

**COLLIER COUNTY HOUSING AUTHORITY**  
Immokalee, Florida

**AUDIT REPORT**

**For the Year Ended September 30, 2016**

COLLIER COUNTY HOUSING AUTHORITY  
Immokalee, Florida

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September 30, 2016

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### Independent Auditor's Report

Board of Commissioners  
Collier County Housing Authority  
Immokalee, Florida

We have audited the accompanying financial statements of the Collier County Housing Authority ("Authority") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Collier County Housing Authority, as of September 30, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements.

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Collier County Housing Authority's basic financial statements. The accompanying Financial Data Schedule is presented for additional analysis and is not a required part of the financial statements. The 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 (Uniform Guidance)*, and is also not a required part of the basic financial statements.

This 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2017, 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.



Barton, Gonzalez & Myers, P.A.  
Certified Public Accountants  
February 4, 2017

**COLLIER COUNTY HOUSING AUTHORITY**  
Immokalee, Florida

**Management Discussion and Analysis**

September 30, 2016

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Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Our discussion and analysis of the financial performance for the Collier County Housing Authority provides an overview of the financial activities for the fiscal year ended September 30, 2016. Please read the MD&A in conjunction with the Housing Authority's financial statements.

**Financial Highlights**

- **Assets:**  
As of September 30, 2016, total assets were \$15,167,647 as compared to \$11,392,300, as of September 30, 2015, an increase of \$3,775,347. Current assets increased \$1,014,717 and capital assets increased \$2,760,630.
- **Liabilities:**  
Total liabilities increased \$3,393,269 due to increases in current liabilities of \$1,088,969 and noncurrent liabilities of \$2,304,300.
- **Revenues:**  
In 2016, total revenue increased \$427,822, as compared to 2015, due to increases in tenant and Federal Grants & Subsidy revenues.
- **Expenses:**  
Total expenses increased \$67,268 due mainly to increases in Housing Assistance Payments (HAP) expense.

**Overview of the Financial Statements**

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements and the Financial Data Schedule (FDS) (as referenced in the section of Supplemental Information Required by HUD). The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure to include assessing liquidity and financial flexibility.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Management Discussion and Analysis**

September 30, 2016

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For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities plus provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year-ended September 30, 2016.

### **Financial Analysis**

One of the most important questions asked about the Authority's finances; "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of the reported fiscal year?" The information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on September 30, 2016. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues, generated and the expenses incurred in operating the Housing Authority for the year ended September 30, 2016.



**COLLIER COUNTY HOUSING AUTHORITY**  
Immokalee, Florida

Management Discussion and Analysis

September 30, 2016

Collier County Housing Authority's primary programs were a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing, a Rural Rental Assistance Payments program which provides assistance to low-income families in rural areas, and a business activities program. The following analysis focuses on the net position and the change in net position as a whole and not the individual programs.

**Net Position**  
September 30,

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 4,529,569	\$ 3,514,852	\$ 1,014,717	28.87%
Capital Assets, Net	<u>10,638,078</u>	<u>7,877,448</u>	<u>2,760,630</u>	35.04%
<b>Total Assets</b>	<b>\$ <u>15,167,647</u></b>	<b>\$ <u>11,392,300</u></b>	<b>\$ <u>3,775,347</u></b>	33.14%
Current Liabilities	1,597,845	508,876	1,088,969	213.99%
Noncurrent Liabilities	<u>4,433,089</u>	<u>2,128,789</u>	<u>2,304,300</u>	108.24%
<b>Total Liabilities</b>	<b>\$ <u>6,030,934</u></b>	<b>\$ <u>2,637,665</u></b>	<b>\$ <u>3,393,269</u></b>	128.65%
Net Position:				
Investment in Capital Assets	6,662,935	6,259,448	403,487	6.45%
Restricted Net Position	2,589,094	2,224,257	364,837	16.40%
Unrestricted Net Position	<u>(115,316)</u>	<u>270,930</u>	<u>(386,246)</u>	-142.56%
<b>Total Net Position</b>	<b>\$ <u>9,136,713</u></b>	<b>\$ <u>8,754,635</u></b>	<b>\$ <u>382,078</u></b>	4.36%

**Assets:**

Current assets are resources that are reasonably expected, based on the plans and intentions of the Authority, to be converted into cash or its equivalent during the current operating cycle.

As of September 30, 2016, current assets were \$4,529,569 as compared to \$3,514,852, as of September 30, 2015, an increase of \$1,014,717. The change consisted of increases in total receivables (Requisition 10 construction in progress (CIP), CIP retainage, and bonds) of \$595,106, cash/cash equivalents of \$388,658, and prepaid expenses (insurance) of \$42,190 with decreases in inventories of \$11,237.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Management Discussion and Analysis**

September 30, 2016

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**Liabilities:**

Current liabilities are current debts that are owed by the Authority and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt.

As of September 30, 2016, current liabilities were \$1,597,845 as compared to \$508,876, as of September 30, 2015, an increase of \$1,088,969. The change consisted of other current liabilities (construction in progress payables) of \$861,835, current portion of operating borrowings of \$182,921, unearned revenue (tenant prepaid rents) of \$65,469, tenant security deposits of \$15,385, accrued wage/payroll taxes payable of \$7,006, accrued interest payable of \$4,105, current portion of long-term debt of \$3,000, and \$355 in Section 8 port-in overpayments with decreases in vendor payables of \$38,633 and accrued compensated absences (paid leave) of \$12,474.

Noncurrent liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume the Authority's current financial resources to satisfy the debt.

Noncurrent liabilities consisted of \$3,866,143 in long-term debt, \$502,321 in operational borrowings (for the business activities program), \$32,295 in other noncurrent liabilities (Section 8 FSS escrow accounts) and \$32,330 in noncurrent accrued compensated absences. Noncurrent accrued compensated absences are liabilities for wages such as vacation and benefits earned but not yet taken.

**Net Position:**

As of September 30, 2016, the Housing Authority had \$9,136,713 invested in total net position. Unrestricted net position's balance was negative \$115,316. Restricted net position of \$2,502,784 was available for the Rural Rental Assistance Payments and \$86,310 was available for Section 8 Housing Assistance Payments (HAP). The remainder of \$6,662,935 represents the investment in capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress.



**COLLIER COUNTY HOUSING AUTHORITY**  
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Management Discussion and Analysis

September 30, 2016

**Capital Assets**  
(Net of Accumulated Depreciation)  
September 30,

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% of Change</u>
Land	\$ 2,568,713	\$ 2,568,713	\$ 0	0.00%
Infrastructure	4,677,708	4,780,074	(102,366)	-2.14%
Buildings	25,188,208	24,931,715	256,493	1.03%
Furniture & Equipment - Dwell	529,057	449,807	79,250	17.62%
Furniture & Equipment - Admin	1,711,308	1,598,942	112,366	7.03%
Construction in Progress	3,163,003	410,228	2,752,775	671.04%
Subtotal	37,837,997	34,739,479	3,098,518	8.92%
Accumulated Depreciation	(27,199,919)	(26,862,031)	(337,888)	1.26%
<b>Net Capital Assets</b>	<b>\$ <u>10,638,078</u></b>	<b>\$ <u>7,877,448</u></b>	<b>\$ <u>2,760,630</u></b>	<b><u>35.04%</u></b>

**Capital Assets:**

Capital assets are long-term tangible assets obtained as a result of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Net capital assets increased \$2,760,630 due to capital purchases exceeding annual depreciation.

During the year \$256,493 was capitalized into building improvements. Dwelling equipment increased \$79,250 due mainly to purchases of refrigerators and stoves. Administrative equipment increased \$112,366 due to purchases of clothes washers, and clothes dryers (costing \$10,000) plus \$102,366 was reclassified from infrastructure to administrative equipment.

**Debt:**

The Authority's long-term debt consisted of \$3,975,143 in permanent notes for the Rural Rental Assistance Payments (Capital projects/mortgages) and \$746,838 in notes payables for the business activities program (Operational borrowings). In total, the current portion of notes payables was \$353,517 which was reported as current liabilities. In total, the noncurrent portion was \$4,368,464 which was reported as noncurrent liabilities.

**COLLIER COUNTY HOUSING AUTHORITY**  
Immokalee, Florida

Management Discussion and Analysis

September 30, 2016

**Changes in Net Position**  
For the Year Ended September 30

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% of Change</u>
<b>Revenue:</b>				
Tenant Revenue	\$ 1,901,426	\$ 1,547,684	\$ 353,742	22.86%
Federal Grants & Subsidy	4,290,880	4,116,044	174,836	4.25%
Investment	5,869	10,008	(4,139)	-41.36%
Other Income	333,556	419,614	(86,058)	-20.51%
Gain/Loss on Sale of Capital				-
Assets	0	10,559	(10,559)	100.00%
<b>Total Revenue</b>	<u>6,531,731</u>	<u>6,103,909</u>	<u>427,822</u>	<u>7.01%</u>
<b>Expenses:</b>				
Administrative	1,001,013	880,481	120,532	13.69%
Tenant Services	32,009	55,861	(23,852)	-42.70%
Utilities	119,935	104,111	15,824	15.20%
Routine Maintenance	775,505	560,950	214,555	38.25%
Protective Services	21,624	88,381	(66,757)	-75.53%
General	375,878	360,306	15,572	4.32%
Interest	39,237	33,849	5,388	15.92%
Housing Assistance Payments	3,434,689	3,169,311	265,378	8.37%
Casualty Losses	11,875	0	11,875	100.00%
Depreciation	658,540	1,149,787	(491,247)	-42.73%
<b>Total Operating Expenses</b>	<u>6,470,305</u>	<u>6,403,037</u>	<u>67,268</u>	<u>1.05%</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 61,426</u>	<u>\$ (299,128)</u>	<u>\$ 360,554</u>	<u>120.54%</u>

**Revenues:**

The Authority has two basic sources of revenues. Rents and other tenant charges plus funds received from the Department of Housing and Urban Development (HUD) in the form of operating subsidies and capital improvement grants.

Tenant revenue increased \$353,742 from \$1,547,684 in 2015 to \$1,901,426 in 2016. Tenant rent revenue increased \$339,270 due to increases in average monthly rental rates and more units available for leasing. Other revenue increased \$14,472 due to increases in tenant charges (i.e. damages, late fees, and maintenance).

**COLLIER COUNTY HOUSING AUTHORITY**  
Immokalee, Florida

**Management Discussion and Analysis**

September 30, 2016

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In 2016, Collier County Housing Authority's Housing Assistance Payments revenue, and Administrative Fees revenue increased \$498,492 while Capital Grant revenue (for the Community Development Block Grant) decreased \$246,403 and other government grants (for the Rural Rental Assistance Payments program) decreased \$77,253 that resulted in a net increase of \$174,836. In 2015, grant revenues for the Community Development Block Grant were depleted.

Investment income decreased \$4,139 while other income decreased \$86,058 (due to donations and Section 8 portability fees received in 2015). Changes in investment income are generally governed by the amount of monies invested and the rates of returns on those investments.

The Authority reported \$10,559 in gains on the sale of capital assets in 2015; as compared to no gains or losses in 2016.

**Expenses:**

Administrative expenses increased \$120,532 due mainly to increases in other administrative expense.

Tenant services expense decreased \$23,852 primarily because fewer services were provided related to the blended component unit program in 2016 as compared to 2015.

Utilities increased \$15,824 due to increases in electricity of \$10,556, water of \$3,420, and natural gas of \$1,848.

Routine maintenance expense increased \$214,555 from \$560,950 in 2015 to \$775,505 in 2016. Labor increased \$85,441, material expenses increased \$50,048, maintenance contract costs increased \$36,003, and employee benefits increased \$43,063 due mainly to more general upkeep and maintenance repairs.

Protective services decreased \$66,757 due to decreases in labor, employee benefits, and other contract costs.

General expenses increased \$15,572 due to increases in tenant bad-debt expense, other general expense, and payment in lieu of taxes.

Interest expense (for the Authority's long-term debt) increased \$5,388 from \$33,849 to \$39,237.

Housing Assistance Payments (HAP) expense increased \$265,378 due to increases in average costs per unit leased.

In 2016, the Authority reported \$11,875 in casualty losses as compared to no casualty losses, in 2015.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Management Discussion and Analysis**

September 30, 2016

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Depreciation expense decreased \$491,247, from \$1,149,787 to \$658,540, due to prior period adjustments.

**Economic Factors**

The Housing Authority is primarily dependent upon rental income and USDA and HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

**Contacting the Housing Authority's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show accountability for the money it receives. If you have questions about this report or wish to request additional financial information contact Oscar Hentschel, Executive Director, Collier County Housing Authority, 1800 Farm Worker Way, Immokalee, FL, 34142, telephone number (239)657-3649.

**Collier County Housing Authority**  
Immokalee, Florida

Statement of Net Position - Proprietary Fund Type

September 30, 2016

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 830,514
Cash and cash equivalents - restricted	2,775,896
Tenants receivable, net	
of allowance for doubtful accounts of \$34,250	60,009
Accounts receivable - government	663,225
Accounts receivable - other	17,583
Accrued interest receivable	1,132
Prepaid expenses	149,078
Supplies inventory, net	
of allowance for obsolescence of \$3,458	32,132
Total current assets	<u>4,529,569</u>
<b>Noncurrent Assets:</b>	
<b>Capital Assets</b>	
Nondepreciable capital assets	2,568,713
Depreciable capital assets, net	4,906,362
Construction in progress	3,163,003
Total capital assets	<u>10,638,078</u>
Total noncurrent assets	<u>10,638,078</u>
<b>Deferred Outflows of Resources</b>	
	-
Total assets and deferred outflows of resources	<u>\$ 15,167,647</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 974,080
Tenant security deposits	154,507
Accrued compensated absences	3,592
Accrued interest payable	8,604
Unearned revenue	103,545
Current maturities of notes payable	244,517
Current maturities of bonds payable	109,000
Total current liabilities	<u>1,597,845</u>
<b>Noncurrent Liabilities:</b>	
Accrued compensated absences	32,330
Other liabilities (FSS escrow)	32,295
Notes payable	502,321
Bonds payable	3,866,143
Total noncurrent liabilities	<u>4,433,089</u>
Total liabilities	<u>6,030,934</u>
<b>Deferred Inflows of Resources</b>	
	-
<b>Net Position:</b>	
Net investment in capital assets	6,662,935
Restricted net position	2,589,094
Unrestricted net position	(115,316)
Total net position	<u>9,136,713</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 15,167,647</u>

See auditor's report.

The notes to the financial statements are an integral part of this statement.

**Collier County Housing Authority**  
Immokalee, Florida

Statement of Revenues, Expenses and Changes in Fund  
Net Position - Proprietary Fund Type

For the Year Ended September 30, 2016

<b>Operating revenues:</b>	
Tenant rental revenue (net)	\$ 1,901,426
HUD operating grants	3,683,238
Other government grants	607,642
Other revenue	333,556
Total operating revenues	<u>6,525,862</u>
<b>Operating expenses:</b>	
Administration	1,001,013
Tenant services	32,009
Utilities	119,935
Ordinary maintenance	775,505
Protective services	21,624
General expenses	375,878
Casualty losses	11,875
Housing assistance payments	3,434,689
Depreciation	658,540
Total operating expenses	<u>6,431,068</u>
Operating income	<u>94,794</u>
<b>Nonoperating revenue and expense:</b>	
Interest expense	(39,237)
Interest income	5,869
Net nonoperating expense	<u>(33,368)</u>
Net income	61,426
Contributions - capital grants	<u>-</u>
<b>Increase in net position</b>	61,426
Net position, beginning of year (restated)	<u>9,075,287</u>
Net position, end of year	<u><u>\$ 9,136,713</u></u>

*See auditor's report.*

*The notes to the financial statements are an integral part of this statement.*



**Collier County Housing Authority**  
Immokalee, Florida

**Statement of Cash Flows - Proprietary Fund Type**

For the Year Ended September 30, 2016

<u>Cash flows provided from operating activities:</u>	
Cash received from tenants and others	\$ 2,295,398
Cash paid for goods and services	(1,594,344)
Cash paid to employees for services	(801,933)
Cash paid for housing assistance payments	(3,434,689)
HUD PHA grants received	3,683,238
Other government grants	631,741
Net cash provided from operating activities	<u>779,411</u>
<u>Cash flows used by capital and related financing activities:</u>	
Acquisition of capital assets	(2,236,683)
Payments of interest on notes and bonds	(35,132)
Payments of principal on notes and bonds	(168,485)
Proceeds from notes and bonds payable	2,044,810
Net cash used by capital and related financing activities	<u>(395,490)</u>
<u>Cash flows provided from investing activities:</u>	
Interest on investments	<u>4,737</u>
Net cash flows provided from investing activities	<u>4,737</u>
Net increase in cash and cash equivalents	388,658
Cash and cash equivalents, beginning of year	3,217,752
Cash and cash equivalents, end of year	<u>\$ 3,606,410</u>
 <u>Reconciliation of operating income to net cash provided from operating activities:</u>	
Operating income:	\$ 94,794
Adjustments to reconcile operating income to net cash provided from operating activities:	
Depreciation	658,540
Decrease in tenants, accounts receivable - government, accounts receivable - other	7,279
Increase in prepaid expenses	(42,190)
Decrease in supplies inventory	11,237
Increase in accrued compensated absences	3,787
Increase in unearned revenue	65,469
Decrease in accounts payable, accrued liabilities and security deposits	(15,887)
Decrease in other liabilities	(3,618)
Total adjustments	<u>684,617</u>
Net cash provided from operating activities	<u>\$ 779,411</u>

Non-cash activity

1. Accounts receivable and proceeds from bonds payable are net of \$601,253 from the USDA for bond proceeds.
2. Accounts payable and acquisition of capital assets are net of \$861,835 due to a contractor for construction in progress.

See auditor's report.

The notes to the financial statements are an integral part of this statement.

**COLLIER COUNTY HOUSING AUTHORITY**  
**Immokalee, Florida**

**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 1: Summary of Significant Accounting Policies and Organization:**

- A. Organization:** Collier County Housing Authority ("the Authority") is a public body corporate and politic pursuant to Chapter 421 Laws of the State of Florida which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.

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.

Effective July 1, 1992, the Board of Commissioners of Collier County transferred all of its HUD Housing Assistance Payments programs to the Authority, pursuant to an Assumption and Inter-local agreement. The transfer was approved by the U.S. Department of Housing and Urban Development pursuant to a Contract of Novation between the Authority, the County and HUD.

The Authority has agreed to undertake the development and operation of certain low rent housing projects and to provide decent, safe and sanitary housing for eligible families pursuant to Section 8 of the Housing Assistance Act by means of Housing Assistance Payments to owners through Annual Contributions Contract number A-3402V (Housing Choice Vouchers, Housing Assistance Program).

- B. Reporting Entity:** In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has the following component units.

**Blended Component Unit:**

CCHA Land Development Corporation - this component unit has been blended for financial statement presentation.

CHA Management Consulting Corporation - This component unit has been blended for financial statement presentation.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

**Reporting Entity: (Continued)**

**Blended Component Unit: (Continued)**

The basic financial statements of the Collier County Housing Authority include Farm Labor Housing Loans and Grants (Rural Housing Service Capital Projects Program), Section 8 Housing Assistance Programs under Annual Contributions Contract A-3402, Horizon Village (a business activity) which provides affordable housing to low to moderate income families, local grants (Homeless Prevention Rapid Re-housing Program), and the CCHA Land Development Corporation, which is a non-profit corporation organized, incorporated and controlled, by the Collier County Housing Authority for the advancement of affordable housing.

- C. Basis of Presentation and Accounting:** In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Based upon compelling reasons offered by HUD, the Authority reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Pursuant to *GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, certain accounting and financial reporting guidance is applied in the preparation of the basic financial statements, unless those pronouncements conflict with or contradict GASB pronouncements.

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

**Net Investment in Capital Assets** - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

**Restricted** - Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

**Unrestricted** - Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

- D. Budgets:** Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

- E. Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents.
- F. Interprogram Receivables and Payables:** Interprogram receivables/payables, when present, are all current, and are the result of the use of the Rural Housing Services Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.
- G. 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.
- H. Inventories:** Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.
- I. Prepaid Items:** Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.
- J. Use of Estimates:** The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- K. Fair Value of Financial Instruments:** The carrying amount of the Authority's financial instruments at September 30, 2016 including cash, investments, accounts receivable, and accounts payable closely approximates fair value.

COLLIER COUNTY HOUSING AUTHORITY  
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Notes to Financial Statements

September 30, 2016

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

**L. Capital Assets:**

1. **Book Value:** All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.

Land values were derived from development closeout documentation. Donated fixed assets are recorded at their fair value at the time they are received. Donor imposed restrictions are deemed to expire as the asset depreciates. All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

2. **Depreciation:** The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

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

3. **Maintenance and Repairs Expenditures:** Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$500 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.
- M. Compensated Absences:** Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 16*. A liability for compensated absences that is attributable to services already rendered and that are 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.
- N. Other Post Employment Benefits (OPEB):** In relation to its employee benefit programs, the Authority does not provide any Other Post Employment Benefits, as outlined under GASB 45.



**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 1: Summary of Significant Accounting Policies: (Continued)**

- O. Litigation Losses:** The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable and the loss is reasonably estimable.
- P. Annual Contribution Contracts:** Annual Contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.
- Q. Risk Management:** The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.
- R. Use of Restricted Assets:** It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.
- S. Operating Revenues and Expenses:** The principal operating revenues of the Authority's enterprise fund are charges to customers for rents and services. Operating expenses for the Authority's enterprise fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 2: Deposits and Investments:**

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

- A. HUD Deposit and Investment Restrictions -** HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.



**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 2: Deposits and Investments: (Continued)**

**B. Risk Disclosures**

1. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase.

At September 30, 2016, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

2. **Credit Risk:** This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

**C. Deposit and Investment Risks**

The Authority held the following deposits and investments (there are no investments) at September 30, 2016.

<b>Deposits:</b>	<b>Carrying Value</b>
Demand deposits	\$ 3,406,410
Time deposits	<u>200,000</u>
	<u><b>\$ 3,606,410</b></u>

**Custodial Credit Risk:** Exposure to custodial credit related to deposits exists when the Authority holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Authority's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Authority holds investment that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

The Authority's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities obligation of federal agencies, securities of government-sponsored agencies, and other instruments which may be approved by the U.S. Department of HUD. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Authority must have a written collateral agreement approved by the board of directors or loan committee.

At September 30, 2016, the Authority was not exposed to custodial credit as defined above.

**COLLIER COUNTY HOUSING AUTHORITY**  
**Immokalee, Florida**

**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 2: Deposits and Investments: (Continued)**

**D. Deposit and Investment Risks (Continued)**

**Investment Credit Risk:** The Authority's investment policy limits investments to those allowed by the U.S. Department of HUD. These investment limitations are described in Note 1. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations - rating agencies - as of the year end. Unless there is information to the contrary, obligations of the U. S. government or obligations explicitly guaranteed by the U. S. government are not considered to have credit risk and do not require disclosure of credit quality.

There are no investments as of September 30, 2016.

**Concentration of Investment Credit Risk:** Exposure to concentration of credit risk is considered to exist when investments in anyone issuer represent a significant percent of total investments of the Authority. Investments issued or explicitly guaranteed by HUD-approved instruments are excluded from this consideration.

At September 30, 2016, the Authority had no concentration of credit risk as defined above.

**NOTE 3: Receivables**

**Tenant Receivables**

Dwelling rents (net of allowance for doubtful accounts of \$33,812)	\$ 45,527
Fraud receivables (net of allowance for doubtful accounts of \$438)	<u>14,482</u>

**\$ 60,009**

**Due from Other Governments**

Rural Rental Assistance (September 30, 2016 allocation)	\$ 59,803
Receivable from USDA on bond proceeds	601,253
ROSS program	<u>2,169</u>

**\$663,225**

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

**NOTE 4: Interprogram Receivables and Payables**

	USDA	Business Activities	HCV	ROSS	Total
A/R - USDA	\$ -	\$ 1,749,274	\$ -	\$ -	\$1,749,274
A/P - Business Activities	(1,749,274)	-	-	-	(1,749,274)
A/R - HCV	-	-	-	8,996	8,996
A/P - Ross	-	-	(8,996)	-	(8,996)
	<u>\$(1,749,274)</u>	<u>\$ 1,749,274</u>	<u>\$ (8,996)</u>	<u>\$ 8,996</u>	<u>\$ -</u>
Intercompany Receivable	\$ 1,749,274	\$ -	\$ 8,996	\$ -	\$1,758,270
Intercompany Payable	-	(1,749,274)	-	(8,996)	(1,758,270)
	<u>\$ 1,749,274</u>	<u>\$(1,749,274)</u>	<u>\$ 8,996</u>	<u>\$ (8,996)</u>	<u>\$ -</u>

All interprogram receivables and payables have been eliminated on the financial statements.

**NOTE 5: Prepaid Expense**

Prepaid insurance at September 30, 2016 was 149,078.

**NOTE 6: Capital Assets**

The capital assets (at cost) of the Collier County Housing Authority at September 30, 2016 consisted of the following:

	Balance at Sept. 30, 2015	Prior Period Adjustment	Revised Balance at Sept. 30, 2015	Additions	Deletions	Transfers	Balance at Sept. 30, 2016
<b>Nondepreciable capital assets:</b>							
Land	\$ 2,568,713	-	2,568,713	\$ -	\$ -	\$ -	\$ 2,568,713
Construction in progress	410,228	-	410,228	2,752,775	-	-	3,163,003
	<u>2,978,941</u>	<u>-</u>	<u>2,978,941</u>	<u>2,752,775</u>	<u>-</u>	<u>-</u>	<u>5,731,716</u>
<b>Depreciable capital assets:</b>							
Buildings and improvements	29,711,789	-	29,711,789	256,493	-	(102,366)	29,865,916
Furniture, equipment, vehicles	2,048,749	-	2,048,749	89,250	-	102,366	2,240,365
	<u>31,760,538</u>	<u>-</u>	<u>31,760,538</u>	<u>345,743</u>	<u>-</u>	<u>-</u>	<u>32,106,281</u>
<b>Accumulated Depreciation:</b>							
Buildings and improvements	(25,012,937)	320,652	(24,692,285)	(529,057)	-	-	(25,221,342)
Furniture, equipment, vehicles	(1,849,094)	-	(1,849,094)	(129,483)	-	-	(1,978,577)
	<u>(26,862,031)</u>	<u>320,652</u>	<u>(26,541,379)</u>	<u>(658,540)</u>	<u>-</u>	<u>-</u>	<u>(27,199,919)</u>
<b>Total Capital Assets, net</b>	<u>\$ 7,877,448</u>	<u>320,652</u>	<u>8,198,100</u>	<u>\$ 2,439,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,638,078</u>

As discussed in Note 11, a prior period adjustment of \$320,652 was recorded to correct the prior year accumulated depreciation balance.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 7: Long-Term Debt:**

- A. The outstanding balance of Line of Credit Notes in the Business Activities (Horizon Village) at September 30, 2016 was \$279,961.

Interest and principal shall be paid as follows:

- a. Annual principal payments of \$20,000 each plus accrued interest shall be payable in arrears on the 15th day of November 2005, and on the 15th day in the month of November in each subsequent year of the loan term;
- b. If the due date for any payment hereunder would fall on a day that is not a business day (i.e., a day that is a Saturday, Sunday or banking holiday), then the payment shall instead be due on the next succeeding business day; and
- c. Interest shall cease to accrue on any amount of principal paid in advance of its due date.

**Interest Rate** - The unpaid principal balance of the Note shall bear interest, while current, at the Applicable Interest Rate. As used in this Note, the term "Applicable Interest Rate" means:

- Since the interest paid in connection with this Loan is exempt from income taxation by the United States of America and by the State of Florida, the Applicable Interest Rate shall be an annual rate of interest equal to one percent (1 %) less than the "highest prime rate" of interest published in the Wall Street Journal, but not less than three percent (3%) per annum.

The outstanding balance of Notes Payable at September 30, 2016 was \$279,961. The notes are payable each year in the amounts listed below:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 20,000	\$ 8,399	\$ 28,399
2018	20,000	7,798	27,798
2019	20,000	7,198	27,198
2020	20,000	6,599	26,599
2021	20,000	5,999	25,999
2022-2026	100,000	20,995	120,995
2027-2030	79,961	5,996	85,957
	<u>\$ 279,961</u>	<u>\$ 62,984</u>	<u>\$ 342,945</u>

Interest expense for the year ended September 30, 2016 was \$8,999. There was no capitalized interest expense for the year ended September 30, 2016. The debt is secured by the property purchased in conjunction with the above financing as reported above.

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

**NOTE 7: Long-term debt: (Continued)**

- B. Promissory note to bank in the amount of \$219,150 (dated September 29, 2015) 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. Unsecured. The outstanding balance of the notes payable at September 30, 2016 was \$191,079. The notes is payable each year in the amounts listed below:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 29,186	\$ 6,219	\$ 35,405
2018	30,224	5,180	35,404
2019	31,299	4,106	35,405
2020	32,413	2,992	35,405
2021	33,565	1,839	35,404
2022	34,392	646	35,038
	<u>\$ 191,079</u>	<u>\$ 20,982</u>	<u>\$ 212,061</u>

- C. Line of Credit promissory note to bank in the amount of \$249,000 (dated December 18, 2015) at an interest rate of 3.5%. The outstanding balance of the notes payable at September 30, 2016 was \$181,919. The line of credit matures on December 18, 2016 and is due on demand (all current). Collateralized by a mortgage on real property and rents.

**NOTE 8: Long Term Debt:**

**Revenue Bonds Payable:** Capital facilities are financed by debt which is guaranteed and subsidized by U. S. Department of Agriculture, Rural Housing Services (RHS). The Authority presently has bonds payable on its farm laborer housing projects which are due annually in installments of varying principal and interest amounts. Revenue bonds payable at September 30, 2016 are as follows:

Collier County Housing Authority Revenue Bonds, Series D, 1%, due annually on September 1 in principal amounts of \$24,380 to \$33,000 with interest to September 1, 2023	\$ 222,000
Collier County Housing Authority Revenue Bonds, Series E, 1%, due annually on September 1 in principal amounts \$27,000 to \$36,000 with interest to September 1, 2031	506,000
Collier County Housing Authority Revenue Bonds, Series F, 1%, due annually on September 1 in principal amounts of \$39,072 to \$52,000 with interest to September 1, 2032	784,000
Collier County Housing Authority Revenue Bonds, Series G (2015), 1%, due annually on September 1 in principal amounts of \$111,000 to \$149,000 with interest to September 1, 2048	<u>2,463,143</u>
<b>Total long-term debt</b>	<b><u>\$3,975,143</u></b>

**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

**NOTE 8: Long Term Debt: (Continued)**

The revenues of the project are pledged to the payment of principal and interest on the revenue bonds. The bonds are redeemable before maturity, at the option of the Authority, in inverse numerical and maturity order, on any interest payment date upon giving 40 days written notice to Rural Housing Services. Maturities of long-term debt for each of the five succeeding years and in the aggregate are as follows at September 30, 2016:

	Bond Principal			2015	
	Series D	Series E	Series F	Series G	Total
2017	\$ 31,000	\$ 32,000	\$ 46,000	\$ 0	\$ 109,000
2018	31,000	32,000	46,000	111,000	220,000
2019	31,000	32,000	46,000	112,000	221,000
2020	32,000	32,000	47,000	113,000	224,000
2021	32,000	33,000	47,000	114,000	226,000
2022-2026	65,000	168,000	244,000	588,000	1,065,000
2027-2031	0	177,000	256,000	617,000	1,050,000
2032-2036	0	0	52,000	649,000	701,000
2037-2041	0	0	0	682,000	682,000
2042-2046	0	0	0	717,000	717,000
2047-2048	0	0	0	297,000	297,000
	<u>\$ 222,000</u>	<u>\$ 506,000</u>	<u>\$ 784,000</u>	<u>4,000,000</u>	<u>\$ 5,512,000</u>

Less Bond Series 2015 "G" not advanced as of September 30, 2016:	(1,536,857)	(1,536,857)
Total advanced and outstanding as of September 30, 2016:	<u>\$ 2,463,143</u>	<u>\$ 3,975,143</u>

	Bond interest			2015	
	Series D	Series E	Series F	Series G	Total
2017	\$ 2,220	\$ 5,060	\$ 7,840	\$ 32,500	\$ 47,620
2018	1,910	4,740	7,380	40,000	54,030
2019	1,600	4,420	6,920	38,890	51,830
2020	1,290	4,100	6,450	37,770	49,610
2021	970	3,780	5,990	36,640	47,380
2022-2026	980	13,920	22,770	165,870	203,540
2027-2031	0	5,340	10,330	135,890	151,560
2032-2036	0	0	520	104,390	104,910
2037-2041	0	0	0	71,290	71,290
2042-2046	0	0	0	36,490	36,490
2047-2048	0	0	0	4,460	4,460
	<u>\$ 8,970</u>	<u>\$ 41,360</u>	<u>\$ 68,200</u>	<u>\$ 704,190</u>	<u>\$ 822,720</u>

**Sinking Fund Debt Service Account:** Under the terms of the revenue bonds, a sinking fund has been established to provide debt service funding. After operation and maintenance requirements are met, the Authority transfers to the sinking fund debt service account such amounts as may be due of interest and principal on the bonds. The amount required to be transferred during the year ended September 30, 2016 in order to meet debt service requirements was \$151,200 which was accomplished. The cash balance in the sinking fund debt service account at September 30, 2016 was \$30,780.



**COLLIER COUNTY HOUSING AUTHORITY**  
**Immokalee, Florida**

**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 8: Long Term Debt: (Continued)**

**Sinking Fund Reserve Account:** Immediately after each transfer to the sinking fund debt service account, any excess funds are deposited in the sinking fund reserve account. Funds in the reserve account are only withdrawn upon written prior approval of Rural Housing Services:

The Authority is required to make monthly reserve deposits in the amount of \$20,958 plus the amount of any deficiency in prior deposits to the reserve account until funds and investments in the reserve account shall equal \$2,514,900. There were \$330,266 deposits made into the account during the year. The aggregate deposits to the reserve account and interest earned for the year ended September 30, 2016 were \$2,472,004 (after the approved usage of funds for capital improvements as noted below) which was under the required annual aggregate deposits.

Withdrawals from the sinking fund reserve account are authorized for the following purposes:

- a. To meet principal and interest payments due on the bonds in the event the sinking fund debt service account balance is not sufficient for that purpose.
- b. To pay costs of extraordinary repairs or replacements to the project which is not considered current expenses.
- c. To make improvements or extensions to the project.
- d. For other purposes desired by the Authority which will promote its purpose without jeopardizing the collectability of the bonds or underlying security.
- e. To the extent the reserve account exceeds \$2,514,900, to purchase bonds before maturity in the prescribed manner.

**Supplemental Information: (Schedule of Funding Reserve)**

**a. Investment Reserve Funds**

**Sinking Fund Debt Service Account (Principal and Interest)**

Beginning balance	\$ 1,760
Transfers to Debt Service Account including interest earned	151,200
Withdrawals for payment of principal and interest	<u>(122,180)</u>
Ending balance	<u>30,780</u>

**Sinking Fund Reserve Replacement Account**

Beginning balance - less transfers to replacements and operations	2,189,963
Transfers to reserves including interest earned – net	330,266
Use of reserves for capital improvements	<u>( 48,225)</u>
Ending balance	<u>2,472,004</u>

Total Investment Reserve Fund	2,472,004
Fully Funded Balance per Loan Agreement	<u>2,514,900</u>

Excess/(Deficiency) of Reserves on Hand	<u>\$ ( 42,896)</u>
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**COLLIER COUNTY HOUSING AUTHORITY**  
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**Notes to Financial Statements**

**September 30, 2016**

**NOTE 8: Long Term Debt: (Continued)**

- b. **Compliance with Bond Indentures Requirements:** The Collier County Housing Authority, Farm Worker Village, has met and exceeded the bond indenture and reserve requirements outlined in this report, as reported in this note, when considering approved withdrawals from Rural Development for long-term improvements. All interest earnings on invested funds are deposited monthly by the Bank directly into the Housing Authority's cash account and transferred to the reserve account.

**Construction Fund** The construction fund is used to account for grant and loan funds received from Rural Housing Services and other sources and to record construction activities. During the year ended September 30, 2016, there were no expenditures from the Construction Fund for authorized construction activity.

In the Rural Housing Services enterprise fund, reservations of unrestricted net position have been established in conjunction with debt issuance requirements or policy directives as stipulated by the respective aforementioned funds.

**NOTE 9: State Housing Initiatives Partnership Business Activities (Horizon Village) Loan:**

The outstanding balance of the SHIP Loan Payable at September 30, 2016 was \$93,880. The loan is payable each year in the amounts and at the interest (at 0% interest) listed below:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,412	\$ 0	\$ 13,412
2018	13,412	0	13,412
2019	13,412	0	13,412
2020	13,412	0	13,412
2021	13,412	0	13,412
2022-2024	26,820	0	26,820
	<u>\$ 93,880</u>	<u>\$ 0</u>	<u>\$ 93,880</u>

Interest expense for the year ended September 30, 2016 was \$0. There was no capitalized interest expense for the year ended September 30, 2016.

**Interest:** Interest on this Note shall be zero percent (0%) per annum; except that if the Authority fails to pay this Note as required, the interest rate shall be twelve percent (12%) per annum from the date when payment of this Note is due until the Authority pays it in full. The Authority did not fail to pay the principal payment for FY 2016 and is therefore not required to pay future payments at 12% interest as of FY2016.

**COLLIER COUNTY HOUSING AUTHORITY**  
Immokalee, Florida

**Notes to Financial Statements**

**September 30, 2016**

**NOTE 9: State Housing Initiatives Partnership Business Activities (Horizon Village) Loan: (Continued)**

**Payments:** Principal payments shall be deferred for a period of three years from date disbursed with seventeen equal yearly payments of \$13,412 due beginning on September 1, 2007 and continuing for seventeen years thereafter until payment in full of \$228,000 is received on August 1, 2024. The Authority's total payment shall be \$228,000.

**NOTE 10: Schedule of Changes in Noncurrent Liabilities:**

	September 30, 2015		Additions	Payments	September 30, 2016	
	Long-Term Portion	Current Portion			Long-Term Portion	Current Portion
Compensated Absences	\$ 16,069	\$ 16,066	\$ 3,787	\$ -	\$ 32,330	\$ 3,592
Other Liabilities (FSS Escrow)	35,913	-	-	(3,618)	32,295	-
Notes Payable	564,807	61,596	182,919	(62,484)	502,321	244,517
Bonds Payable	1,512,000	106,000	2,463,143	(106,000)	3,866,143	109,000
	<u>\$ 2,128,789</u>	<u>\$ 183,662</u>	<u>\$ 2,649,849</u>	<u>\$ (172,102)</u>	<u>\$ 4,433,089</u>	<u>\$ 357,109</u>

**NOTE 11: Schedule of Changes in Net Position:**

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
Balance, beginning of year	\$ 6,259,448	\$ 2,224,257	\$ 270,930	\$ 8,754,635
Adjustments to restate beginning balance	320,652	-	-	320,652
Balance, beginning of year - restated	6,580,100	2,224,257	270,930	9,075,287
Changes in net position	-	-	61,426	61,426
Changes in net investment in capital assets	82,835	-	(82,835)	-
Changes in restricted net position	-	364,837	(364,837)	-
Balance, end of year	<u>\$ 6,662,935</u>	<u>\$ 2,589,094</u>	<u>\$ (115,316)</u>	<u>\$ 9,136,713</u>

As discussed in Note 6, a prior period adjustment of \$320,652 was recorded to correct the prior year accumulated depreciation balance.

**NOTE 12: Annual Contributions from HUD:**

**Annual Contributions Contract A-3402** – Section 8 programs provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-existing and moderately rehabilitated housing covering the difference between the maximum rentals on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. The Authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. HUD contributions for the Section 8 Housing Choice Voucher program for the year ended September 30, 2016 were \$3,645,932.

**COLLIER COUNTY HOUSING AUTHORITY**  
**Immokalee, Florida**

**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 13: Economic Dependency**

The Authority receives approximately 66% of its revenues from the U.S. Department of Agriculture and the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from these federal agencies falls below critical levels, the Authority's reserves could be adversely affected.

**NOTE 14: Commitments and Contingencies**

**Commitments**

As of September 30, 2016, the Authority has a purchase commitment with a general contractor in the amount of \$9,636,929 related to rehabilitation of United States Department of Agriculture ("USDA") Farm Labor Housing units. The costs incurred to the contractor as of September 30, 2016 were \$2,476,476. The construction project will be funded with \$9.2 million in USDA bond and grant funds as discussed below.

Effective December 10, 2015 the Authority entered into a Labor Housing Grant Agreement with the USDA. The Agreement provides for a grant in the amount of \$5,263,246. An additional \$4,000,000 will be provided by the USDA in the form of a loan to the Authority (via issuance of Revenue Bonds to the United States Department of Agriculture – Rural Development) repaid over the term of 33 years at 1% interest. The purpose of the grant and bond issue (total of \$9,263,246) is to finance the rehabilitation of 315 units of Farm Labor Housing.

**Contingencies**

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended September 30, 2016.

However, the Authority was notified in the 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 co-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. 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 (\$1,178,272 from Section A/B and \$583,019 from Horizon Village). The Authority is to make annual payments of \$55,040 for 32 years from business activities to repay the Rural Housing Program.

**COLLIER COUNTY HOUSING AUTHORITY**  
**Immokalee, Florida**

**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 14: Commitments and Contingencies (Continued)**

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 all outstanding loans, mortgages and grants.

The amount due to the Rural Rental Assistance Program from business activities as of September 30, 2016 is \$1,749,274. These interprogram receivables and payables have been eliminated on the financial statements.

**Litigation**

As of September 30, 2016, the Authority was involved with various litigations arising from operation of its rural development housing program. In the opinion of the Authority's legal counsel such losses, if any, resulting from litigation would be adequately covered by insurance.

**NOTE 15: Related Party Transactions**

There were no related party transactions for the year ended September 30, 2016.

**NOTE 16: Leasing Activities (as Lessor):**

The Authority is the lessor of dwelling units mainly 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 and Rural Development. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the basic financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year, but is affected by general economic conditions which impact personal income and local job availability.

**NOTE 17: 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:

Future minimum lease payments required under these leases are as follows:

**September 30,**  
**2016-2017**

**Office Space**  
**\$ 7,725**

**COLLIER COUNTY HOUSING AUTHORITY**  
**Immokalee, Florida**

**Notes to Financial Statements**

**September 30, 2016**

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**NOTE 18: Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements.

Management evaluated the activity of the Authority through February 4, 2017 and concluded that nothing occurred subsequent to the balance sheet date that would require disclosure in the Notes to the Financial Statements.



**Collier County Housing Authority**  
Immokalee, Florida

**Combining Schedule of Assets, Liabilities and Net Position**

September 30, 2016

	Rural Rental Assistance	HOME	HCV	ROSS	Blended Comp Unit	Business Activities	COCC	Subtotal	Eliminations	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>										
Current Assets:										
Cash and cash equivalents	\$ 369,701	\$ 63,178	\$ 243,720	\$ -	\$ 31,354	\$ 111,561	\$ 11,000	\$ 830,514	\$ -	\$ 830,514
Tenants receivable - restricted	2,589,024	-	118,605	-	-	68,267	-	2,775,896	-	2,775,896
Accounts receivable, net of allowance for doubtful accounts	27,330	-	14,482	-	-	18,197	-	60,009	-	60,009
Accounts receivable - government	661,056	-	-	2,169	-	-	-	663,225	-	663,225
Accounts receivable - other	12,051	-	1,175	-	-	-	4,357	17,583	-	17,583
Accrued interest receivable	1,132	-	-	-	-	-	-	1,132	-	1,132
Due from/to other programs	1,749,274	-	8,996	-	-	-	-	1,758,270	(1,758,270)	-
Prepaid expenses	73,672	-	5,331	-	-	65,303	4,772	149,078	-	149,078
Supplies inventory, net of allowance for obsolescence	19,673	-	-	-	-	12,459	-	32,132	-	32,132
Total current assets	5,502,913	63,178	392,309	2,169	31,354	275,787	20,129	6,287,839	(1,758,270)	4,529,569
Noncurrent Assets:										
Capital Assets										
Nondepreciable capital assets	1,413,339	-	-	-	-	1,155,374	-	2,568,713	-	2,568,713
Depreciable capital assets, net	2,316,153	-	5,069	-	-	2,555,493	29,647	4,906,362	-	4,906,362
Construction in progress	3,163,003	-	-	-	-	-	-	3,163,003	-	3,163,003
Total capital assets	6,892,495	-	5,069	-	-	3,710,867	29,647	10,638,078	-	10,638,078
Total noncurrent assets	6,892,495	-	5,069	-	-	3,710,867	29,647	10,638,078	-	10,638,078
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 12,395,408	\$ 63,178	\$ 397,378	\$ 2,169	\$ 31,354	\$ 3,986,654	\$ 49,776	\$ 16,925,917	\$ (1,758,270)	\$ 15,167,647
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>										
Current Liabilities:										
Accounts payable and accrued liabilities	\$ 906,450	\$ -	\$ 17,902	\$ -	\$ -	\$ 43,770	\$ 5,958	\$ 974,080	\$ -	\$ 974,080
Tenant security deposits	86,240	-	-	-	-	68,267	-	154,507	-	154,507
Accrued compensated absences	776	-	486	-	-	933	1,397	3,592	-	3,592
Accrued interest payable	4,404	-	-	-	-	4,200	-	8,604	-	8,604
Unearned revenue	50,134	-	-	-	-	53,411	-	103,545	-	103,545
Due to/from other programs	-	-	-	8,996	-	1,749,274	-	1,758,270	(1,758,270)	-
Current maturities of notes payable	-	-	-	-	-	244,517	-	244,517	-	244,517
Current maturities of bonds payable	109,000	-	-	-	-	-	-	109,000	-	109,000
Total current liabilities	1,157,004	-	19,388	8,996	-	2,164,372	7,355	3,356,115	(1,758,270)	1,597,845
Noncurrent Liabilities:										
Accrued compensated absences	6,988	-	4,378	-	-	9,394	12,570	32,330	-	32,330
Other liabilities (FSS escrow)	-	-	32,295	-	-	-	-	32,295	-	32,295
Notes payable	-	-	-	-	-	502,321	-	502,321	-	502,321
Bonds payable	3,866,143	-	-	-	-	-	-	3,866,143	-	3,866,143
Total noncurrent liabilities	3,873,131	-	36,673	-	-	510,715	12,570	4,433,089	-	4,433,089
Total liabilities	5,030,135	-	55,061	8,996	-	2,675,087	19,925	7,789,204	(1,758,270)	6,030,934
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
Net Position:										
Net investment in capital assets	2,917,352	-	5,069	-	-	3,710,867	29,647	6,662,935	-	6,662,935
Restricted net position	2,502,784	-	86,310	-	-	-	-	2,589,094	-	2,589,094
Unrestricted net position	1,945,137	63,178	250,938	(8,827)	31,354	(2,399,300)	204	(115,316)	-	(115,316)
Total net position	7,365,273	63,178	342,317	(6,827)	31,354	1,311,567	29,851	9,136,713	-	9,136,713
Total liabilities, deferred inflows of resources, and net position	\$ 12,395,408	\$ 63,178	\$ 397,378	\$ 2,169	\$ 31,354	\$ 3,986,654	\$ 49,776	\$ 16,925,917	\$ (1,758,270)	\$ 15,167,647

See auditor's report.  
The notes to the financial statements are an integral part of this statement.

**Collier County Housing Authority**  
Immokalee, Florida

**Combining Schedule of Revenues, Expenses and Changes in Fund  
Net Position - Proprietary Fund Type**

**For the Year Ended September 30, 2016**

	Rural Rental Assistance	HOME	HCV	ROSS	Blended Comp Unit	Business Activities	COC	Subtotal	Eliminations	Total
<b>Operating revenues:</b>										
Tenant rental revenue (net)	\$ 840,481	\$ -	\$ -	\$ -	\$ -	\$ 1,060,945	\$ -	\$ 1,901,426	\$ -	\$ 1,901,426
HUD operating grants	-	19,837	3,645,932	17,469	-	-	-	3,683,238	-	3,683,238
Other government grants	607,642	-	-	-	-	-	-	607,642	-	607,642
Management and bookkeeping fees	-	-	-	-	-	-	369,134	369,134	(369,134)	-
Other revenue	58,459	2,176	236,864	-	9,601	11,239	15,217	333,556	-	333,556
Total operating revenues	1,506,582	22,013	3,882,796	17,469	9,601	1,072,184	384,351	6,894,996	(369,134)	6,525,862
<b>Operating expenses:</b>										
Administration	367,929	84	302,208	-	7,882	363,988	328,056	1,370,147	(369,134)	1,001,013
Tenant services	1,600	-	-	25,667	2,135	2,607	-	32,009	-	32,009
Utilities	30,030	-	2,546	-	-	78,043	9,316	119,935	-	119,935
Ordinary maintenance	300,104	-	4,244	-	-	461,360	9,797	775,505	-	775,505
Protective services	2,063	-	1,341	-	-	16,931	1,289	21,624	-	21,624
General expenses	173,626	-	18,218	-	1,687	177,749	4,598	375,878	-	375,878
Casualty losses	-	-	-	-	-	11,875	-	11,875	-	11,875
Housing assistance payments	-	1,688	3,433,001	-	-	-	-	3,434,689	-	3,434,689
Depreciation	391,246	-	3,686	-	-	282,164	1,444	658,540	-	658,540
Total operating expenses	1,266,598	1,772	3,765,244	25,667	11,704	1,374,717	354,500	6,800,202	(369,134)	6,431,068
Operating income (loss)	239,984	20,241	117,552	(8,198)	(2,103)	(302,533)	29,851	94,794	-	94,794
<b>Nonoperating revenue and expense:</b>										
Interest expense	(20,584)	-	-	-	-	(18,653)	-	(39,237)	-	(39,237)
Interest income	5,869	-	-	-	-	-	-	5,869	-	5,869
Net nonoperating expense	(14,715)	-	-	-	-	(18,653)	-	(33,368)	-	(33,368)
Net income (loss)	225,269	20,241	117,552	(8,198)	(2,103)	(321,186)	29,851	61,426	-	61,426
Contributions - capital grants	-	-	-	-	-	-	-	-	-	-
<b>Increase (decrease) in net position</b>	225,269	20,241	117,552	(8,198)	(2,103)	(321,186)	29,851	61,426	-	61,426
Equity transfers within programs	-	-	-	-	-	90,000	(90,000)	-	-	-
Prior period adjustment - accumulated depreciation	137,251	-	-	-	-	183,401	-	320,652	-	320,652
Net position, beginning of year	7,002,753	42,937	224,765	1,371	33,457	1,359,352	90,000	8,754,635	-	8,754,635
Net position, end of year	\$ 7,365,273	\$ 63,178	\$ 342,317	\$ (6,827)	\$ 31,354	\$ 1,311,567	\$ 29,851	\$ 9,136,713	\$ -	\$ 9,136,713

See auditor's report.  
The notes to the financial statements are an integral part of this statement.