\$ -	\$ -	\$ 22,318	\$ -	\$ 22,318	\$ -	\$ 22,318
96120	Liability Insurance	-	1,598	3,858	-	5,456	-	5,456
96130	Workmen's Compensation	5,802	1,270	1,099	297	8,468	-	8,468
96140	All Other Insurance	500	-	200	-	700	-	700
96100	Total Insurance Premiums	6,302	2,868	27,475	297	36,942	-	36,942
	General Expenses:							
96200	Other General Expense	4,004	-	-	-	4,004	-	4,004
96210	Compensated Absences	6,677	1,722	1,907	-	10,306	-	10,306
96300	Payments in Lieu of Taxes	-	-	23,824	-	23,824	-	23,824
96400	Bad Debt - Tenant Rents	-	-	-	7,384	7,384	-	7,384
96000	Total General Expenses	10,681	1,722	25,731	7,384	45,518	-	45,518
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	1,091	-	-	-	1,091	-	1,091
96700	Total Interest Expense and Amortization Cost	1,091	-	-	-	1,091	-	1,091
96900	Total Expenses	437,917	132,802	237,369	9,058	817,146	(37,326)	779,820
97000	<b>EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) OPERATING EXPENSES</b>	4,035,158	(27,723)	60,578	27,174	4,095,187	-	4,095,187
	<b>OTHER EXPENSES</b>							
97300	Housing Assistance Payments	3,179,796	-	-	25,449	3,205,245	-	3,205,245
97350	HAP Portability-In	885,328	-	-	-	885,328	-	885,328
97400	Depreciation/Amortization Expense	18,796	-	75,687	-	94,483	-	94,483
90000	Total Other Expenses	4,521,837	132,802	313,056	34,507	5,002,202	(37,326)	4,964,876
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>	(48,762)	(27,723)	(15,109)	1,725	(89,869)	-	(89,869)
11030	Net Position - Beginning of Year	280,417	5,737	2,883,874	13,084	3,183,112	-	3,183,112
	<b>NET POSITION - END OF YEAR</b>	<u>\$ 231,655</u>	<u>\$ (21,986)</u>	<u>\$ 2,868,765</u>	<u>\$ 14,809</u>	<u>\$3,093,243</u>	<u>\$ -</u>	<u>\$3,093,243</u>
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040	Prior Period Adjustments, Equity Transfers and Correction of Error	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170	Administrative Fee Equity	\$ 191,962	\$ -	\$ -	\$ -	\$ 191,962	\$ -	\$ 191,962
11180	Housing Assistance Payments Equity	\$ 39,693	\$ -	\$ -	\$ -	\$ 39,693	\$ -	\$ 39,693
11190	Unit Months Available	5,100	-	344	50	5,494	-	5,494
11210	Number of Unit Months Leased	4,074	-	307	50	4,431	-	4,431

**HERNANDO COUNTY HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Department of Housing and Urban Development</b>				
Direct Programs				
<u>Housing Choice Voucher Cluster</u>				
Section 8 Housing Choice Voucher	14.871	N/A	\$ -	\$ 3,517,266
Total Housing Choice Voucher Cluster			-	3,517,266
Passed Through from Florida Housing Finance Corporation				
HOME Investment Partnerships Program	14.239	003-2019	-	35,090
Total Federal Awards			\$ -	\$ 3,552,356

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HERNANDO COUNTY HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 INDIRECT COST RATE**

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 HOUSING CHOICE VOUCHER PROGRAM**

The Authority received \$3,517,266 in federal funding for the Section 8 Housing Choice Voucher Program (ALN 14.871) during the year. The Authority reported \$4,521,837 in expenses on a full accrual basis for the Section 8 Housing Choice Voucher Program during the year, which were paid with federal and nonfederal funds. The Authority reported \$885,328 of Port-In expenses during the fiscal year.



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

Board of Commissioners  
Hernando County Housing Authority  
Brooksville, 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 Hernando County Housing Authority (the Authority), as of and for the year ended September 30, 2023, 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 26, 2024.

***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 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.

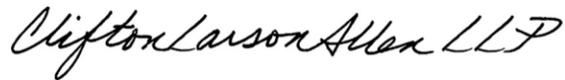
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***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*.

***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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 26, 2024



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

Board of Commissioners  
Hernando County Housing Authority  
Brooksville, Florida

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

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

We have audited Hernando County Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2023. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



**CliftonLarsonAllen LLP**

Lakeland, Florida  
June 26, 2024

**HERNANDO COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2023**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

**Identification of Major Federal Programs**

<b>Federal Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
14.871	Housing Choice Voucher Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes    _____ No

**HERNANDO COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
SEPTEMBER 30, 2023**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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