

**COLLIER COUNTY
HOUSING AUTHORITY**

**Basic
Financial Statements and
Supplementary
Information**

September 30, 2020



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Collier County Housing Authority
Immokalee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Collier County Housing Authority (the "Authority"), as of and for the year ended September 30, 2020, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority's business-type activities as of September 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying financial data schedule and schedule of CARES Act fund programs costs and advances are presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and are not a required part of the financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements of the Authority.

The other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Certificate of Borrower and the Farm Worker Subsidized Housing Program are supplemental information requested by the USDA and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

February 18, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of the Collier County Housing Authority (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Oscar Hentschel, Executive Director, Collier County Housing Authority, 1800 Farm Worker Way, Immokalee, FL 34142.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of September 30, 2020 by \$16,693,802 (net position).
- The Authority's total cash balances as of September 30, 2020 were \$4,570,727, representing an increase of \$1,154,109.
- The Authority had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$3,828,049 along with revenue from the U.S. Department of Agriculture ("USDA") of \$588,379.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of capital assets. The following statements are included:

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

Overview of Financial Statements (continued)

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

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

Financial Analysis

Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Current assets	\$ 5,277,896	\$ 4,411,126	\$ 866,770
Capital assets, net	17,369,841	18,319,954	(950,113)
Total assets	<u>22,647,737</u>	<u>22,731,080</u>	<u>(83,343)</u>
Current liabilities	996,628	757,772	238,856
Long-term debt	4,845,564	5,119,004	(273,440)
Other noncurrent liabilities	111,743	95,331	16,412
Total liabilities	<u>5,953,935</u>	<u>5,972,107</u>	<u>(18,172)</u>
Net investment in capital assets	12,196,780	13,357,954	(1,161,174)
Restricted net position	2,380,815	1,915,055	465,760
Unrestricted net position	<u>2,116,207</u>	<u>1,485,964</u>	<u>630,243</u>
Total net position	<u>\$ 16,693,802</u>	<u>\$ 16,758,973</u>	<u>\$ (65,171)</u>

Current Assets increased by \$866,770 primarily due to increases in cash from operations of approximately \$1,154,000 due to timing of payments, offset by a decrease in net receivables of approximately \$235,000 due mainly to a reduction in FEMA funds obligated.

Net Capital Assets decreased by \$950,113 mainly due to depreciation expense of approximately \$1,130,000 offset by current year additions for the construction of the HVAC project, obtaining the title for a new project that will begin in fiscal year 2021, and equipment of approximately \$179,000.

Current Liabilities reflect an increase of \$238,856 mainly due to an increase in unearned revenue related to CARES act funding received for the HCV program but not yet utilized.

Long Term Debt reflect a decrease of \$273,440 mainly due to debt principal payments.

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

1. **Net investment in capital assets** - The Authority's capital asset balance, net of accumulated depreciation and related long term debt as of September 30, 2020 is \$12,196,780.

Financial Analysis (continued)

2. Restricted - The Authority's net position whose use is subject to constraints imposed by law or agreement. The statement of net position of the Authority reports \$2,168,512 of restricted net position which consists of Section 8 Housing Choice Voucher HAP reserves, HCV CARES funding, and USDA sinking fund reserve replacement.
3. Unrestricted - The Authority's net position, that is neither invested in capital assets nor restricted, which changes principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors. The Authority has \$2,328,510 in unrestricted net position as of September 30, 2020. The Authority's unrestricted net position is designated for housing purposes.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Operating revenue			
HUD revenue	\$ 3,828,049	\$ 3,807,639	\$ 20,410
Tenant revenue	3,333,275	3,182,551	150,724
Other revenue	1,362,744	3,629,655	(2,266,911)
Total operating revenue	<u>8,524,068</u>	<u>10,619,845</u>	<u>(2,095,777)</u>
Operating expenses			
Housing assistance payments	3,901,926	3,668,901	233,025
Maintenance	1,537,941	2,347,268	(809,327)
Administrative	1,187,001	1,274,312	(87,311)
Depreciation	1,129,563	1,034,009	95,554
General	543,116	406,016	137,100
Utilities	204,685	150,545	54,140
Protective services	32,662	51,877	(19,215)
Tenant services	-	123	(123)
Total operating expenses	<u>8,536,894</u>	<u>8,933,051</u>	<u>(396,157)</u>
Operating income (loss)	(12,826)	1,686,794	(1,699,620)
Non operating revenues (expenses)			
Interest income - restricted	8,753	17,124	(8,371)
Interest income - unrestricted	4,397	-	4,397
Interest expense	(65,495)	(80,393)	14,898
Total nonoperating expenses	<u>(52,345)</u>	<u>(63,269)</u>	<u>10,924</u>
Change in net position	(65,171)	1,623,525	(1,688,696)
Total net position - beginning	<u>16,758,973</u>	<u>15,135,448</u>	<u>1,623,525</u>
Total net position - ending	<u>\$ 16,693,802</u>	<u>\$ 16,758,973</u>	<u>\$ (65,171)</u>

Financial Analysis (continued)

Total Operating Revenue decreased by \$2,095,777 during the fiscal year ending 2020. This is mainly due to a decrease in other revenue of \$2,267,000 due to a decrease in FEMA funds and insurance proceeds, offset by an increase in tenant revenue of approximately \$151,000 due to an increase in occupancy for all programs. The Authority received those proceeds in 2019 for roof repairs for damages done by hurricane Irma.

Total Operating Expenses decreased by \$396,157 during the fiscal year ending 2020 as compared to the fiscal year ending 2019. This is primarily a result of increases in housing assistance payments, depreciation, and general expenses offset by decreases in maintenance and administrative expenses. Housing Assistance Payments increased by approximately \$233,000 due to increased payment standards. General expenses increased by approximately \$137,000 due to Insurance increases and an increase in compensated absences which were reported as an administrative expense rather than a general expense in the prior year. Maintenance costs decreased by approximately \$809,000 due to the extensive roof repairs completed in the prior year related to damage caused during hurricane Irma. Administrative expenses decreased by approximately \$87,000 due to difficulties replacing employees that left during the year as well as having certain compensated absence expenses reallocated as noted above.

Capital Assets and Debt Activity

During the fiscal year 2020, the Authority's net capital assets decreased by \$950,113 mainly due to depreciation expense of approximately \$1,130,000 offset by current year additions approximately \$179,000. These additions mainly consist of the HVAC project and obtaining the title for a project that will begin in fiscal year 2021 in construction in progress.

At the end of the fiscal year 2020, the Authority had debt of approximately \$5,173,000 of which only approximately \$327,000 is presented as current. This balance represents a decrease from that of the previous year-end due to the debt payments.

Factors Affecting Next Year's Budget

The Authority is primarily dependent upon HUD and USDA for various programs; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2020 and 2021 federal budgets.

Economic Factors

Significant economic factors and decisions affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development and USDA, and new rules and regulations, which could be unfunded;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income as well as the Housing Assistance Payments to landlords;
- Inflationary pressure on utility rates, housing costs, supplies and other costs;
- Natural disasters and health safety concerns, which can have a devastating impact on the local economy;
- Trends in the current housing market; and
- The recent COVID-19 pandemic may affect the future rental market.

Collier County Housing Authority

STATEMENT OF NET POSITION

September 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 2,132,002
Cash and cash equivalents - restricted	2,438,725
Investments - restricted	212,303
Receivables, net	228,080
Inventory, net	65,352
Prepaid expenses	201,434
Total current assets	<u>5,277,896</u>

NONCURRENT ASSETS

Capital assets, net	<u>17,369,841</u>
Total assets	<u>22,647,737</u>

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt	327,497
Accounts payable	83,014
Accrued wages	24,949
Accrued compensated absences	12,421
Unearned revenue	269,571
Tenant security deposits	270,213
Accrued interest payable	8,902
Other current liabilities	61
Total current liabilities	<u>996,628</u>

NONCURRENT LIABILITIES

Long-term debt	4,845,564
Accrued compensated absences	111,743
Total noncurrent liabilities	<u>4,957,307</u>
Total liabilities	<u>5,953,935</u>

NET POSITION

Net investment in capital assets	12,196,780
Restricted	2,380,815
Unrestricted	2,116,207
Total net position	<u>\$ 16,693,802</u>

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

Collier County Housing Authority

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended September 30, 2020

OPERATING REVENUES	
HUD operating revenues	\$ 3,828,049
Tenant revenue, net	3,333,275
Other operating revenue	<u>1,362,744</u>
Total operating revenues	<u>8,524,068</u>
OPERATING EXPENSES	
Housing assistance payments	3,901,926
Maintenance	1,537,941
Administrative	1,187,001
Depreciation	1,129,563
General	543,116
Utilities	204,685
Protective services	<u>32,662</u>
Total operating expenses	<u>8,536,894</u>
OPERATING LOSS	<u>(12,826)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income - restricted	8,753
Interest income - unrestricted	4,397
Interest expense	<u>(65,495)</u>
Total nonoperating revenues (expenses)	<u>(52,345)</u>
Change in net position	(65,171)
Total net position - beginning	<u>16,758,973</u>
Total net position - ending	<u><u>\$ 16,693,802</u></u>

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

Collier County Housing Authority

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

HUD operating grants received	\$ 4,026,967
Collections from tenants	3,345,547
Collections from other sources	1,668,901
Payments to employees	(1,455,192)
Payments to suppliers	(2,024,418)
Housing assistance payments	<u>(3,901,926)</u>
Net cash provided by operating activities	<u>1,659,879</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from debt	55,257
Payments on long term debt	(323,881)
Interest paid	(66,489)
Purchase of property and equipment	<u>(179,450)</u>
Net cash used in capital and related financing activities	<u>(514,563)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received - restricted	10,648
Interest received - unrestricted	4,397
Purchase of investments	<u>(6,252)</u>
Net cash used in investing activities	<u>8,793</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

	1,154,109
Cash and cash equivalents at beginning of year	<u>3,416,618</u>
Cash and cash equivalents at end of year	<u>\$ 4,570,727</u>

AS PRESENTED ON THE STATEMENT OF NET POSITION:

Cash and cash equivalents - unrestricted	\$ 2,132,002
Cash and cash equivalents - restricted	<u>2,438,725</u>
	<u>\$ 4,570,727</u>

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

Collier County Housing Authority

STATEMENT OF CASH FLOWS (continued)

For the year ended September 30, 2020

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

Operating Loss	\$	(12,826)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		1,129,563
Provision for bad debt		104,608
(Increase) decrease in assets:		
Receivables, net		178,446
Prepaid expenses		(20,711)
Inventory, net		29,353
Increase (decrease) in liabilities:		
Accounts payable		(17,355)
Accrued wages		16,267
Accrued compensated absences		18,241
Unearned revenue		198,918
Tenant security deposits		35,375
Net cash provided by operating activities	\$	<u>1,659,879</u>

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

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Collier County Housing Authority (the "Authority"), a governmental agency, was created pursuant to Florida Statutes Chapter 421. The primary purpose of the Authority is to develop, acquire and operate safe, decent, sanitary and affordable housing for low-income families and to operate the housing programs in accordance with federal legislation.

The Authority has been a recipient of several loans and grants from Rural Housing Services (RHS) since 1971 under Project No. 09-011-05914055 pursuant to Sections 514 and 516 of the Housing Act of 1949, as amended. The Rural Housing Services programs are designed to provide decent, safe and sanitary low-rent housing and related facilities for domestic farm laborers.

The Authority's governing board consists of a three member Board of Commissioners (the "Board"), which is appointed by the Governor of the State of Florida. The Authority is not a component unit of the State, as defined in Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as described by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

2. Blended component unit

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government. These component units are blended with the primary government.

In 1990, the Authority formed a 501(c)(3) organization, CCHA Land Development Corporation, which is a non-profit corporation organized, incorporated and controlled, by the Authority for the advancement of affordable housing. This organization was determined to be a component unit of the Authority. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the primary government's financial statements because of the nature and significance of their relationship with the primary government. In determining how to define the reporting entity, management has considered all potential component units.

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Blended component unit (continued)

Although legally separate entities, blended component units are, in substance, part of the Authority's operation. Accordingly, data from CCHA Land Development Corporation is combined with data of the primary government.

3. Government-wide and fund financial statements

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

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

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

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

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

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

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Measurement focus and basis of accounting

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

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

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position. As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of accounts written-off in the amount of \$70,184.

5. Summary of programs

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

a. *Farm Labor Housing Loans and Grants*

The Farm Labor Housing Loans and Grants provides affordable financing to develop housing for year-round and migrant or seasonal domestic farm laborers.

b. *Central Office Cost Center*

The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenue through charges for services from other Authority programs and activities.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Summary of programs (continued)

c. Housing Assistance Payments Programs

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

d. HOME

The HOME program funds the tenant based rental assistance program.

e. Business Activities

The Authority's business activities consist of Horizon Village, Section AB, Farm Worker Village which consists of 276 rental units, and Multi-family rental which consists of 4 rental units. The apartments are not separate legal entities but rather housing developments owned and managed by the Authority.

6. Budgets

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

7. Assets, liabilities and net position

a. Cash and cash equivalents

For financial statement purposes cash and cash equivalents are considered to be cash in banks and certificates of deposit with original maturities of three months or less.

b. Receivables and amounts due from HUD

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD represent reimbursable expenses or grant subsidies earned that have not been collected as of September 30, 2020. Allowances are determined by management based on the specific accounts and prior experience.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities and net position (continued)

c. *Investments*

Investments, when present, are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD and the U.S. Department of Agriculture. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Florida.

d. *Inventory*

Inventory, consisting principally of materials held for use or consumption, is recorded at cost. Based on management's experience with the types of items in inventory and related usage plans, an allowance for obsolescence of \$3,440 was recorded as of September 30, 2020.

e. *Capital assets*

The Authority's policy is to capitalize equipment with a value in excess of \$2,500 and a useful life in excess of five years. The Authority capitalizes the costs of site acquisition and improvement, structures, equipment and direct development costs meeting the capitalization policy. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at fair value on the date contributed.

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

Buildings and improvements	20-30 years
Infrastructure	20-30 years
Modernization	15 years
Office and other furniture	3-5 years

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities and net position (continued)

f. *Accrued compensated absences*

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to service already rendered and that is not contingent on a specific event that is outside the control of the Authority and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

g. *Unearned revenues*

Unearned revenues include amounts collected before revenue recognition criteria are met. As of September 30, 2020 unearned revenues consists of \$145,914 of CARES Act funding and \$123,657 of prepaid rents.

h. *Eliminations*

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements. In addition to the item discussed in Note B-7(d), the following have been eliminated from the financial statements:

i.) *Fee for service*

The Authority's COCC internally charges fees to the AMPs and programs of the Authority. These charges include management fees, bookkeeping fees, front line service fees, other fee revenue and asset management fees. For financial reporting purposes, \$498,980 of fee for service charges have been eliminated for the year ended September 30, 2020.

ii.) *Internal IT reimbursement*

The Authority internally charges IT costs to programs within the Authority. For financial reporting purposes, \$40,000 of internal IT charges have been eliminated for the year ended September 30, 2020.

i. *Net position*

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of September 30, 2020, is classified into three components of net position:

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Assets, liabilities and net position (continued)

i. *Net position (continued)*

i.) *Net investment in capital assets*

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

ii.) *Restricted component of net position*

This component consists of net position restricted in its use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports.

USDA sinking fund reserve replacement (Note B-7(h))	\$	1,935,209
Certificates of deposit		212,303
HCV CARES act funding		145,914
HCV HAP reserves		43,375
Maintenance reserve		36,000
Insurance reserve		8,014
Total restricted net position	\$	<u>2,380,815</u>

iii.) *Unrestricted component of net position*

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

8. Use of estimates

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

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Income taxes

The Authority and CCHA Land Development Corporation, as a component unit of a governmental organization, qualify as tax-exempt governmental entities; accordingly, no provision for Federal or State income tax is required.

10. Impairment of long-lived assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. Management has determined that there were no such impairments as of September 30, 2020.

11. Leasing activities

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

12. Impact of recently issued accounting principles

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the Authority's September 30, 2022 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES

1. Deposits and investments

As of September 30, 2020, the Authority's cash balance consists of demand deposits with financial institutions of \$4,570,727, and investment balance consists of multiple certificates of deposit accounts for the total amount of \$212,303.

In accordance with GASB Codification Sections C20, *Cash Deposits with Financial Institutions*, and I50, *Investments*, the Authority's exposure to risk is disclosed as follows:

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy to limit its exposure to declines in fair values of its investment portfolio is to only invest in HUD allowed investments and to monitor investments. As of September 30, 2020 the Authority had no investments, and therefore was not exposed to interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of September 30, 2020, the Authority was not exposed to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposit policy for custodial credit risk, requires collateral to be held in the Authority's name by its agent or by the bank's trust department. The Authority's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, per financial institution, per depositor. Monies invested greater than the insurance coverage are secured by qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. As of September 30, 2020 none of the Authority's total bank balance was exposed to custodial credit risk, as all funds were either fully insured or collateralized.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Restricted cash and cash equivalents

As of September 30, 2020, restricted cash consists of:

<i>Current:</i>	
Tenant security deposits	\$ 270,213
HCV CARES act funding	145,914
HAP equity	43,375
Rental properties maintenance reserve	36,000
Insurance reserve	8,014
<i>Noncurrent:</i>	
USDA sinking fund reserve replacement	1,935,193
USDA sinking fund	16
	\$ 2,438,725

The Authority maintains a sinking fund reserve according to loan parameters as described in Note B-7(h).

2. Receivables, net

At September 30, 2020, receivables, net consist of:

Due from other governments	\$ 171,944
Tenant receivables	109,635
Fraud recovery	9,928
Miscellaneous receivables	5,993
Accrued interest receivable	2,021
Total receivables	299,521
Allowance for doubtful accounts - tenants	(36,513)
Allowance for doubtful accounts - other	(25,000)
Allowance for doubtful accounts - fraud	(9,928)
Total allowance for doubtful accounts	(71,441)
Total receivables, net	\$ 228,080

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

3. Capital assets, net

A summary of the changes in capital assets for the year ended September 30, 2020 is as follows:

	Balance at September 30, 2019	Additions	Deletions	Transfers	Balance at September 30, 2020
Nondepreciable capital assets:					
Land	\$ 2,678,245	\$ -	\$ -	\$ (2,000)	\$ 2,676,245
Construction in progress	105,120	168,876	-	-	273,996
	<u>2,783,365</u>	<u>168,876</u>	<u>-</u>	<u>(2,000)</u>	<u>2,950,241</u>
Depreciable capital assets:					
Buildings and improvements	37,128,072	-	-	2,000	37,130,072
Equipment - admin	1,691,316	5,693	-	115,831	1,812,840
Equipment - dwelling	644,062	4,881	-	(115,831)	533,112
Infrastructure improvements	5,799,049	-	-	-	5,799,049
	<u>45,262,499</u>	<u>10,574</u>	<u>-</u>	<u>2,000</u>	<u>45,275,073</u>
Accumulated depreciation:					
Buildings and improvements	(23,313,725)	(950,223)	-	-	(24,263,948)
Equipment - admin	(505,781)	(49,858)	-	-	(555,639)
Equipment - dwelling	(1,758,408)	(16,105)	-	-	(1,774,513)
Leasehold improvements	(4,147,996)	(113,377)	-	-	(4,261,373)
	<u>(29,725,910)</u>	<u>(1,129,563)</u>	<u>-</u>	<u>-</u>	<u>(30,855,473)</u>
Total capital assets, net	<u>\$ 18,319,954</u>	<u>\$ (950,113)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,369,841</u>

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities

A summary of changes in noncurrent liabilities is as follows:

	Payable at October 1, 2019	Additions	Reductions	Payable at September 30, 2020	Current Portion
Revenue Bonds payable:					
Bond 1 - Series D Loan 006	\$ 129,000	\$ -	\$ (32,000)	\$ 97,000	\$ 32,000
Bond 1 - Series E Loan 008	410,000	-	(32,000)	378,000	33,000
Bond 1 - Series F Loan 013	646,000	-	(47,000)	599,000	47,000
Bond 3 - Series G Loan 014	3,777,000	-	(113,000)	3,664,000	114,000
Bond - Series 2020	-	55,257	-	55,257	-
Subtotal	<u>4,962,000</u>	<u>55,257</u>	<u>(224,000)</u>	<u>4,793,257</u>	<u>226,000</u>
Notes payable:					
Line of credit	102,839	-	(35,058)	67,781	34,520
Loan First FL	103,241	-	(31,412)	71,829	33,565
Note payable SHIP	53,644	-	(13,411)	40,233	13,412
Note payable Florida Community Bank	219,961	-	(20,000)	199,961	20,000
Subtotal	<u>479,685</u>	<u>-</u>	<u>(99,881)</u>	<u>379,804</u>	<u>101,497</u>
Subtotal of long term debt	5,441,685	55,257	(323,881)	5,173,061	327,497
Accrued compensated absences	<u>105,923</u>	<u>109,448</u>	<u>(91,207)</u>	<u>124,164</u>	<u>12,421</u>
Total	<u>\$ 5,547,608</u>	<u>\$ 164,705</u>	<u>\$ (415,088)</u>	<u>\$ 5,297,225</u>	<u>\$ 339,918</u>

Revenue Bonds

Capital facilities are financed by debt which is guaranteed and subsidized by U.S. Department of Agriculture, Rural Housing Services (RHS). Revenue bonds are issued for the purpose of acquiring, constructing, and erecting additions, extensions, and improvements to the issuers existing low rent multifamily housing units and apartments and facilities for low-income domestic farm labor within the area of operation of the issuer (the "Project"). The bond is secured with a mortgage lien upon and a pledge of the land and facilities of the Project and the gross revenues to be derived from the operation of the Housing Facilities. Terms of the bond indenture contain various restricted covenants and management believes that they are in compliance with all covenants as of September 30, 2020.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities (continued)

Revenue Bonds (continued)

The Authority presently has bonds payable on its farm labor housing projects which are due annually in installments of varying principal and interest amounts. Revenue Bonds payable at September 30, 2020 are as follows:

Series D Bond

The Authority issued Revenue Bonds Series D (1991), in the amount of \$873,380 with 1% interest, due annually on September 1. The bond is due on September 1, 2023.

The future principal and interest maturities for this bond are as follows:

	Principal	Interest
2021	\$ 32,000	\$ 970
2022	32,000	650
2023	33,000	330
Total	\$ 97,000	\$ 1,950

Series E Bond

The Authority issued Revenue Bonds Series E (1998), in the amount of \$970,000 with 1% interest, due annually on September 1. The bond is due on September 1, 2031.

The future principal and interest maturities for this bond are as follows:

	Principal	Interest
2021	\$ 33,000	\$ 3,780
2022	33,000	3,450
2023	33,000	3,120
2024	34,000	2,790
2025	34,000	2,450
2026-2030	175,000	7,090
2031	36,000	360
Total	\$ 378,000	\$ 23,040

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities (continued)

Revenue Bonds (continued)

Series F Bond

The Authority issued Revenue Bonds Series E (2000), in the amount of \$1,415,075 with 1% interest, due annually on September 1. The bond is due on September 1, 2032.

The future principal and interest maturities for this bond are as follows:

	Principal	Interest	
2021	\$ 47,000	\$ 5,990	
2022	48,000	5,520	
2023	48,000	5,040	
2024	49,000	4,560	
2025	49,000	4,070	
2026-2030	254,000	12,870	
2031-2032	104,000	1,560	
Total	\$ 599,000	\$ 39,610	

Series G Bond

The Authority issued Revenue Bonds Series G (2015), in the amount of \$4,000,000 with 1% interest, due annually on September 1. The bond is due on September 1, 2048.

The future principal and interest maturities for this bond are as follows:

	Principal	Interest	
2021	\$ 114,000	\$ 36,640	
2022	115,000	35,500	
2023	116,000	34,350	
2024	118,000	33,190	
2025	119,000	32,010	
2026-2030	611,000	142,000	
2031-2035	643,000	110,820	
2036-2040	675,000	78,040	
2041-2045	710,000	43,590	
2046-2048	443,000	8,890	
Total	\$ 3,664,000	\$ 555,030	

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities (continued)

Revenue Bonds (continued)

Series 2020 Bond

The Authority issued Revenue Bonds Series 2020, not to exceed \$1,500,000 with 1% interest, due annually on September 1. The bond is due on September 1, 2053. As of September 30, 2020, \$55,257 has been drawn. There is no current portion payable.

The future principal and interest maturities for this bond are as follows:

	Principal	Interest	
2021	\$ -	\$ -	
2022	-	-	
2023	42,000	15,000	
2024	42,000	14,580	
2025	43,000	14,160	
2026-2030	221,000	64,280	
2031-2035	234,000	52,970	
2036-2040	243,000	41,070	
2041-2045	250,000	28,790	
2046-2050	261,000	16,080	
2051-2053	164,000	3,290	
Total	\$ 1,500,000	\$ 250,220	

Line of credit

In August of 2019, the Authority entered into a promissory note to a bank in the amount of \$171,919 at an interest rate of 4.95%. Payable in 60 monthly installments of interest and principal of \$3,246. Final payment due by August 14, 2023. This note is unsecured and has an outstanding balance of \$67,781 as of September 30, 2020.

The future principal and interest maturities for this note are as follows:

	Principal	Interest	
2021	\$ 34,520	\$ 4,434	
2022	33,261	2,686	
Total	\$ 67,781	\$ 7,120	

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities (continued)

Loan First Florida Bank

In September 29, 2015, the Authority entered into a promissory note to a bank in the amount of \$219,150 at an interest rate of 3.5%. Payable in 84 monthly installments of interest and principal of \$2,950. Final payment due by September 29, 2022. This note is unsecured and has an outstanding balance of \$71,828 as of September 30, 2020.

The future principal and interest maturities for this note are as follows:

	Principal	Interest
2021	\$ 33,565	\$ 1,839
2022	38,263	646
Total	\$ 71,828	\$ 2,485

Note Payable SHIP

In August of 2004, the Authority entered into a loan agreement with Collier County under the State housing initiatives partnership for their business activity, Horizon Village. Principal payments were deferred for a period of three years from the date of disbursement with seventeen equal annual payments of \$13,412 due beginning September 1, 2007 and continuing until payment in full is received on August 1, 2024. Interest on this note shall be 0% per annum, except that if the Authority fails to pay this note as required, the interest rate shall be 12% per annum from the date when the payment of this note is due until it is paid in full. The amount payable at September 30, 2020, was \$40,232.

The future principal maturities for this note are as follows:

	Principal
2021	\$ 13,412
2022	13,412
2023	13,408
Total	\$ 40,232

Collier County Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

4. Noncurrent liabilities (continued)

Note Payable Florida Community Bank

On May 31, 2006, the Authority executed a note payable to the Florida Community Bank in the amount of \$500,000 to finance the business activity of Horizon Village. This agreement was amended on March 28, 2013 with a remaining debt balance of \$359,961. The term of this note is 17 years with 3% interest. Payments of principal and interest are to be made annually. As of September 30, 2020, the outstanding balance was \$199,961.

The future principal and interest maturities for this note are as follows:

	Principal	Interest
2021	\$ 20,000	\$ 5,999
2022	20,000	5,399
2023	20,000	4,799
2024	20,000	4,199
2025	20,000	3,599
2026-2030	99,961	8,995
Total	<u>\$ 199,961</u>	<u>\$ 32,990</u>

In addition, the borrowings mentioned above, the Authority entered into a forgivable SHIP loan not reflected as long term debt, see Note B-7(c).

5. Pension plan

The Authority provides pension benefits for all of its full time regular employees through a defined contribution plan. The plan is administered by the Authority. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority matches the employee pre-tax deferral contributions up to 5% of the employee's base salary. The Authority's contributions for each employee, and earnings thereon, are fully vested after 1 year. Contributions for the plan and interest forfeited by employees who leave employment before vesting, are used to reduce the Authority's current-period contribution requirement. The amounts contributed by the Authority and its employees for the year ended September 30, 2020 were \$49,721 and \$49,721, respectively. There were no pension forfeitures during the fiscal year.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

6. Risk management

The Authority is exposed to various risks of loss to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of the Authority's risk management program, the Authority has commercial insurance to manage its risks of loss. There were no significant reductions of insurance coverage from prior years and actual settlements did not exceed insurance coverage for each of the past three years.

7. Commitments and contingencies

a. *Legal*

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

b. *Grants and contracts*

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

In accordance with applicable standards, the amount of current year program subsidy received in excess of associated qualifying expenses of the Housing Choice Voucher program is presented as net program income or loss with the cumulative excess funding being reflected in restricted net position in the basic financial statements. As of September 30, 2020, the Authority had unspent cumulative excess HAP funding of \$87,389 which is presented as restricted net position.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

7. Commitments and contingencies (continued)

c. *SHIP promissory notes*

During the year ended September 30, 2019, the Authority obtained funding in the amount of \$600,000 from Collier County under the State Housing Initiatives Partnership (SHIP) program for the purchase of two rental properties. The SHIP program provides funds to eligible local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families. In order to assure compliance, the Authority entered into a SHIP promissory notes (two promissory notes at \$300,000 each totaling \$600,000) that carry an interest rate of 0% and is forgivable after a 15-year term if the Authority complies with the SHIP requirements. However, if the properties are sold, refinanced, no longer serve the intended purpose, or title transfers, the loan will be paid in full. The SHIP proceeds were recognized as income at the time of receipt since the Authority believes the likelihood of repayment is remote and intends to comply with the forgivable parameters of the borrowing.

d. *Intercompany repayment agreement*

The Authority was notified in a prior year by the United States Department of Agriculture ("USDA") regarding concerns over certain aspects of the operations of the USDA program. One of the concerns raised was that the Authority was in excess of \$430,000 above what was budgeted for operating and maintenance for the 2014 fiscal year. In addition, the USDA stated that there is an indication that project funds have been utilized for purposes unrelated to Rural Development's housing project. The USDA asserts that allowable expenses include those expenses that are directly attributable to housing project operations and are necessary to carry out successful operations and that housing project funds may not be used for "purposes unrelated to the housing project." As a result of the notification, the Authority engaged a forensic auditor to determine the extent of com-mingling of funds and the amount of project funds that were utilized for unallowable expenses. The amounts determined to have been expensed by the USDA program have been recorded as a receivable from the respective other programs and recorded in the financial statements.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

7. Commitments and contingencies (continued)

d. *Intercompany repayment agreement (continued)*

During the year ended September 30, 2016, the Authority signed a “repayment agreement” with the USDA to repay the Rural Housing program \$1,761,291 from business activities. The Authority is to make annual payments of \$55,040 for 32 years from business activities to repay the Rural Housing Program. The Authority acknowledged and agreed that a failure of the Authority to comply with the repayment agreement may be considered by the USDA a breach of the terms and conditions of outstanding loans, mortgages and grants. The amount due to the Rural Rental Assistance Program from business activities as of September 30, 2020 is \$1,496,602. These interprogram receivables and payables have been eliminated on the financial statements.

e. *Funds awarded*

The Authority receives funding from HUD through the CARES Act. Unspent funded awards as of September 30, 2020, amounted to \$145,914.

f. *COVID-19 pandemic:*

The Authority, like most other businesses, has had its operational activities impacted by the COVID-19 pandemic to conform with current guidelines. As of the date of this report, the overall impact and duration is uncertain.

g. *Operating leases:*

The Authority is committed under a continuing non-cancelable lease for office space. This lease has been accounted for as operating leases in the accompanying basic financial statements. The office lease is not subject to an annual escalation clause. Future minimum lease payments required under these leases are as follows:

<u>September 30,</u>	<u>Office Space</u>
2020-2021	\$ 36,473

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

7. Commitments and contingencies (continued)

h. Sinking fund:

The Authority maintains a sinking fund under the terms of the revenue bonds. The Authority is required to make monthly reserve deposits in the amount of \$41,667 plus the amount of any deficiency in prior deposits until funds and investments in the reserve account shall equal \$10,000,000.

8. Concentrations

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for related costs, and the additional administrative burden to comply with the changes. For the year ended September 30, 2020, approximately 44% of revenues and none of current receivables reflected in the basic financial statements are from HUD.

9. Financial data schedule

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

10. Subsequent events

Management has evaluated subsequent events through February 18, 2021, the date which the financial statements were available to be issued, and noted no additional significant items to be disclosed.

Collier County Housing Authority
NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended September 30, 2020

NOTE B - DETAILED NOTES (continued)

11. Component unit information

Component unit information for the Authority's blended component unit CCHA, as described in Note A-2 is presented below.

Condensed Statement of Net position:

Assets	
Current assets	\$ 31,047
Liabilities	
Current liabilities	887
Net Position	
Unrestricted	\$ 30,160

Condensed Statement of Revenues, Expenses and Changes in Net position:

Operating expenses	\$ 61
Change in net position	(61)
Total net position beginning	30,221
Total net position ending	\$ 30,160

Condensed Statement of Cash Flows:

Net cash used in:	
Operating activities	\$ (61)
Cash at beginning of the year	31,108
Cash at end of the year	\$ 31,047

SUPPLEMENTARY INFORMATION

Collier County Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended September 30 , 2020

PHA: FL075 FYED: 09/30/2020											
Line Item No.	Account Description	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Blended Component Unit	Disaster Grants 97.036	HOME Investment Partnerships Program 14.239	Rural Rental Assistance Payments 10.427	HCV CARES Act funding 14.HCC	COCC	Elimination	Total
111	Cash - Unrestricted	34,949	62,327	31,047	-	31,467	1,569,788	-	402,424	-	2,132,002
113	Cash - Other Restricted	44,014	43,375	-	-	-	1,935,209	145,914	-	-	2,168,512
114	Cash - Tenant Security Deposits	144,180	-	-	-	-	126,033	-	-	-	270,213
100	Total Cash	223,143	105,702	31,047	-	31,467	3,631,030	145,914	402,424	-	4,570,727
121	Accounts Receivable - PHA Projects	-	40,554	-	-	-	-	-	-	-	40,554
124	Accounts Receivable - Other Government	-	-	-	-	29,247	102,143	-	-	-	131,390
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	94	-	5,899	-	5,993
126	Accounts Receivable - Tenants Dwelling Rents	83,840	-	-	-	-	25,795	-	-	-	109,635
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(33,541)	-	-	-	-	(2,972)	-	-	-	(36,513)
126.2	Allowance for Doubtful Accounts - Other	-	(25,000)	-	-	-	-	-	-	-	(25,000)
128	Fraud Recovery	-	9,928	-	-	-	-	-	-	-	9,928
128.1	Allowance for Doubtful Accounts - Fraud	-	(9,928)	-	-	-	-	-	-	-	(9,928)
129	Accrued Interest Receivable	-	-	-	-	-	2,021	-	-	-	2,021
120	Total Receivables, net of Allowances for Doubtful Accounts	50,299	15,554	-	-	29,247	127,081	-	5,899	-	228,080
132	Investments - restricted	-	-	-	-	-	212,303	-	-	-	212,303
142	Prepaid Expenses and Other Assets	85,973	6,721	-	-	770	104,549	-	3,421	-	201,434
143	Inventories	45,151	-	-	-	-	23,641	-	-	-	68,792
143.1	Allowance for Obsolete Inventories	(2,258)	-	-	-	-	(1,182)	-	-	-	(3,440)
144	Interprogram due from	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	402,308	127,977	31,047	-	61,484	4,097,422	145,914	411,744	-	5,277,896
161	Land	1,262,906	-	-	-	-	1,413,339	-	-	-	2,676,245
162	Buildings	14,488,880	-	-	-	-	22,620,101	-	21,091	-	37,130,072
163	Furniture, Equipment & Machinery -Dwellings	78,080	-	-	-	-	454,377	-	655	-	533,112
164	Furniture, Equipment & Machinery - Administration	332,055	116,486	-	-	-	1,315,816	-	48,483	-	1,812,840
166	Accumulated Depreciation	(14,955,227)	(100,606)	-	-	-	(15,778,452)	-	(21,188)	-	(30,855,473)
167	Construction In Progress	218,740	-	-	-	-	55,256	-	-	-	273,996
168	Infrastructure	2,545,840	-	-	-	-	3,253,209	-	-	-	5,799,049
160	Total Fixed Assets, net of Accumulated Depreciation	3,971,274	15,880	-	-	-	13,333,646	-	49,041	-	17,369,841
180	Total Non-Current Assets	3,971,274	15,880	-	-	-	13,333,646	-	49,041	-	17,369,841
190	Total Assets	4,373,582	143,857	31,047	-	61,484	17,431,068	145,914	460,785	-	22,647,737

See independent auditor's report.

Collier County Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended September 30 , 2020

PHA: FL075 FYED: 09/30/2020											
Line Item No.	Account Description	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Blended Component Unit	Disaster Grants 97.036	HOME Investment Partnerships Program 14.239	Rural Rental Assistance Payments 10.427	HCV CARES Act funding 14.HCC	COCC	Elimination	Total
312	Accounts Payable <= 90 Days	26,298	8,163	887	-	425	35,311	-	11,930	-	83,014
321	Accrued Wage/Payroll Taxes Payable	4,198	1,296	-	-	-	4,557	-	14,898	-	24,949
322	Accrued Compensated Absences	2,952	1,249	-	-	-	2,352	-	5,868	-	12,421
325	Accrued Interest Payable	4,954	-	-	-	-	3,948	-	-	-	8,902
341	Tenant Security Deposits	144,180	-	-	-	-	126,033	-	-	-	270,213
342	Unearned Revenues	59,711	-	-	-	-	63,592	145,914	354	-	269,571
343	Current Portion of Long-term Debt - Capital Projects	101,497	-	-	-	-	226,000	-	-	-	327,497
345	Other Current Liabilities	-	-	-	-	-	61	-	-	-	61
347	Interprogram Due To	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	343,790	10,708	887	-	425	461,854	145,914	33,050	-	996,628
351	Long-term Debt, net of Current - Capital Projects	278,307	-	-	-	-	4,567,257	-	-	-	4,845,564
354	Accrued Compensated Absences - Non Current	26,549	11,209	-	-	-	21,172	-	52,813	-	111,743
350	Total Noncurrent Liabilities	304,856	11,209	-	-	-	4,588,429	-	52,813	-	4,957,307
300	Total Liabilities	648,646	21,917	887	-	425	5,050,283	145,914	85,863	-	5,953,935
508.4	Net Investment in Capital Assets	3,591,470	15,880	-	-	-	8,540,389	-	49,041	-	12,196,780
511.4	Restricted Net Position	44,014	43,375	-	-	-	2,147,512	145,914	-	-	2,380,815
512.4	Unrestricted Net Position	89,452	62,685	30,160	-	61,059	1,692,884	(145,914)	325,881	-	2,116,207
513	Total Equity	3,724,936	121,940	30,160	-	61,059	12,380,785	-	374,922	-	16,693,802
600	Total Liabilities and Equity	4,373,582	143,857	31,047	-	61,484	17,431,068	145,914	460,785	-	22,647,737

See independent auditor's report.

Collier County Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended September 30 , 2020

PHA: FL075 FYED: 09/30/2020											
Line Item No.	Account Description	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Blended Component Unit	Disaster Grants 97.036	HOME Investment Partnerships Program 14.239	Rural Rental Assistance Payments 10.427	HCV CARES Act funding 14.HCC	COCC	Elimination	Total
70300	Net Tenant Rental Revenue	2,213,337	-	-	-	-	1,159,126	-	-	-	3,372,463
70400	Tenant Revenue - Other	22,246	-	-	-	-	8,750	-	-	-	30,996
70500	Total Tenant Revenue	2,235,583	-	-	-	-	1,167,876	-	-	-	3,403,459
70600	HUD PHA Grants	-	3,750,931	-	-	-	-	77,118	-	-	3,828,049
70710	Management Fee	-	-	-	-	-	-	-	462,853	(462,853)	-
70730	Book Keeping Fee	-	-	-	-	-	-	-	36,127	(36,127)	-
70800	Other Government Grants	-	-	-	197,005	206,011	588,379	-	-	-	991,395
71100	Investment Income - Unrestricted	-	41	-	-	-	4,356	-	-	-	4,397
71500	Other revenue	37,898	154,145	-	-	-	6,040	-	213,266	(40,000)	371,349
72000	Investment Income - Restricted	-	-	-	-	-	8,753	-	-	-	8,753
70000	Total Revenue	2,273,481	3,905,117	-	197,005	206,011	1,775,404	77,118	712,246	(538,980)	8,607,402
91100	Administrative Salaries	124,212	84,261	-	-	20,707	125,700	-	305,254	-	660,134
91200	Auditing Fees	5,695	8,032	-	-	-	8,095	-	1,648	-	23,470
91300	Management Fees	208,436	67,367	-	-	-	187,050	-	-	(462,853)	-
91310	Book-keeping Fee	-	36,127	-	-	-	-	-	-	(36,127)	-
91400	Marketing and Advertising Fees	750	655	-	-	-	477	-	169	-	2,051
91500	Employee Benefit Contributions - Administrative	45,057	41,889	-	-	1,631	42,535	-	83,220	-	214,332
91600	Office Expenses	36,634	62,377	-	-	533	26,030	-	24,031	-	149,605
91700	Legal Expenses	2,234	-	-	-	-	-	-	9,440	-	11,674
91800	Travel	40	360	-	-	-	-	-	716	-	1,116
91900	Other	42,573	33,632	61	-	-	24,485	140	63,728	(40,000)	124,619
93100	Water	31,103	-	-	-	-	13,948	-	27,708	-	72,759
93200	Electricity	60,804	2,343	-	-	-	35,383	-	17,385	-	115,915
93300	Gas	3,355	-	-	-	-	-	-	12,656	-	16,011
94100	Ordinary Maintenance and Operations - Labor	205,946	-	-	-	-	131,005	-	84	-	337,035
94200	OMO - Materials and Other	334,531	5,024	-	-	-	116,592	951	5,014	-	462,112
94300	Ordinary Maintenance and Operations - Contract Costs	251,348	133	-	-	-	280,291	-	38,271	-	570,043
94500	Employee Benefit Contributions - Ordinary Maintenance	101,915	-	-	-	-	66,832	-	4	-	168,751
95100	Protective Services - Labor	-	-	-	-	-	4,049	-	-	-	4,049

See independent auditor's report.

Collier County Housing Authority

FINANCIAL DATA SCHEDULE

For the year ended September 30 , 2020

PHA: FL075 FYED: 09/30/2020											
Line Item No.	Account Description	Business Activities	Section 8 Housing Choice Voucher Program 14.871	Blended Component Unit	Disaster Grants 97.036	HOME Investment Partnerships Program 14.239	Rural Rental Assistance Payments 10.427	HCV CARES Act funding 14.HCC	COCC	Elimination	Total
95200	Protective Services - Other Contract Costs	23,936	2,536	-	-	-	-	-	1,951	-	28,423
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	190	-	-	-	190
96110	Property Insurance	105,940	2,592	-	-	-	124,224	-	2,391	-	235,147
96120	Liability Insurance	20,024	2,485	-	-	-	35,538	-	1,726	-	59,773
96130	Workmen's Compensation	23,545	4,361	-	-	-	19,267	-	5,765	-	52,938
96140	All Other Insurance	2,727	1,221	-	-	-	1,443	-	704	-	6,095
96200	Other General Expenses	155	7,426	-	-	-	5,000	-	16,830	-	29,411
96210	Compensated Absences	24,255	7,710	-	-	-	32,840	-	44,643	-	109,448
96300	Payments in Lieu of Taxes	3,000	-	-	-	-	-	-	3,150	-	6,150
96400	Bad Debt - Tenant Rents	68,206	-	-	-	-	1,978	-	-	-	70,184
96600	Bad Debt - Other	-	34,424	-	-	-	-	-	-	-	34,424
96720	Interest on Notes Payable (Short and Long-Term)	16,062	-	-	-	-	49,433	-	-	-	65,495
96900	Total Operating Expenses	1,742,483	404,955	61	-	22,871	1,332,385	1,091	666,488	(538,980)	3,631,354
97000	Excess Operating Revenue over Operating Expenses	530,998	3,500,162	(61)	197,005	183,140	443,019	76,027	45,758	-	4,976,048
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	9,730	-	-	-	9,730
97300	Housing Assistance Payments	-	3,497,779	-	-	183,140	-	75,119	-	-	3,756,038
97350	HAP Portability-In	-	145,888	-	-	-	-	-	-	-	145,888
97400	Depreciation Expense	355,495	7,134	-	-	-	757,408	-	9,526	-	1,129,563
90000	Total Expenses	2,097,978	4,055,756	61	-	206,011	2,099,523	76,210	676,014	(538,980)	8,672,573
10010	Operating transfers in	194,076	-	-	-	-	-	-	2,929	-	197,005
10020	Operating transfers out	-	-	-	(197,005)	-	-	-	-	-	(197,005)
10000	Excess (deficiency) of total revenue over (under) total expenses	369,579	(150,639)	(61)	-	-	(324,119)	908	39,161	-	(65,171)
11030	Beginning Equity	3,355,357	271,671	30,221	-	61,059	12,704,904	-	335,761	-	16,758,973
11040	Prior Period Adjustments, Equity Transfer and Correction of Errors	-	908	-	-	-	-	(908)	-	-	-
11040.1	Transfer from Capital Fund of Capital Items	-	-	-	-	-	-	-	-	-	-
11040.2	Transfer Fixed Assets to HCV	-	908	-	-	-	-	(908)	-	-	-
11040.7	Transfer Disaster Grants	-	-	-	-	-	-	-	-	-	-
11040.8	Transfer COCC	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	78,565	-	-	-	-	-	-	-	78,565
11180	Housing Assistance Payments Equity	-	43,375	-	-	-	-	-	-	-	43,375
11190	Unit Months Available	5,664	5,592	-	-	-	3,780	-	-	-	15,036
11210	Number of Unit Months Leased	4,436	4,785	-	-	242	3,243	-	-	-	12,706
11640	Furniture and Equipment - Administration Purchases	-	-	-	-	-	-	-	3,696	-	3,696

See independent auditor's report.

Collier County Housing Authority

Schedule of Actual CARES Act Fund Programs Costs and Advances

For the year ended September 30, 2020

PROGRAM	14.HCC
BUDGET	<u>\$ 223,032</u>
ADVANCES	
Prior years	\$ -
Current year	<u>223,032</u>
Cumulative as of September 30, 2020	<u>223,032</u>
COSTS	
Prior years	-
Current year	<u>77,118</u>
Cumulative as of September 30, 2020	<u>77,118</u>
UNSPENT ADVANCES	<u>\$ (145,914)</u>

See independent auditor's report.

Collier County Housing Authority

FARM WORKER SUBSIDIZED HOUSING PROGRAM - UNAUDITED

For the year ended September 30, 2020

The following is supplementary information requested by the U.S. Department of Agriculture - Rural Housing Services (formerly Farmers Home Administration).

1. Schedule of Insurance Coverage

At September 30, 2020, the Authority had the following insurance coverage in effect:

<u>Insurance Carrier</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Term</u>
	Fidelity bond/Employee Dishonesty		
Travelers Insurance Co.	\$100,000 Deductible	\$2,000,000	5/1/20-05/01/21
Amtrust W/Comp	Workers' Compensation	Statutory	10/01/20-10/01/21
Florida PH Authority Insurance	Automobile liability	\$1,000,000	05/01/20-05/01/21
Florida PH Authority Insurance	Property, Office Building & Personal Property, Fire & Extended Coverage (90% coinsurance)	\$44,169,134	05/01/20-05/01/21
	General Liability Personal Injury, Products, Advertising, Property Damage	\$1,000,000 Occ \$2,000,000 Agg	05/01/20-05/01/21 05/01/20-05/01/21
Florida PH Authority Insurance	Directors & Officers Liability	\$1,000,000	05/01/20-05/01/21
		\$250,000	
Wright Flood Insurance	Flood Insurance	1250.00 deduct	11/06/20-11/06/21
Beazley	Cyber Liability	\$1,000,000	05/01/20-05/01/21

- 2. Exemption from Real Estate and Income Taxes** - The Authority is a public body corporate and politic pursuant to Chapter 421, Laws of the State of Florida, which is subsidized by the federal government. The Authority is not subject to federal, state income taxes, or local property taxes, nor is it required to file federal and state income tax returns as a public body corporate and politic pursuant to Chapter 423, Laws of the State of Florida Laws of the State of Florida.
- 3. Reserves** - The Housing Authority has maintained reserves for operations and Bond debt service at September 30, 2020. See also Notes to Financial Statements for additional information.
- 4. Accounting Records and Fixed Asset Control** - The accounting records maintained are adequate to facilitate budgetary reporting and analytical purposes. The fixed assets are also adequately safeguarded by the Authority personnel.
- 5. Financial Reports** - The financial reports included in this audit are in agreement with the accounting records of the Authority after audit adjustments have been made.

Collier County Housing Authority

FARM WORKER SUBSIDIZED HOUSING PROGRAM - UNAUDITED

For the year ended September 30, 2020

6. **Deposit Funds** - We noted that deposit funds are adequately insured by the FDIC and properly collateralized and are at or exceed the reserve levels required under the Loan and Grant Agreement as of September 30, 2020.
7. **Comments on Compliance and Administrative Internal Control** - We have audited the basic financial statements of the Collier County Housing Authority and have issued our report thereon dated February 18, 2021, 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.

Finally, we have also issued a report on the Authority's compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

8. **Other Findings or Recommendations for the Period Ended September 30, 2020** - See the schedule of findings and questioned cost as well as the management letter dated February 18, 2021 for any findings and management comments.
9. **The Required Schedule of Expenditures of Federal Awards** along with required reports on Internal Controls and Federal Compliance as outlined under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* were issued to the Authority as one report, as mandated by the Amended Single Audit Act of 1996 Amendment (Public Law 104-156).
10. **Accounts Receivable-Tenants** - Tenants accounts receivable at September 30, 2020 totaling \$22,823 were accounts aged at ninety days (90) or less.
11. **Accounts Payable** consists of \$35,311 at September 30, 2020. This balance which is payable to recurring vendors is for services or purchases of ninety days (90) or less.
12. **Management Fees** - The Collier County Housing Authority is the owner of the Farm Worker Subsidized Housing Program. Management fees of \$187,050 were charged by the COCC.

Collier County Housing Authority

FARM WORKER SUBSIDIZED HOUSING PROGRAM - UNAUDITED

For the year ended September 30, 2020

13. Schedule of Financial Institutions Where the Housing Authority Maintains its Bank Accounts.

<u>Name of Financial Institution</u>	<u>Account Name</u>	<u>Bank Balance</u>	<u>Reconciled Balance (considers deposits in- transit and outstanding checks)</u>	<u>Classification</u>
First 1 Bank 1300 N. 15th St., Suite 2 Immokalee, FL 34142	USDA Reserve Account	\$ 1,935,193	\$ 1,935,193	USDA Restricted
	COCC Account	406,474	412,344	
	COCC Payroll Account	71,050	71,050	
	COCC Insurance Reserve	9,554	9,554	
	CCHA Land, Inc.	31,047	31,047	
	AB Revenue Account	153,392	112,981	
	AB Security Deposit Fund	137,563	138,070	
	Section A&B Insurance Reserve	69,590	69,590	
	Horizon Village Operating	173,721	160,754	
	Horizon Village Insurance Reserve	10,456	10,456	
	AB Maintenance Reserve	340,000	360,000	
	Irma Account	616,868	616,868	
			<u>3,954,908</u>	
First Florida Integrity Bank P.O. Box 10910 Naples, FL 34104-0910	Security Deposit Fund USDA	129,989	127,551	USDA Restricted
	Certificates of Deposit (2)	212,303	212,303	
	Bond & Sinking Fund	16	16	
	Revenue Account USDA	16,217	11,126	
	TBRA HOME Operating	103,363	56,816	
	Section 8-Admin Funds	13,834	10,088	
	Section 8-HAP	226,827	207,797	
	Construction Account	100	100	
	Family Self Sufficiency	102	102	
	O & M Operating	4,399	3,895	
	COCC Laundry	30,073	62,243	
	USDA Insurance Reserves	75,155	75,155	
	Section 8 Admin Insurance Reserves	15,023	15,023	
	Rental Properties Insurance Reserves	8,014	8,014	
	Residential Portal Account	30,000	36,000	
	Rental Properties	26,588	23,780	
	Rental Properties Security Deposit	4,442	4,442	
		<u>896,445</u>	<u>854,451</u>	
Petty Cash & Misc.	-	-	672	
		<u>\$ 4,851,353</u>	<u>\$ 4,783,030</u>	

The above amount were verified using statements for the Institutions listed at September 30, 2020.

Collier County Housing Authority

FARM WORKER SUBSIDIZED HOUSING PROGRAM - UNAUDITED

For the year ended September 30, 2020

14. Schedule and Computation of Current Return to Owners Allowed - Not Applicable, because the Authority is a legal public Authority and not a private enterprise.

15. Schedule of Changes in Owners and Board of Commissioners - This is a local Public Authority and can never change its owners. The following is a list of the current Board of Commissioners.

<u>Commissioner</u>	<u>Expiration of Term</u>	<u>Address</u>
David B. Genson	November 7, 2018	Naples, Florida
Randolph B. Cash	October 17, 2018	Naples, Florida
Jay Roth	October 27, 2019	Ave Maria, Florida

16. Schedule of Rental Information

<u>Unit Size</u>	<u>Number of Units</u>	<u>Rental Rate</u>	<u>Months</u>	<u>Gross Potential Rent</u>
One bedroom unit	33	\$ 475	12	\$ 188,100
Two bedroom unit	111	\$ 530	12	\$ 705,960
Three bedroom unit	102	\$ 577	12	\$ 706,248
Four bedroom unit	69	\$ 599	12	\$ 495,972
	<u>315</u>			<u>\$ 2,096,280</u>

<u>Actual Rental Revenue</u>	<u>Percentage</u>	<u>Amount</u>
Tenants	66.33%	\$ 1,159,126
RHA rental assistance subsidy	33.67%	588,379
		<u>\$ 1,747,505</u>

Note 1 - Rental rates were effective October 1, 2017. Management provides for the monthly collection of rent.

17. Real Estate Taxes - The Authority is a local public body corporate and politic and is tax exempt by State of Florida, Section 423.

Collier County Housing Authority
CERTIFICATE OF BORROWER – UNAUDITE
For the year ended September 30, 2020



February 18, 2021

USDA Rural Development Office
420 South SR 7, Suite # 166
Royal Palm Beach, FL 33414

In accordance with the criteria specified in Section 5; Paragraph 4.16 C. of the USDA Rural Development Handbook (HB-2-3560) for the year ended **September 30, 2020**, the borrower must self-certify that **Collier County Housing Authority (the Authority)** is in compliance with the nine performance standards. The following is a summary of our compliance with the performance standards.

1. The required accounts are properly maintained and tracked separately. The accounts we maintain are marked below:

 X Operating Account(s) X Security Deposit Account
 X Tax & Insurance Account X Reserve Account
 X Other Accounts: Debt Service

2. The payments from operating accounts are disclosed and accurately represented.
3. The reserve account(s):
 - a. is on schedule with the Agency required minimum funding requirements;
 - b. is maintained in a supervised bank account that requires the Agency's countersignature on all withdrawals;
 - c. is on schedule with contributions to the reserve account for the current year with the Agency required minimum funding; and
 - d. replacement reserve accounts were used only for authorized purposes in accordance with 7 CFR 3560.306(g).
4. The tenant security deposits accounts are fully funded and are maintained in separate accounts.
5. The payment of owner return was: N/A (owner is a government entity)

 N/A paid in the amount of \$ for 20XX fiscal year and was (*was not*) in accordance with the Agency's requirements; OR
 N/A not paid during the reporting year; OR
 N/A not allowable due to our non-profit status; OR
 N/A not allowable due to our non-profit status. However, an asset management fee in the amount of \$ 0 was paid for 20XX fiscal year.

Collier County Housing Authority

CERTIFICATE OF BORROWER – UNAUDITE

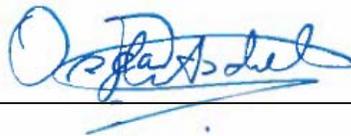
For the year ended September 30, 2020

6. The borrower has maintained proper insurance in accordance with the requirements in 7 CFR 3560.105. Coverage maintained for *the Authority* is as follows:

Liability Insurance Flood Insurance
 Property Insurance Earthquake Insurance
 Fidelity Bond Other: Public Officials Liability

7. All financial records are adequate and suitable for examination.
8. There have been no changes in the ownership of the **Farm Worker Subsidized Housing Program**, other than those approved by the Agency and identified in the certification. The Board of Commissioners is active and maintains oversight responsibilities for the project.
9. Exemptions from Real Estate and Income Taxes: The Authority is a public body corporate and politic pursuant to Chapter 421, Laws of the State of Florida, which is subsidized by the Federal Government. The Authority is not subject to Federal, State income taxes, or Local property taxes, nor is it required to file Federal and State income tax returns as a public body corporate and politic pursuant to Chapter 423, Laws of the State of Florida.

I certify that the above is true, accurate and is properly supported by documentation kept in our files.



Oscar Hentschel

February 18th, 2021

Collier County Housing Authority

SINGLE AUDIT AND COMPLIANCE INFORMATION

Collier County Housing Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number		Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
HOME	14.239		\$ 206,011
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	\$ 3,750,931	
HCV CARES Act funding	14.HCC	<u>77,118</u>	
Subtotal Housing Voucher Cluster			3,828,049
U.S. DEPARTMENT OF AGRICULTURE			
Farm Labor Housing Loans and Grants	10.427		4,793,257
Rural Rental Assistance Program	10.427		588,379
U.S. DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants - Public Assistance	97.036		<u>197,005</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 9,612,701</u></u>

NOTE A - BASIS OF PRESENTATION

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

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

NOTE B - INDIRECT COST RATE

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

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE D - NONCASH FEDERAL ASSISTANCE

The Authority received noncash Federal assistance for the year ended September 30, 2020, in the form of the Farm Labor Housing Loan.

NOTE E - SUB-RECIPIENTS

During the year ended September 30, 2020, the Authority had no sub-recipients.

NOTE F - CARES ACT FUNDING

The Authority had \$145,914 of CARES Act funding awarded but unspent as of the year ended September 30, 2020.

See independent auditor's report.



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

Board of Commissioners
Collier County Housing Authority
Immokalee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Collier County Housing Authority (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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

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

February 18, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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

Board of Commissioners
Collier County Housing Authority
Immokalee, Florida

Report on Compliance for Each Major Federal Program

We have audited Collier County Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

February 18, 2021
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Collier County Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2020

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

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

Federal Awards

Internal control over major program:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

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

There are no findings disclosed in this report that are required to be reported in accordance with 2 CFR 200.516(a).

The program tested as a major program is as follows:

Housing Voucher Cluster:

Section 8 Housing Choice Voucher Program - CFDA 14.871

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

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

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

None.

Collier County Housing Authority

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

September 30, 2020

2019-001 Eligibility

U.S. Department of HUD
Section 8 CFDA No. 14.871
Significant deficiency in internal control
Other matter required to be reported in accordance with Uniform Guidance

Condition: Out of a total tenant population of approximately 430, 25 tenant files were tested and the following deficiencies were noted:

- Two files where income was miscalculated, which caused a change in the tenant's rent in both files.
- One file where there was no income support.
- Two files where the utility allowance was miscalculated, which caused a change in the tenant's rent in both files.
- One file where the utility allowance was calculated correctly but was reported incorrectly, which caused a change in the tenant's rent.
- One file where the address on the HAP contract was reported incorrectly.
- One file had a missing lease agreement.
- One file where an inspection has not been performed for 3 years.

Auditor Recommendations: The Authority should establish quality controls and should improve review procedures and increase training to employees and reviewers to ensure that the Authority is in compliance with HUD rules for verification of tenant information and calculation of tenant portion of the rent.

Current Status: Cleared in the current year.