

NICEVILLE HOUSING AUTHORITY

**FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

NICEVILLE HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2021

| | <u>Page</u> |
|---|-------------|
| Management's Discussion and Analysis..... | 1-4 |
| Independent Auditor's Report | 5-6 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> | 7 |
| Statement of Net Position – Enterprise Fund | 8-9 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund | 10 |
| Statement of Cash Flows – Enterprise Fund | 11 |
| Notes to Financial Statements | 12-27 |
| Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan | 28 |
| Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability – Retiree Health Insurance Subsidy Program | 29 |
| Required Supplementary Information – Schedule of the Authority's Contributions – Florida Retirement System Pension Plan | 30 |
| Required Supplementary Information – Schedule of the Authority's Contributions – Retiree Health Insurance Subsidy Program | 31 |
| Schedule of Findings and Responses | 32 |
| Independent Accountant's Report | 33 |
| Financial Data Schedule | 34-38 |

NICEVILLE HOUSING AUTHORITY
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED SEPTEMBER 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (the "MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Niceville Housing Authority's (the "Authority") financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify issues or concerns. This will now be presented at the front of each year's financial statements.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position at September 30, 2021, increased to \$3,211,956. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$3,176,491 for 2020.
- The business-type activities operating revenues at September 30, 2021, decreased to \$916,037. Total operating revenues were \$923,510 for 2020.
- The total operating expenses of all programs for September 30, 2021, decreased to \$998,812. Total operating expenses were \$1,076,118 for 2020.
- Capital grant contributions were \$108,947 for September 30, 2021. Capital grant contributions were \$104,265 for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

This MD&A is intended to serve as an introduction to the Authority's basic financial statements.

The following statements are included:

- Statement of Net Position – reports current financial resources (short-term expendable resources) with capital assets and long-term obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Position – reports operating and nonoperating revenue, by major source, along with operating and nonoperating expenses and capital contributions.
- Statement of Cash Flows – reports cash flows from operating, investing, capital, and non-capital activities.

PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income (as defined in the HUD regulations).

Capital Fund Grants – The Authority's capital funds are received from the federal government through a formula driven computation. These funds are used to upgrade our facilities at various developments to give our residents the decent and safe living environment they need. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

Business Activities – The Business Activities Program exists for future developments the Authority is considering. Currently, the only activity is set up and administrative costs.

FINANCIAL ANALYSIS

The following tables focus on the net position and the change in net assets of the primary government as a whole.

TABLE 1 – STATEMENT OF NET POSITION

| | <u>2021</u> | <u>2020</u> | <u>Variance</u> | <u>% Change</u> |
|----------------------------------|---------------------|---------------------|------------------|-----------------|
| Current Assets | \$ 1,255,463 | \$ 1,087,808 | \$ 167,655 | 15.41% |
| Capital Assets, Net | <u>2,239,882</u> | <u>2,392,845</u> | <u>(152,963)</u> | -6.39% |
| Total Assets | <u>3,495,345</u> | <u>3,480,653</u> | <u>14,692</u> | 0.42% |
| Deferred Outflows of Resources | <u>57,959</u> | <u>73,199</u> | <u>(15,240)</u> | -20.82% |
| Current Liabilities | 103,786 | 101,894 | 1,892 | 1.86% |
| Noncurrent Liabilities | <u>103,586</u> | <u>223,462</u> | <u>(119,876)</u> | -53.64% |
| Total Liabilities | <u>207,372</u> | <u>325,356</u> | <u>(117,984)</u> | -36.26% |
| Deferred Inflows of Resources | <u>133,976</u> | <u>52,005</u> | <u>81,971</u> | 157.62% |
| Net Position | | | | |
| Net Investment in Capital Assets | 2,239,882 | 2,392,845 | (152,963) | -6.39% |
| Unrestricted | <u>972,074</u> | <u>783,646</u> | <u>188,428</u> | 24.05% |
| Total Net Position | <u>\$ 3,211,956</u> | <u>\$ 3,176,491</u> | <u>\$ 35,465</u> | 1.12% |

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets increased by \$167,655 primarily due to increases in cash as a result of normal operations.

Capital assets decreased by \$152,963 due to normal depreciation of capital assets exceeding current year capital asset additions.

Deferred outflows of resources decreased by \$15,240 due to the current valuation of changes in the Authority's pension plan. The deferred outflows of resources represent the Authority's pension contributions subsequent measurement period, pension plan changes of assumptions, net difference between the expected and actual experience on pension plan investment, net differences between projected and actual earnings on pension plan investment, and changes in proportion and differences between contributions and proportionate share of contributions.

Current liabilities increased by \$1,892 due to an increase in accrued wage/payroll taxes payable, the current portion of accrued compensated absences, accounts payable to other governments, tenant security deposits, and unearned revenues. This increase was partially offset by a decrease in accounts payable to vendors and other accrued current liabilities.

Noncurrent liabilities decreased by \$119,876 due to a decrease in accrued pension liability, partially offset by an increase in the noncurrent portion of accrued compensated absences.

Deferred inflows of resources increased by \$81,971 due to the current valuation of changes in the Authority's pension plan. The deferred inflows of resources represent the actuarially determined difference between projected and actual earnings on the Authority's pension plan, pension plan changes of assumptions, changes in proportion and difference between contributions and proportionate share of contributions, and the differences between expected and actual experience. Deferred inflows for 2020 were \$52,005.

TABLE 2 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal years. The Authority is engaged only in business-type activities.

| | <u>2021</u> | <u>2020</u> | <u>Variance</u> | <u>% Change</u> |
|----------------------------------|---------------------|---------------------|------------------|-----------------|
| Operating Revenues | | | | |
| Rental and Other Income | \$ 437,264 | \$ 396,312 | \$ 40,952 | 10.33% |
| Federal Grants | 452,284 | 469,497 | (17,213) | -3.67% |
| Other | 26,489 | 57,701 | (31,212) | -54.09% |
| Total Operating Revenues | <u>916,037</u> | <u>923,510</u> | <u>(7,473)</u> | -0.81% |
| Operating Expenses | | | | |
| Administration | 197,256 | 219,088 | (21,832) | -9.96% |
| Tenant Services | 3,480 | 2,750 | 730 | 26.55% |
| Utilities | 94,773 | 90,303 | 4,470 | 4.95% |
| Maintenance | 351,933 | 423,455 | (71,522) | -16.89% |
| General | 89,460 | 83,802 | 5,658 | 6.75% |
| Depreciation | 261,910 | 256,720 | 5,190 | 2.02% |
| Total Operating Expenses | <u>998,812</u> | <u>1,076,118</u> | <u>(77,306)</u> | -7.18% |
| Operating Income (loss) | <u>(82,775)</u> | <u>(152,608)</u> | <u>69,833</u> | 45.76% |
| Nonoperating revenues (expenses) | | | | |
| Interest Revenue | 9,293 | 20,350 | (11,057) | -54.33% |
| Capital Contributions | 108,947 | 104,265 | 4,682 | 4.49% |
| Total Nonoperating Activity | <u>118,240</u> | <u>124,615</u> | <u>(6,375)</u> | -5.12% |
| Change in Net Position | 35,465 | (27,993) | 63,458 | -226.69% |
| Beginning Net Position | <u>3,176,491</u> | <u>3,204,484</u> | <u>(27,993)</u> | -0.87% |
| Ending Net Position | <u>\$ 3,211,956</u> | <u>\$ 3,176,491</u> | <u>\$ 35,465</u> | 1.12% |

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Net position increased by \$35,465 primarily due to total revenues exceeding total expenses during the current year.

The Authority had an operating loss of \$82,775 including non-cash depreciation expense of \$261,910 versus operating loss of \$152,608, and depreciation expense of \$256,720 in the prior year.

Total operating revenues decreased by \$7,473 to \$916,037 due in large part to a decrease in federal grants and other operating revenues.

Total operating expenses decreased by \$77,306 to \$998,812 due to decreases in administration and maintenance expenses. This was partially offset by increases in tenant services, utilities, general, and depreciation expenses.

Capital contributions increased by \$4,682 due to an increase in modernization projects.

CAPITAL ASSETS

As of September 30, 2021, investment in capital assets for its business-type activities was \$2,239,882, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress.

Major capital asset purchases during the current fiscal year included:

- Irrigation repairs
- Attic insulation installation
- New doors installation
- Maintenance building

There were no major capital asset disposals during the current fiscal year.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation, recession, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Ms. Rebecca Cole, Executive Director, Niceville Housing Authority, 850-678-7816.

Independent Auditor's Report

To the Board of Commissioners
Niceville Housing Authority

Report on the Financial Statements

We have audited the financial statements of the Niceville Housing Authority (the "Authority"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1-4, schedule of the Authority's proportionate share of the net pension liability on pages 28-29, and schedule of the Authority's contributions on pages 30-31 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's basic financial statements. The accompanying supplementary information including the financial data schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The financial data schedule 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule is 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 March 15, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Henderson & Pilleteri, LLC

Birmingham, AL
March 15, 2022

**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***

Independent Auditor's Report

To the Board of Commissioners
Niceville Housing Authority

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 basic financial statements of the Niceville Housing Authority (the "Authority"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 15, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Henderson & Pilleteri, LLC

Birmingham, AL
March 15, 2022

NICEVILLE HOUSING AUTHORITY
STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2021

ASSETS

Current assets:

| | |
|--|------------------|
| Unrestricted cash and cash equivalents | \$ 507,255 |
| Restricted cash and cash equivalents | 25,475 |
| Investments | 683,963 |
| Due from HUD | 6,315 |
| Tenants receivable, net | 54 |
| Prepaid expenses and other assets | <u>32,401</u> |
| Total current assets | <u>1,255,463</u> |

Noncurrent assets:

Capital assets:

| | |
|--|------------------|
| Land and construction in progress | 176,274 |
| Buildings and equipment, net of depreciation | <u>2,063,608</u> |
| Total capital assets | <u>2,239,882</u> |

| | |
|--------------|------------------|
| Total assets | <u>3,495,345</u> |
|--------------|------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|--------------|
| Differences between expected and actual experience | 6,878 |
| Pension plan changes of assumptions | 23,626 |
| Net difference between projected and actual earnings on pension plan investments | 73 |
| Changes in proportion & differences between contributions and proportionate share of | 22,194 |
| Pension plan contributions subsequent to measurement date | <u>5,188</u> |

| | |
|--------------------------------------|------------------|
| Total deferred outflows of resources | <u>\$ 57,959</u> |
|--------------------------------------|------------------|

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

NICEVILLE HOUSING AUTHORITY
STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2021

LIABILITIES

Current liabilities:

| | |
|---------------------------------------|----------------|
| Accounts payable | \$ 5,616 |
| Accrued liabilities | 16,635 |
| Intergovernmental payables | 34,249 |
| Tenant security deposits | 25,475 |
| Unearned revenue | 5,698 |
| Compensated absences, current portion | 16,113 |
| Total current liabilities | <u>103,786</u> |

Noncurrent liabilities:

| | |
|--|----------------|
| Compensated absences, net of current portion | 7,395 |
| Accrued pension liabilities | 96,191 |
| Total noncurrent liabilities | <u>103,586</u> |

| | |
|-------------------|----------------|
| Total liabilities | <u>207,372</u> |
|-------------------|----------------|

DEFERRED INFLOWS OF RESOURCES

| | |
|--|----------------|
| Differences between expected and actual experience | 29 |
| Pension plan changes of assumptions | 2,870 |
| Net difference between projected and actual earnings on pension plan investments | 92,548 |
| Changes in proportion & differences between contributions and proportionate share of contributions | 38,529 |
| Total deferred inflows of resources | <u>133,976</u> |

NET POSITION

| | |
|----------------------------------|---------------------|
| Net investment in capital assets | 2,239,882 |
| Unrestricted | <u>972,074</u> |
| Total net position | <u>\$ 3,211,956</u> |

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

NICEVILLE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUES

| | |
|----------------|---------------|
| Rental income | \$ 437,264 |
| Federal grants | 452,284 |
| Other | <u>26,489</u> |

| | |
|--------------------------|----------------|
| Total operating revenues | <u>916,037</u> |
|--------------------------|----------------|

OPERATING EXPENSES

| | |
|-----------------|----------------|
| Administration | 197,256 |
| Tenant services | 3,480 |
| Utilities | 94,773 |
| Maintenance | 351,933 |
| General | 89,460 |
| Depreciation | <u>261,910</u> |

| | |
|--------------------------|----------------|
| Total operating expenses | <u>998,812</u> |
|--------------------------|----------------|

| | |
|-------------------------|----------|
| Operating income (loss) | (82,775) |
|-------------------------|----------|

NONOPERATING REVENUES (EXPENSES)

| | |
|------------------|--------------|
| Interest revenue | <u>9,293</u> |
|------------------|--------------|

| | |
|------------------------------------|----------|
| Income (loss) before contributions | (73,482) |
|------------------------------------|----------|

| | |
|-----------------------|----------------|
| Capital contributions | <u>108,947</u> |
|-----------------------|----------------|

| | |
|------------------------|--------|
| Change in net position | 35,465 |
|------------------------|--------|

| | |
|--|------------------|
| Total net position - beginning of the year | <u>3,176,491</u> |
|--|------------------|

| | |
|--------------------------------------|---------------------|
| Total net position - end of the year | <u>\$ 3,211,956</u> |
|--------------------------------------|---------------------|

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

NICEVILLE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------------|
| Receipts from tenants | \$ 439,920 |
| Federal grants | 447,169 |
| Other receipts | 26,489 |
| Payments to suppliers | (460,292) |
| Payments to or on behalf of employees | <u>(303,775)</u> |
| Net cash provided (used) by operating activities | <u>149,511</u> |

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

| | |
|---|----------------|
| Purchase of capital assets | (108,947) |
| Capital contributions | <u>108,947</u> |
| Net cash provided (used) by capital financing activities | <u>-</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|----------------|
| Interest revenue | 9,293 |
| Purchase of investments | <u>(8,089)</u> |
| Net cash provided (used) by investing activities | <u>1,204</u> |

| | |
|---|--------------------------|
| Net increase (decrease) in cash and cash equivalents | 150,715 |
| Balances - beginning of the year | <u>382,015</u> |
| Balances - end of the year | <u><u>\$ 532,730</u></u> |

**RECONCILIATION OF INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

| | |
|---|--------------------------|
| Operating income (loss) | \$ (82,775) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | 261,910 |
| Pension income | (5,029) |
| Change in assets and liabilities: | |
| Receivables, net | (5,123) |
| Prepays and other assets | (3,728) |
| Deferred outflows of resources | (18,098) |
| Accounts payable | (4,922) |
| Intergovernmental payables | 3,648 |
| Unearned revenue | 1,307 |
| Accrued liabilities | 345 |
| Compensated absences | 1,376 |
| Tenant security deposits | <u>600</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 149,511</u></u> |

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

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Niceville Housing Authority (the “Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD&A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the “enterprise fund” in the basic financial statements. Significant Authority policies are described below.

A. The Reporting Entity

The Authority was established as a tax-exempt quasi-governmental entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low and moderate income families in Okaloosa County, Florida. The governing body of the Authority is composed of a 5 member appointed Board of Commissioners (the “Board”). The Mayor appoints the Board, who in turn hires the Executive Director. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority’s management. The Authority has no component units.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority’s financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund’s activities are included on the Statement of Net Position. Proprietary fund net position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Revenues are recognized when they are earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses, and Changes in Fund Net Position after income before contributions and before changes in net position.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component on net position.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

D. Receivables

All receivables are current and due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible.

E. Restricted Assets and Liabilities

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

F. Inventories

Inventories are accounted for under the consumption method and recorded at the lower of cost or market. Materials and supplies are recorded as inventories when purchased and as expenditures when used. Allowances are reported when materials and supplies are deemed obsolete.

G. Prepaid Items

Prepaid items consist of payments made to vendors for services that will benefit future periods.

H. Capital Assets

Capital assets include property, furniture, equipment, and machinery. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and improvements | 25-40 |
| Improvements other than buildings | 15-25 |
| Furniture, equipment, and machinery | 5-10 |

I. Compensated Absences

Hours of leave may be accumulated for employees as follows: 8 hours per month for up to 5 years of service; 10 hours per month after 5 years but not exceeding 15 years of service; and 16 hours per month after 15 years of service. These amounts can be carried forward with a limit equal to two times the annual vacation amount the employee can earn within one year. Upon separation, employees can be paid out up to their respective limits for accrued vacation leave. Sick time can be carried over and will be paid out as follows: at retirement, employees will be paid one half of any unused sick leave (not to exceed 120 hours) that has been accrued throughout the last day of employment. Time accrued beyond these limits is forfeited unless exception is granted by the Board. The majority of employees utilize their annual accrual of vacation and sick leave during the year accrued. The Authority record compensated absences in the period they are earned and uses a systematic allocation process to allocate between short-term and long-term liability classification.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Unearned Revenue

The Authority recognizes revenues as earned. An amount received in advance of the period in which it is earned is recorded as a liability under unearned revenue.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that apply to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) or an inflow of resources (revenue) until then.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (“FRS”) Pension Plan and the Retiree Health Insurance Subsidy (“HIS”) Program 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 FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair market value.

N. Recent Accounting Pronouncements

The Authority has adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement No. 95 postpones the effective dates of the following GASB Statements and Implementation Guides for one year from their original effective dates to provide relief to governments and other stakeholders in light of the COVID-19 pandemic:

- Statement 83—reporting periods beginning after June 15, 2019
- Statement 84 and Implementation Guide 2019-2—reporting periods beginning after December 15, 2019
- Statement 87 and Implementation Guide 2019-3—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Statement 88—reporting periods beginning after June 15, 2019
- Statement 89—reporting periods beginning after December 15, 2020
- Statement 90—reporting periods beginning after December 15, 2019
- Statement 91—reporting periods beginning after December 15, 2021
- Statement 92, paragraphs 6 and 7—fiscal years beginning after June 15, 2021
- Statement 92, paragraphs 8, 9, and 12—reporting periods beginning after June 15, 2021
- Statement 92, paragraph 10—government acquisitions occurring in reporting periods beginning after June 15, 2021
- Statement 93, paragraphs 13 and 14 (relating to lease modifications)—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
- Implementation Guide 2017-3, Questions 4.484 and 4.491- the first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019
- Implementation Guide 2017-3, Questions 4.85, 4.103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245, and 5.1–5.4—actuarial valuations as of December 15, 2018, or later
- Implementation Guide 2018-1—reporting periods beginning after June 15, 2019
- Implementation Guide 2019-1—reporting periods beginning after June 15, 2020

The GASB encourages and permits earlier application of these standards to the extent specified in each pronouncement as originally issued. The adoption of GASB Statement No. 95 had no material effect on the Authority’s September 30, 2021 financial statements.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

Cash and investments may be invested in the following HUD-approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At September 30, 2021, cash was in bank deposits or money market funds that were insured or collateralized with securities held by the Authority or by its agent in the Authority's name. The investments were in certificates of deposit. Cash and investments balances at September 30, 2021 totaled \$532,730 and \$683,963, respectively.

Interest Rate Risk – The Authority's formal investment policy does not specifically address the exposure to this risk.

Credit Risk – The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

Custodial Credit Risk – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Concentration of Credit Risk – The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

NOTE 3 – CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

| | Beginning Balance | Additions | Retirements | Reclassifications | Ending Balance |
|--|----------------------|-------------|-------------|-------------------|-------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 63,172 | \$ - | \$ - | \$ - | \$ 63,172 |
| Construction in process | 245,516 | 108,947 | - | (241,361) | 113,102 |
| Total capital assets not being depreciated | 308,688 | 108,947 | - | (241,361) | 176,274 |
| Capital assets being depreciated | | | | | |
| Buildings and improvements | 6,711,802 | - | - | 241,361 | 6,953,163 |
| Equipment | 115,721 | - | (4,720) | - | 111,001 |
| Total capital assets being depreciated | 6,827,523 | - | (4,720) | 241,361 | 7,064,164 |
| Less accumulated depreciation for | | | | | |
| Buildings and improvements | (4,648,379) | (257,938) | - | - | (4,906,317) |
| Equipment | (94,987) | (3,972) | 4,720 | - | (94,239) |
| Total accumulated depreciation | (4,743,366) | (261,910) | 4,720 | - | (5,000,556) |
| Capital assets, net | \$2,392,845 | \$(152,963) | \$ - | \$ - | \$2,239,882 |

B. Capital Contributions

The Authority receives capital grants from HUD. The Authority received \$108,947 in capital contributions for the fiscal year ended September 30, 2021.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – NONCURRENT LIABILITIES

Noncurrent Liabilities at September 30, 2021 consisted of the following:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------|----------------------|-------------------|-------------------|-------------------|------------------------|
| Accrued compensated absences | \$ 22,132 | \$ 6,439 | \$ 5,063 | \$ 23,508 | \$ 16,113 |
| Accrued pension liabilities | 216,529 | 94,224 | 214,562 | 96,191 | - |
| Total noncurrent liabilities | <u>\$ 238,661</u> | <u>\$ 100,663</u> | <u>\$ 219,625</u> | <u>\$ 119,699</u> | <u>\$ 16,113</u> |

NOTE 5 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan descriptions:

The following two pension plans, of which the Authority is a member of both of these plans, are cost-sharing multiple-employer defined benefit pension plans administered by the Florida Department of Management Services' Division of Retirement (the "Division"). The Division administers these two defined benefit plans, along with two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs, which when combined, make up the Florida Retirement System Pension Plan and Other State-Administered Systems (the "System").

A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes and membership information is listed in the July 1, 2021 Annual Actuarial Valuation Reports. These reports and the Comprehensive Annual Financial Report ("CAFR") are publicly available reports that can be obtained at the Division's website under Publications.

The Florida Retirement System (FRS) Pension Plan – FRS is a cost-sharing multiple-employer defined benefit pension plan that was created in Chapter 121, Florida Statutes, effective Dec. 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, Florida Statutes), the State and County Officers and Employees' Retirement System (Chapter 122, Florida Statutes), and the Highway Patrol Pension Trust Fund (Chapter 321, Florida Statutes). In 1972, the Judicial Retirement System (Chapter 123, Florida Statutes) was closed and consolidated into the FRS. The FRS was created 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 plan is the FRS Investment Plan. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under section 121.40, Florida Statutes, was consolidated under the Florida Retirement System defined benefit plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the state, state elected officials who chose SMSC membership in lieu of Elected Officers' Class membership, and faculty and specified employees in the State University System and Florida College System institutions. Provisions relating to the FRS are also contained in Chapter 112, Florida Statutes.

The Retiree Health Insurance Subsidy (HIS) Program – HIS is a cost-sharing, multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. HIS is administered by the Division of Retirement within the Department of Management Services.

Benefits provided:

The Florida Retirement System (FRS) Pension Plan – FRS provides retirement benefits. FRS membership is compulsory for employees filling a regularly-established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Section 121.053 or Section 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

There are five general classes of membership, 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 in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers' Class.
- *Special Risk Class* – Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001, through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* – Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service, including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Benefits under the FRS Pension 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 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 plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Florida Retirement System

| | % Value (per year of service) |
|---|----------------------------------|
| <u>Regular Class members initially enrolled before July 1, 2011</u> | |
| Retirement up to age 62 or up to 30 years of service..... | 1.60% |
| Retirement at age 63 or with 31 years of service..... | 1.63% |
| Retirement at age 64 or with 32 years of service..... | 1.65% |
| Retirement at age 65 or with 33 or more years of service..... | 1.68% |
| <u>Regular Class members initially enrolled on or after July 1, 2011</u> | |
| Retirement up to age 65 or up to 33 years of service..... | 1.60% |
| Retirement at age 66 or with 34 years of service..... | 1.63% |
| Retirement at age 67 or with 35 years of service..... | 1.65% |
| Retirement at age 68 or with 36 or more years of service..... | 1.68% |
| <u>Special Risk Class</u> | |
| Service from Dec. 1, 1970 through Sept. 30, 1974..... | 2.00% |
| Service on and after Oct. 1, 1974..... | 3.00% |
| <u>Special Risk Administrative Support Class members initially enrolled before July 1, 2011</u> | |
| (With six or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.) | |
| Retirement up to age 55; or up to 25 total years special risk service; or at age 52 with 25 years (if total service includes wartime military service)..... | 1.60% |
| Retirement at age 56; or with 26 total years special risk service; or at age 53 with 26 years (if total service includes wartime military service)..... | 1.63% |
| Retirement at age 57; or with 27 total years special risk service; or at age 54 with 27 years (if total service includes wartime military service)..... | 1.65% |
| Retirement at age 58; or with 28 total years special risk service; or at age 55 with 28 years (if total service includes wartime military service)..... | 1.68% |
| <u>Special Risk Administrative Support Class members initially enrolled on or after July 1, 2011</u> | |
| (With eight or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.) | |
| Retirement up to age 60; or up to 30 total years special risk service..... | 1.60% |
| Retirement at age 61; or with 31 total years special risk service..... | 1.63% |
| Retirement at age 62; or with 32 total years special risk service..... | 1.65% |
| Retirement at age 63; or with 33 total years special risk service..... | 1.68% |
| <u>Elected Officers' Class</u> | |
| Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge..... | 3.33% |
| Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county officer, or elected official of a city or special district that chose EOC membership for its elected officials..... | 3.00% |
| <u>Senior Management Service Class</u> | 2.00% |

There are three steps in computing an annual retirement benefit:

Step 1. Determine the member's retirement plan(s) and class(es) of membership, years of creditable service in each, and the total percentage value earned.

Step 2. Calculate the average final compensation.

Step 3. Multiply the figures obtained in Steps 1 and 2 to determine the annual normal retirement benefit. (If you elect to retire early, your benefit will be reduced by 5 percent for each year remaining before you would reach your normal retirement age. Your benefit may also be reduced if you elect to provide a continuing benefit to a beneficiary.)

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Members must select one of the four benefit options at retirement:

Option 1 — Member receives a benefit for life with no continuing survivor benefit at death.

Option 2 — Member receives a reduced benefit for life. If member dies anytime within ten years after retiring, the beneficiary will receive the benefit for the remainder of the ten-year period from the member's retirement date or DROP begin date. No survivor benefits are paid if the member dies ten or more years after the effective retirement date.

Option 3 — Member receives a reduced benefit for life. Upon the member's death, the joint annuitant, if living, will receive the same benefit for life. A joint annuitant who is under age 25 and is the member's child or other dependent for whom the member has guardianship will receive the member's Option 1 benefit, but only until age 25, or, if disabled, until no longer disabled.

Option 4 — Member receives a reduced benefit for life. Upon the death of either the member or the joint annuitant, the survivor will receive a lifetime benefit equal to two-thirds of the benefit the member was receiving when both were living. A joint annuitant who is under age 25 and is the member's child or other dependent for whom the member has guardianship will receive the member's Option 1 benefit, but only until age 25, or, if disabled, until no longer disabled.

Members must end all employment relationships with all FRS employers for the first six calendar months after their DROP termination date or their non-DROP effective retirement dates to complete their retirement process, in addition to meeting all other requirements to receive monthly benefits payable under the FRS Pension Plan. Florida Retirement System members employed by an agency that withdrew from the FRS effective January 1, 1996, for new employees must remain unemployed by that agency and all other FRS-covered employers for the first six calendar months.

The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest equivalent to an annual rate of 1.30 percent. (DROP participants with an effective DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50 percent.) As of June 30, 2021, the FRS Trust Fund held \$ 2,684,789,035 in accumulated benefits for 34,338 participants in the DROP.

The election to participate in the DROP must be made within 12 months of the member's normal retirement date, unless the member is eligible to defer the election. To participate for the maximum DROP period, the member must enter the DROP upon first reaching eligibility for normal retirement, or upon reaching an eligible deferral date as described below:

- A Special Risk Class member initially enrolled in the FRS before July 1, 2011, who reaches the normal retirement date based upon years of service before reaching age 52 may defer DROP entry up to age 52 and still participate for 60 months. Also, a member of the Special Risk Administrative Support Class who has at least the number of years of Special Risk Class service required to be vested and reaches the normal retirement date based upon years of service before reaching age 52 may defer DROP entry up to age 52 and still participate for 60 months.
- A Special Risk Class member initially enrolled in the FRS on or after July 1, 2011, who reaches the normal retirement date based upon years of service before reaching age 55 may defer DROP entry up to age 55 and still participate for 60 months. Also, a member of the Special Risk Administrative Support Class who has at least the number of years of Special Risk Class service required to be vested and reaches the normal retirement date based upon years of service before reaching age 55 may defer DROP entry up to age 55 and still participate for 60 months.
- A member of the Regular Class, EOC, or the SMSC initially enrolled in the FRS before July 1, 2011, who reaches the normal retirement date before reaching age 57 may defer DROP entry until age 57 and still participate for 60 months. A member of the Special Risk Administrative Support Class who does not have the number of years of Special Risk Class service required to be vested would be subject to these deferral requirements.
- A member of the Regular Class, EOC, or the SMSC initially enrolled in the FRS on or after July 1, 2011, who reaches the normal retirement date before reaching age 60 may defer DROP entry until age 60 and still participate for 60 months. A member of the Special Risk Administrative Support Class who does not have the number of years of Special Risk Class service required to be vested would be subject to these deferral requirements.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

- A member who reaches the normal retirement date during a term of office may defer the DROP election until the next succeeding term in that office and still participate for up to 60 months or until the end of that succeeding term, whichever is less.
- A member who is employed as K-12 instructional personnel as defined in section 1012.01(2), Florida Statutes, may elect to participate in the DROP at any time after reaching the normal retirement date and still participate for 60 months.

Upon termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover, and monthly benefits are paid to the member in the amount as calculated upon entry into the DROP, plus cost-of-living adjustments for intervening years.

In most cases, the DROP participant must cease employment after a maximum of 60 months in the DROP, must satisfy the termination requirements for retirement and must comply with applicable reemployment restrictions thereafter. However, certain exceptions apply:

- Effective July 1, 2002, a DROP participant who holds an elective office may end DROP participation and postpone compliance with termination requirements and reemployment limitations until no longer holding the elective office (including consecutive terms in the same office). For the period between the end of DROP participation and termination, no retirement credit is earned and the member's DROP accumulation accrues no additional monthly benefits. If DROP participation began before July 1, 2010, the member's DROP accumulation continues to earn interest after participation ends and before termination. If DROP participation begins on or after July 1, 2010, the DROP accumulation does not earn interest during the period after DROP participation ends and termination.
- K-12 instructional personnel employed with a district school board, the Florida School for the Deaf and the Blind or a developmental research school of a state university may be allowed to extend their DROP participation for up to an additional 36 months beyond their initial 60-month DROP participation period. To qualify for the extension, the DROP participant must receive authorization from the employer and be approved by the division. If authorized to extend DROP participation, a participant must remain employed in an eligible position during the period of DROP extension.

There are two types of disability retirement available under the FRS: In-line-of-duty disability retirement and regular disability retirement. To qualify for either type of disability retirement, members must be totally and permanently disabled to the extent that they are unable to work in any job for any employer. In-line-of-duty disability benefits are available to members from their first day of employment. The minimum Option 1 benefit for in-line-of-duty disability retirement is 42 percent of their average final compensation for all members except those in the Special Risk Class, who receive a minimum Option 1 in-line-of-duty disability benefit of 65 percent of their average final compensation. To be eligible for regular disability retirement, members must complete eight years of creditable service. The minimum Option 1 benefit under regular disability retirement is 25 percent of their average final compensation. If a disabled member's service benefit would be higher than the minimum disability benefit, the member may elect to receive the higher benefit.

If an active member dies in the line of duty, the spouse will receive a lifetime monthly benefit equal to one-half of the member's monthly salary at death. If the spouse dies, the benefit will continue to be paid on behalf of the member's dependent children until the youngest child reaches age 18 or is married, if earlier. If an active member dies before becoming vested and the death was not suffered in the line of duty, the designated beneficiary will receive a refund of any member-paid retirement contributions. However, if the active member dies within one year of vesting, the member's joint annuitant may use the deceased member's accumulated leave on an hour-by-hour basis, or the member's eligible in-state or out-of-state service, to purchase enough service credit to vest the deceased member and receive monthly benefits.

If the member was vested at death, the beneficiary may receive a refund of any contributions that may have been paid by the member or, if the beneficiary qualifies as a joint annuitant, a lifetime monthly benefit calculated as though the member had retired on the month following the date of death and had chosen Option 3. If the joint annuitant is the member's child or other dependent for whom the member has guardianship who is under age 25, the joint annuitant will receive the member's maximum benefit until age 25, or, if disabled, until no longer disabled. A deceased member's joint annuitant may buy any service credit that could have been claimed by the member at the time of death if the member's termination of employment was due to death.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

After retirement or the DROP termination date, retired FRS members may be employed by any private employer or any public employer not participating in the FRS without affecting their FRS benefits. However, restrictions apply to reemployment with an FRS employer regardless of whether the employment is covered for retirement. Any retired FRS member who is reemployed by an FRS employer before meeting the definition of termination is not considered to have retired. Active membership will be reinstated and all benefits received must be repaid. If a member retires from an FRS employer that withdrew for new employees effective Jan. 1, 1996, the member must remain unemployed by the withdrawn employer to meet the definition of termination in order to finalize the retirement.

Upon meeting termination requirements, FRS retirees who are reemployed by FRS employers may not receive both salary and retirement benefits for the rest of the first 12-calendar months after retirement or the DROP termination date. The retirement benefit must be suspended in any month employed in any capacity by an FRS employer. There are no reemployment exceptions for the seventh through the twelfth calendar months after meeting the definition of termination (the first six calendar months).

Retirees of the FRS who are initially reemployed in regularly established positions no later than June 30, 2010, will have renewed membership in the Regular Class, the SMSC, or the EOC and earn credit toward a second-career benefit based on requirements for their class of membership. Having a break in service or not being employed on July 1, 2010, does not change a renewed member's status. Once retirees have established renewed membership in the system, they will have the same opportunities to elect to participate in alternative defined contribution retirement programs instead of the FRS as do similarly situated newly hired members of that membership class until they retire. Renewed members are subject to the same vesting requirements and other limitations as apply to other active members. However, renewed members are not eligible to participate in the Special Risk Class, retire and participate in DROP, or to retire under disability retirement provisions.

FRS retirees who are initially reemployed on or after July 1, 2010, are not eligible for renewed membership. In addition to FRS Pension and Investment Plan retirees, the renewed membership restriction also includes retirees of the State University System Optional Retirement Program, the State Community College System Optional Retirement Program, the Senior Management Service Optional Retirement Programs, and local government senior managers who chose to withdraw from the FRS.

Whenever the division makes a decision that will reduce, suspend or terminate a member's retirement benefits, the member may petition the division for a hearing. Section 28-106.201, Florida Administrative Code, outlines the requirements for filing a petition. After the division reviews the petition, the state retirement director may ask a hearing officer from the Division of Administrative Hearings to conduct the hearing, or in some cases the Department of Management Services may conduct the hearing. If the outcome of the hearing is not in the member's favor, the member will be informed of the time period during which the member can appeal the decision to the District Court of Appeal.

If, before retirement, a member commits a felony specified by law and is found guilty of or enters a plea of no contest to such crime, or their employment was terminated due to admission of committing, aiding, or abetting a specified crime, the member's retirement rights and benefits are forfeited (except for a refund of personal retirement contributions, if any). The forfeiture of benefits provision applies in the case of any job-related felony offense as outlined below:

- Committing, aiding or abetting an embezzlement of public funds or any grand theft from the employer;
- Committing bribery in connection with employment;
- Committing any other felony specified in Chapter 838, Florida Statutes, (bribery and misuse of public office), except sections 838.15 and 838.16, Florida Statutes, (commercial bribes);
- Committing any felony with intent to defraud the public or the employer of the right to receive the faithful performance of duty, or receiving or attempting to receive profit or advantage for the member or another person through the use of the member's position;

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

- Committing an impeachable offense (applies to elected officials only); or
- Committing of certain felony offenses against a minor through the use or attempted use of rights, privileges, duties, or position of public employment or office.

In addition to the crimes stated above, if a court of competent jurisdiction finds the member guilty of violating any state law against strikes by public employees, the member's benefits are forfeited.

If the member's designated beneficiary is found guilty of intentionally killing or procuring the death of the member, the beneficiary forfeits all rights to retirement benefits. Any benefits payable would then be paid as if the beneficiary died before the member.

The Clerk of the Court, the Secretary of the Senate or the employer, as appropriate, must notify the Commission on Ethics if the member is found guilty, impeached, or terminated prior to retirement due to any of the above offenses. The Commission on Ethics will notify the division. The member's benefits will be suspended subject to a hearing held by a hearing officer of the Division of Administrative Hearings. The hearing officer's decision may be appealed to the District Court of Appeal. (See section 112.3173, Florida Statutes, and Article II, section 8, of the Florida Constitution for more information.)

Retirement benefits and accumulated contributions accrued under the FRS Pension Plan are not subject to assignment, execution, attachment or any other legal process with the exception of qualified domestic relations orders, certain income deduction orders; (see section 61.1301, Florida Statutes), and federal income tax levies.

The Retiree Health Insurance Subsidy (HIS) Program – HIS provides a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions:

The Florida Retirement System (FRS) Pension Plan – Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in section 121.71, Florida Statutes. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and the defined contribution plan officially titled the FRS Investment Plan (Investment Plan) rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. Pursuant to Section 121.031(3) (f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2021, was \$202,082,182,546. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. Employees of the Authority are required to contribute 3% of their annual pay. The Authority's contractually required contribution rate for the year ended September 30, 2021, was 7.11% of annual payroll, actuarially determined as an amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This Employer Contribution Rate includes the normal cost and unfunded actuarial liability contributions but does not include the 1.66% contribution for the HIS Program and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans. Contributions to the FRS pension plan from the Authority were \$14,621 for the year ended September 30, 2021.

Any member who terminates employment with an FRS employer may receive a refund of any retirement contributions personally made to the system (and lose the associated retirement credit for both their FRS and HIS benefits), or may leave these personal contributions in the system and keep all creditable service earned through the date of termination.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

The Retiree Health Insurance Subsidy (HIS) Program – The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the contribution rate was 1.69% of payroll pursuant to section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS 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, the legislation may reduce or cancel HIS payments. Contributions to the HIS Program from the Authority were \$3,473 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of September 30, 2021, the Authority reported liability of \$26,528 for its proportionate share of the FRS net pension liability, and the Authority reported liability of \$69,663 for its proportionate share of the HIS net pension liability, for a total net pension liability of \$96,191. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated July 1, 2021. The Authority's proportionate share of the net pension liability was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ending June 30, 2016, 2017, 2018, 2019, 2020, and 2021, respectively, for employers that were members of the FRS and HIS during those fiscal years. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. At June 30, 2021, the Authority's FRS Pension Plan proportion was 0.000351180%, which was an increase of 0.000031501% from its proportion measured as of June 30, 2020. At June 30, 2021, the Authority's HIS Program proportion was 0.000567911%, which was a decrease of 0.000070687% from its proportion measured as of June 30, 2020.

For the year ended September 30, 2021, the Authority recognized pension income of \$9,136 for the FRS Pension Plan and pension expense of \$4,107 for the HIS Program, for a combined total pension income of \$5,029. At September 30, 2021, the Authority reported deferred outflows of resources of \$41,028 for the FRS Pension Plan and \$16,931 for the HIS Program, for a combined total of \$57,959. At September 30, 2021, the Authority reported deferred inflows of resources of \$114,330 for the FRS Pension Plan and \$19,646 for the HIS Program, for a combined total of \$133,976. At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The Florida Retirement System (FRS) Pension Plan

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 4,547 | \$ - |
| Changes of assumptions | 18,152 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 92,548 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 14,070 | 21,782 |
| Authority contributions subsequent to the measurement date | 4,259 | - |
| Total | <u>\$ 41,028</u> | <u>\$ 114,330</u> |

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

\$4,259 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended: | |
|--------------------|-------------|
| 2022 | \$ (12,302) |
| 2023 | (14,346) |
| 2024 | (19,002) |
| 2025 | (24,350) |
| 2026 | 151 |
| Thereafter | - |

The Retiree Health Insurance Subsidy (HIS) Program

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 2,331 | \$ 29 |
| Changes of assumptions | 5,474 | 2,870 |
| Net difference between projected and actual earnings on pension plan investments | 73 | - |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 8,124 | 16,747 |
| Authority contributions subsequent to the measurement date | 929 | - |
| Total | <u>\$ 16,931</u> | <u>\$ 19,646</u> |

\$929 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended: | |
|--------------------|----------|
| 2022 | \$ 1,371 |
| 2023 | 437 |
| 2024 | 901 |
| 2025 | 1,196 |
| 2026 | 895 |
| Thereafter | 178 |

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions:

Actuarial assumptions for both the FRS Pension Plan and the HIS Program are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%.

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2020:

- FRS: The inflation rate assumption remained at 2.40%, the real payroll growth assumption remained at 0.85%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 6.80%. The mortality assumption applied to members while in FRS-covered employment was updated to better anticipate expected future exceptions.
- HIS: The municipal rate used to determine total pension liability was decreased from 2.21% to 2.16%.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| Asset Class | Target Allocation | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1.0% | 2.1% | 2.1% | 1.1% |
| Fixed Income | 20.0% | 3.8% | 3.7% | 3.3% |
| Global Equity | 54.2% | 8.2% | 6.7% | 17.8% |
| Real Estate (Property) | 10.3% | 7.1% | 6.2% | 13.8% |
| Private Equity | 10.8% | 11.7% | 8.5% | 26.4% |
| Strategic Investments | 3.7% | 5.7% | 5.4% | 8.4% |
| Total | 100% | | | |
| Assumed Inflation - Mean | | | 2.4% | 1.2% |

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate:

Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the Program (Bond Buyer General Obligation 20-Bond Municipal Bond Index).

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate:

The Florida Retirement System (FRS) Pension Plan – The following presents the Authority's proportionate share of the FRS Pension Plan net pension liability calculated using the discount rate of 6.80%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.80% or 1-percentage-point higher 7.80% than the current rate:

| | <u>1% Decrease (5.80%)</u> | <u>Current Discount Rate (6.80%)</u> | <u>1% Increase (7.80%)</u> |
|---|--------------------------------|--|--------------------------------|
| Authority's proportionate share of the net pension liability | \$ 118,633 | \$ 26,528 | \$ (50,462) |

The Retiree Health Insurance Subsidy (HIS) Program – The following presents the Authority's proportionate share of the HIS Program net pension liability calculated using the discount rate of 2.16%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.16% or 1-percentage-point higher 3.16% than the current rate:

| | <u>1% Decrease (1.16%)</u> | <u>Current Discount Rate (2.16%)</u> | <u>1% Increase (3.16%)</u> |
|---|--------------------------------|--|--------------------------------|
| Authority's proportionate share of the net pension liability | \$ 80,537 | \$ 69,663 | \$ 60,754 |

Pension plan fiduciary net position:

Detailed information about the pension plans' fiduciary net position is available in the separately issued Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2021. The System's CAFR and the actuarial valuation reports as of July 1, 2021, are available online at:

http://www.dms.myflorida.com/workforce_operations/retirement/publications

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by participating in a risk retention pool and obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. Insurance coverage provided includes property and casualty, general liability, fidelity bond, and workers compensation. During the last three years and to date, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk and are consistent with prior year.

NOTE 7 – CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

NICEVILLE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Grants

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

B. Construction Commitments

At September 30, 2021, the Authority had three uncompleted construction commitments totaling \$72,602.

NOTE 9 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 15, 2022 (the date the financial statements were available to be issued) and concluded that the following subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.

In December of 2019, COVID-19 emerged and has subsequently spread throughout the world. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

NOTE 10 – FINANCIAL DATA SCHEDULE

The Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense from operating activities, includes investment revenue and capital grant revenue in operating activities, which differs from the presentation of the basic financial statements.

NICEVILLE HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 10 FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| Authority's proportion of the net pension liability (asset) | 0.000351180% | 0.000319679% | 0.000414687% | 0.000381217% | 0.000345784% | 0.000429880% | 0.000762885% | | | |
| Authority's proportionate share of the net pension liability (asset) | \$ 26,528 | \$ 138,557 | \$ 142,812 | \$ 114,825 | \$ 102,281 | \$ 108,545 | \$ 98,537 | | | |
| Authority's covered-employee payroll | \$ 205,289 | \$ 210,442 | \$ 259,365 | \$ 246,252 | \$ 200,444 | \$ 192,933 | \$ 182,877 | | | |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 12.92% | 65.84% | 55.06% | 46.63% | 51.03% | 56.26% | 53.88% | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | | | |

* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NICEVILLE HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
RETIREE HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|------|------|
| Authority's proportion of the net pension liability (asset) | 0.000567911% | 0.000638598% | 0.000769606% | 0.000697934% | 0.000625860% | 0.000616811% | 0.000599651% | | | |
| Authority's proportionate share of the net pension liability (asset) | \$ 69,663 | \$ 77,972 | \$ 86,111 | \$ 73,870 | \$ 66,919 | \$ 71,887 | \$ 61,155 | | | |
| Authority's covered-employee payroll | \$ 205,289 | \$ 210,442 | \$ 259,365 | \$ 246,252 | \$ 200,444 | \$ 192,933 | \$ 182,877 | | | |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 33.93% | 37.05% | 33.20% | 30.00% | 33.39% | 37.26% | 33.44% | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | | | |

* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NICEVILLE HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST 10 FISCAL YEARS

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|
| Contractually required contribution | \$ 14,621 | \$ 9,938 | \$ 13,260 | \$ 11,456 | \$ 8,691 | \$ 9,341 | \$ 18,595 | | | |
| Contributions in relation to the contractually required contribution | (14,621) | (9,938) | (13,260) | (11,456) | (8,691) | (9,341) | (18,595) | | | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Authority's covered-employee payroll | \$205,671 | \$183,955 | \$256,617 | \$237,004 | \$202,732 | \$202,192 | \$177,887 | | | |
| Contributions as a percentage of covered-employee payroll | 7.11% | 5.40% | 5.17% | 4.83% | 4.29% | 4.62% | 10.45% | | | |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NICEVILLE HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
RETIREE HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|
| Contractually required contribution | \$ 3,473 | \$ 3,292 | \$ 4,361 | \$ 3,964 | \$ 3,361 | \$ 3,320 | \$ 2,468 | | | |
| Contributions in relation to the contractually required contribution | (3,473) | (3,292) | (4,361) | (3,964) | (3,361) | (3,320) | (2,468) | | | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | | |
| Authority's covered-employee payroll | \$205,671 | \$183,955 | \$256,617 | \$237,004 | \$202,732 | \$202,192 | \$177,887 | | | |
| Contributions as a percentage of covered-employee payroll | 1.69% | 1.79% | 1.70% | 1.67% | 1.66% | 1.64% | 1.39% | | | |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NICEVILLE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2021

Financial Statement Findings

The Authority had no findings in 2021.

To the Board of Commissioners
Niceville Housing Authority

Independent Accountant's Report

We have performed the procedures enumerated below, which was agreed to by the Niceville Housing Authority ("the Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package for the year ended September 30, 2021. The Authority's management is responsible for accuracy and completeness of the electronic submission for the year ended September 30, 2021.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

We compared the electronic submission of the items listed in the chart below under "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and, if applicable, the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, and/or any other standards or requirements to be followed. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below for the year ended September 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

| Procedure | UFRS Rule Information | Hard Copy Documents | Agrees | Does Not Agree |
|-----------|--|---|--------|----------------|
| 1 | Balance Sheet and Revenue and Expense | Financial Data Schedule, all CFDA's, If applicable | X | |
| 2 | Footnotes | Footnotes to audited basic financial statements | X | |
| 3 | Type of opinion on FDS | Auditor's supplemental report on FDS | X | |
| 4 | Basic financial statements and auditor reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | X | |

Henderson & Pilleteri, LLC

Birmingham, AL
March 15, 2022

NICEVILLE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – BALANCE SHEET
SEPTEMBER 30, 2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 1 Business Activities | Subtotal | Total |
|---|---------------|---|--------------------------|---------------|---------------|
| 111 Cash - Unrestricted | \$455,377 | | \$51,878 | \$507,255 | \$507,255 |
| 112 Cash - Restricted - Modernization and Development | \$0 | | | \$0 | \$0 |
| 113 Cash - Other Restricted | \$0 | | | \$0 | \$0 |
| 114 Cash - Tenant Security Deposits | \$25,475 | | | \$25,475 | \$25,475 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$0 | | | \$0 | \$0 |
| 100 Total Cash | \$480,852 | \$0 | \$51,878 | \$532,730 | \$532,730 |
| 121 Accounts Receivable - PHA Projects | \$0 | | | \$0 | \$0 |
| 122 Accounts Receivable - HUD Other Projects | \$6,315 | | | \$6,315 | \$6,315 |
| 124 Accounts Receivable - Other Government | \$0 | | | \$0 | \$0 |
| 125 Accounts Receivable - Miscellaneous | \$0 | | | \$0 | \$0 |
| 126 Accounts Receivable - Tenants | \$60 | | | \$60 | \$60 |
| 126.1 Allowance for Doubtful Accounts - Tenants | (\$6) | | | (\$6) | (\$6) |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | | | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | \$0 | | | \$0 | \$0 |
| 128 Fraud Recovery | \$0 | | | \$0 | \$0 |
| 128.1 Allowance for Doubtful Accounts - Fraud | \$0 | | | \$0 | \$0 |
| 129 Accrued Interest Receivable | \$0 | | | \$0 | \$0 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$6,369 | \$0 | \$0 | \$6,369 | \$6,369 |
| 131 Investments - Unrestricted | \$683,963 | | | \$683,963 | \$683,963 |
| 132 Investments - Restricted | \$0 | | | \$0 | \$0 |
| 135 Investments - Restricted for Payment of Current Liability | \$0 | | | \$0 | \$0 |
| 142 Prepaid Expenses and Other Assets | \$32,401 | | | \$32,401 | \$32,401 |
| 143 Inventories | \$0 | | | \$0 | \$0 |
| 143.1 Allowance for Obsolete Inventories | \$0 | | | \$0 | \$0 |
| 144 Inter Program Due From | \$0 | | | \$0 | \$0 |
| 145 Assets Held for Sale | \$0 | | | \$0 | \$0 |
| 150 Total Current Assets | \$1,203,585 | \$0 | \$51,878 | \$1,255,463 | \$1,255,463 |
| 161 Land | \$63,172 | | | \$63,172 | \$63,172 |
| 162 Buildings | \$6,586,962 | | | \$6,586,962 | \$6,586,962 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$9,909 | | | \$9,909 | \$9,909 |
| 164 Furniture, Equipment & Machinery - Administration | \$101,092 | | | \$101,092 | \$101,092 |
| 165 Leasehold Improvements | \$366,201 | | | \$366,201 | \$366,201 |
| 166 Accumulated Depreciation | (\$5,000,556) | | | (\$5,000,556) | (\$5,000,556) |
| 167 Construction in Progress | \$113,102 | | | \$113,102 | \$113,102 |
| 168 Infrastructure | \$0 | | | \$0 | \$0 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$2,239,882 | \$0 | \$0 | \$2,239,882 | \$2,239,882 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$0 | | | \$0 | \$0 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | \$0 | | | \$0 | \$0 |
| 173 Grants Receivable - Non Current | \$0 | | | \$0 | \$0 |
| 174 Other Assets | \$0 | | | \$0 | \$0 |
| 176 Investments in Joint Ventures | \$0 | | | \$0 | \$0 |
| 180 Total Non-Current Assets | \$2,239,882 | \$0 | \$0 | \$2,239,882 | \$2,239,882 |
| 200 Deferred Outflow of Resources | \$57,959 | | | \$57,959 | \$57,959 |

NICEVILLE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – BALANCE SHEET
SEPTEMBER 30, 2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 1 Business Activities | Subtotal | Total |
|---|---------------|---|--------------------------|-------------|-------------|
| 290 Total Assets and Deferred Outflow of Resources | \$3,501,426 | \$0 | \$51,878 | \$3,553,304 | \$3,553,304 |
| 311 Bank Overdraft | \$0 | | | \$0 | \$0 |
| 312 Accounts Payable <= 90 Days | \$5,616 | | | \$5,616 | \$5,616 |
| 313 Accounts Payable >90 Days Past Due | \$0 | | | \$0 | \$0 |
| 321 Accrued Wage/Payroll Taxes Payable | \$4,717 | | | \$4,717 | \$4,717 |
| 322 Accrued Compensated Absences - Current Portion | \$16,113 | | | \$16,113 | \$16,113 |
| 324 Accrued Contingency Liability | \$0 | | | \$0 | \$0 |
| 325 Accrued Interest Payable | \$0 | | | \$0 | \$0 |
| 331 Accounts Payable - HUD PHA Programs | \$0 | | | \$0 | \$0 |
| 332 Account Payable - PHA Projects | \$0 | | | \$0 | \$0 |
| 333 Accounts Payable - Other Government | \$34,249 | | | \$34,249 | \$34,249 |
| 341 Tenant Security Deposits | \$25,475 | | | \$25,475 | \$25,475 |
| 342 Unearned Revenue | \$5,698 | | | \$5,698 | \$5,698 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | \$0 | | | \$0 | \$0 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | \$0 | | | \$0 | \$0 |
| 345 Other Current Liabilities | \$0 | | | \$0 | \$0 |
| 346 Accrued Liabilities - Other | \$11,918 | | | \$11,918 | \$11,918 |
| 347 Inter Program - Due To | \$0 | | | \$0 | \$0 |
| 348 Loan Liability - Current | \$0 | | | \$0 | \$0 |
| 310 Total Current Liabilities | \$103,786 | \$0 | \$0 | \$103,786 | \$103,786 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$0 | | | \$0 | \$0 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | \$0 | | | \$0 | \$0 |
| 353 Non-current Liabilities - Other | \$0 | | | \$0 | \$0 |
| 354 Accrued Compensated Absences - Non Current | \$7,395 | | | \$7,395 | \$7,395 |
| 355 Loan Liability - Non Current | \$0 | | | \$0 | \$0 |
| 356 FASB 5 Liabilities | \$0 | | | \$0 | \$0 |
| 357 Accrued Pension and OPEB Liabilities | \$96,191 | | | \$96,191 | \$96,191 |
| 350 Total Non-Current Liabilities | \$103,586 | \$0 | \$0 | \$103,586 | \$103,586 |
| 300 Total Liabilities | \$207,372 | \$0 | \$0 | \$207,372 | \$207,372 |
| 400 Deferred Inflow of Resources | \$133,976 | | | \$133,976 | \$133,976 |
| 508.4 Net Investment in Capital Assets | \$2,239,882 | | | \$2,239,882 | \$2,239,882 |
| 511.4 Restricted Net Position | | | | | |
| 512.4 Unrestricted Net Position | \$920,196 | \$0 | \$51,878 | \$972,074 | \$972,074 |
| 513 Total Equity - Net Assets / Position | \$3,160,078 | \$0 | \$51,878 | \$3,211,956 | \$3,211,956 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$3,501,426 | \$0 | \$51,878 | \$3,553,304 | \$3,553,304 |

NICEVILLE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED SEPTEMBER 30, 2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 1 Business Activities | Subtotal | Total |
|---|---------------|---|--------------------------|-------------|-------------|
| 70300 Net Tenant Rental Revenue | \$435,510 | | | \$435,510 | \$435,510 |
| 70400 Tenant Revenue - Other | \$1,754 | | | \$1,754 | \$1,754 |
| 70500 Total Tenant Revenue | \$437,264 | \$0 | \$0 | \$437,264 | \$437,264 |
| 70600 HUD PHA Operating Grants | \$444,370 | \$7,914 | | \$452,284 | \$452,284 |
| 70610 Capital Grants | \$108,947 | | | \$108,947 | \$108,947 |
| 70710 Management Fee | | | | | |
| 70720 Asset Management Fee | | | | | |
| 70730 Book Keeping Fee | | | | | |
| 70740 Front Line Service Fee | | | | | |
| 70750 Other Fees | | | | | |
| 70700 Total Fee Revenue | | | | | |
| 70800 Other Government Grants | \$0 | | | \$0 | \$0 |
| 71100 Investment Income - Unrestricted | \$9,175 | | \$118 | \$9,293 | \$9,293 |
| 71200 Mortgage Interest Income | \$0 | | | \$0 | \$0 |
| 71300 Proceeds from Disposition of Assets Held for Sale | \$0 | | | \$0 | \$0 |
| 71310 Cost of Sale of Assets | \$0 | | | \$0 | \$0 |
| 71400 Fraud Recovery | \$0 | | | \$0 | \$0 |
| 71500 Other Revenue | \$0 | | \$26,489 | \$26,489 | \$26,489 |
| 71600 Gain or Loss on Sale of Capital Assets | \$0 | | | \$0 | \$0 |
| 72000 Investment Income - Restricted | \$0 | | | \$0 | \$0 |
| 70000 Total Revenue | \$999,756 | \$7,914 | \$26,607 | \$1,034,277 | \$1,034,277 |
| 91100 Administrative Salaries | \$116,385 | | | \$116,385 | \$116,385 |
| 91200 Auditing Fees | \$10,150 | | | \$10,150 | \$10,150 |
| 91300 Management Fee | \$0 | | | \$0 | \$0 |
| 91310 Book-keeping Fee | \$0 | | | \$0 | \$0 |
| 91400 Advertising and Marketing | \$0 | | | \$0 | \$0 |
| 91500 Employee Benefit contributions - Administrative | \$30,330 | | | \$30,330 | \$30,330 |
| 91600 Office Expenses | \$25,702 | | \$237 | \$25,939 | \$25,939 |
| 91700 Legal Expense | \$252 | | \$103 | \$355 | \$355 |
| 91800 Travel | \$9,345 | | | \$9,345 | \$9,345 |
| 91810 Allocated Overhead | \$0 | | | \$0 | \$0 |
| 91900 Other | \$4,752 | | | \$4,752 | \$4,752 |
| 91000 Total Operating - Administrative | \$196,916 | \$0 | \$340 | \$197,256 | \$197,256 |
| 92000 Asset Management Fee | \$0 | | | \$0 | \$0 |
| 92100 Tenant Services - Salaries | \$0 | \$480 | | \$480 | \$480 |
| 92200 Relocation Costs | \$0 | | | \$0 | \$0 |
| 92300 Employee Benefit Contributions - Tenant Services | \$0 | | | \$0 | \$0 |
| 92400 Tenant Services - Other | \$3,000 | | | \$3,000 | \$3,000 |
| 92500 Total Tenant Services | \$3,000 | \$480 | \$0 | \$3,480 | \$3,480 |
| 93100 Water | \$33,662 | | | \$33,662 | \$33,662 |
| 93200 Electricity | \$5,532 | | | \$5,532 | \$5,532 |
| 93300 Gas | \$245 | | | \$245 | \$245 |
| 93400 Fuel | \$0 | | | \$0 | \$0 |
| 93500 Labor | \$0 | | | \$0 | \$0 |

NICEVILLE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED SEPTEMBER 30, 2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 1 Business Activities | Subtotal | Total |
|---|---------------|---|--------------------------|-----------|-----------|
| 93600 Sewer | \$0 | | | \$0 | \$0 |
| 93700 Employee Benefit Contributions - Utilities | \$0 | | | \$0 | \$0 |
| 93800 Other Utilities Expense | \$55,334 | | | \$55,334 | \$55,334 |
| 93000 Total Utilities | \$94,773 | \$0 | \$0 | \$94,773 | \$94,773 |
| | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | \$89,286 | | | \$89,286 | \$89,286 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$73,813 | | | \$73,813 | \$73,813 |
| 94300 Ordinary Maintenance and Operations Contracts | \$150,593 | \$7,434 | | \$158,027 | \$158,027 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$30,807 | | | \$30,807 | \$30,807 |
| 94000 Total Maintenance | \$344,499 | \$7,434 | \$0 | \$351,933 | \$351,933 |
| | | | | | |
| 95100 Protective Services - Labor | \$0 | | | \$0 | \$0 |
| 95200 Protective Services - Other Contract Costs | \$0 | | | \$0 | \$0 |
| 95300 Protective Services - Other | \$0 | | | \$0 | \$0 |
| 95500 Employee Benefit Contributions - Protective Services | \$0 | | | \$0 | \$0 |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | |
| 96110 Property Insurance | \$33,774 | | | \$33,774 | \$33,774 |
| 96120 Liability Insurance | \$9,675 | | | \$9,675 | \$9,675 |
| 96130 Workmen's Compensation | \$5,019 | | | \$5,019 | \$5,019 |
| 96140 All Other Insurance | \$1,061 | | | \$1,061 | \$1,061 |
| 96100 Total insurance Premiums | \$49,529 | \$0 | \$0 | \$49,529 | \$49,529 |
| | | | | | |
| 96200 Other General Expenses | \$0 | | | \$0 | \$0 |
| 96210 Compensated Absences | \$6,439 | | | \$6,439 | \$6,439 |
| 96300 Payments in Lieu of Taxes | \$34,249 | | | \$34,249 | \$34,249 |
| 96400 Bad debt - Tenant Rents | (\$757) | | | (\$757) | (\$757) |
| 96500 Bad debt - Mortgages | \$0 | | | \$0 | \$0 |
| 96600 Bad debt - Other | \$0 | | | \$0 | \$0 |
| 96800 Severance Expense | \$0 | | | \$0 | \$0 |
| 96000 Total Other General Expenses | \$39,931 | \$0 | \$0 | \$39,931 | \$39,931 |
| | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | \$0 | | | \$0 | \$0 |
| 96720 Interest on Notes Payable (Short and Long Term) | \$0 | | | \$0 | \$0 |
| 96730 Amortization of Bond Issue Costs | \$0 | | | \$0 | \$0 |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | |
| 96900 Total Operating Expenses | \$728,648 | \$7,914 | \$340 | \$736,902 | \$736,902 |
| | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | \$271,108 | \$0 | \$26,267 | \$297,375 | \$297,375 |
| | | | | | |
| 97100 Extraordinary Maintenance | \$0 | | | \$0 | \$0 |
| 97200 Casualty Losses - Non-capitalized | \$0 | | | \$0 | \$0 |
| 97300 Housing Assistance Payments | \$0 | | | \$0 | \$0 |
| 97350 HAP Portability-In | \$0 | | | \$0 | \$0 |
| 97400 Depreciation Expense | \$261,910 | | | \$261,910 | \$261,910 |
| 97500 Fraud Losses | \$0 | | | \$0 | \$0 |
| 97600 Capital Outlays - Governmental Funds | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | |

NICEVILLE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED SEPTEMBER 30, 2021

| | Project Total | 14.PHC Public Housing CARES Act Funding | 1 Business Activities | Subtotal | Total |
|---|---------------|---|--------------------------|-------------|-------------|
| 97800 Dwelling Units Rent Expense | \$0 | | | \$0 | \$0 |
| 90000 Total Expenses | \$990,558 | \$7,914 | \$340 | \$998,812 | \$998,812 |
| 10010 Operating Transfer In | \$0 | | | \$0 | \$0 |
| 10020 Operating transfer Out | \$0 | | | \$0 | \$0 |
| 10030 Operating Transfers from/to Primary Government | \$0 | | | \$0 | \$0 |
| 10040 Operating Transfers from/to Component Unit | \$0 | | | \$0 | \$0 |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | |
| 10060 Proceeds from Property Sales | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | \$0 | | | \$0 | \$0 |
| 10080 Special Items (Net Gain/Loss) | \$0 | | | \$0 | \$0 |
| 10091 Inter Project Excess Cash Transfer In | \$0 | | | \$0 | \$0 |
| 10092 Inter Project Excess Cash Transfer Out | \$0 | | | \$0 | \$0 |
| 10093 Transfers between Program and Project - In | \$0 | | | \$0 | \$0 |
| 10094 Transfers between Project and Program - Out | \$0 | | | \$0 | \$0 |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$9,198 | \$0 | \$26,267 | \$35,465 | \$35,465 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$3,150,880 | \$0 | \$25,611 | \$3,176,491 | \$3,176,491 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | | | \$0 | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | |
| 11170 Administrative Fee Equity | \$0 | | | \$0 | \$0 |
| 11180 Housing Assistance Payments Equity | | | | | |
| 11190 Unit Months Available | 1,332 | | | 1,332 | 1,332 |
| 11210 Number of Unit Months Leased | 1,331 | | | 1,331 | 1,331 |
| 11270 Excess Cash | \$1,005,699 | | | \$1,005,699 | \$1,005,699 |
| 11610 Land Purchases | \$0 | | | \$0 | \$0 |
| 11620 Building Purchases | \$96,652 | | | \$96,652 | \$96,652 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$12,295 | | | \$12,295 | \$12,295 |
| 11660 Infrastructure Purchases | \$0 | | | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | | | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | | \$0 | \$0 |