

**AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY**

Annual Financial Report

September 30, 2019

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY

September 30, 2019

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AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY

September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Commissioners
Area Housing Commission of Clewiston,
LaBelle, and Hendry County
LaBelle, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Area Housing Commission of Clewiston, LaBelle, and Hendry County, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Area Housing Commission of Clewiston, LaBelle, and Hendry County'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 opinions 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Area Housing Commission of Clewiston, LaBelle, and Hendry County, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents (collectively the "required supplementary information") 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 opinions on the financial statements that collectively comprise the Area Housing Commission of Clewiston, LaBelle, and Hendry County's basic financial statements. The revenue bond schedules and borrower certifications are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Revenue Bond Schedules and Borrower Certifications are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 Revenue Bond Schedules and Borrower Certifications 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 December 27, 2019, on our consideration of the Area Housing Commission of Clewiston, LaBelle, and Hendry County's internal control over financial reporting and 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 Area Housing Commission of Clewiston, LaBelle and Hendry County'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 Area Housing Commission of Clewiston, LaBelle, and Hendry County's internal control over financial reporting and compliance.

Boyd, Miller, Kisker & Perry, P.A.

Clewiston, Florida
December 27, 2019

**AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Area Housing Commission of Clewiston, LaBelle, and Hendry County (the Commission) as a whole and present the longer-term view of the Commission's finances. For governmental activities, the fund financial statement tells how these services were financed in the short-term, as well as what remains for future spending. For business-type activities, the fund financial statement also reports the Commission's operations in more detail by providing information about the Commission's significant enterprise funds.

Reporting - The Commission as a Whole

Our analysis of the Commission as a whole begins on page 10. The Statement of Net Position and the Statement of Activities report financial information about the Commission and its activities. These statements include all assets and liabilities of the Commission using the accrual basis of accounting, which is similar to the accounting used by for-profit private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and changes to the net position. You can think of the Commission's net position - the difference between assets and liabilities - as an indication of the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position, is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, however, must be considered to assess the overall financial well being of the Commission. In the Statement of Net Position and the Statement of Activities, the Commission is divided into two kinds of activities.

Governmental Activities

Most of the Commission's basic services are reported in the governmental activities which includes the administration of the Commission. Funding for the Commission is provided by local governmental participants.

Business-type Activities

The Commission operates three apartment complexes in Hendry County. The complexes are reported as business-type activities.

Reporting - The Commission's Significant Funds

The fund financial statements provide accounting information about the significant funds - not the Commission as a whole. Some funds are required to be established by State law or by bond covenants. The Commission's two kinds of funds - governmental and proprietary - use different accounting methods.

Governmental Funds

Most of the Commission's administrative services are reported in governmental funds, which report how money flows within these funds and the resulting balances at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that are considered liquid. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps determine financial resources that are available in the near future to finance the Commission's programs. The similarities and differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds can be understood by an analysis of the reconciliations on the schedules included in the basic financial statements on pages 13 and 15.

Proprietary Funds

The Commission's charges for rental of apartments at their complexes and related expenses are reported in the proprietary funds. Proprietary funds are reported using the same accounting method that is used to report these activities in the Statement of Net Position and the Statement of Activities. In fact, the Commission's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for the proprietary funds.

THE COMMISSION AS A WHOLE

Financial Analysis of the Commission as a Whole

During the fiscal year ended September 30, 2019, the Commission's combined net position decreased to \$6.643 million, or overall net decrease of \$125,042. The Commission's net position of the governmental activities increased \$12,714. Net position of the business-type activities decreased \$137,756. The Commission's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day operations, was \$152,872 as of September 30, 2019.

The condensed Statements of Net Position and Changes in Net Position on the following pages provide a comprehensive analysis of the government-wide financial information for the fiscal year ended September 30, 2019, and 2018.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position for the current and preceding years.

Statement of Net Position as of September 30, 2019 and September 30, 2018

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|-------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 159,478 | \$ 147,872 | \$ 525,653 | \$ 458,027 | \$ 685,131 | \$ 605,899 |
| Capital assets | 211,296 | 211,296 | 8,520,782 | 8,873,871 | 8,732,078 | 9,085,167 |
| Total assets | <u>370,774</u> | <u>359,168</u> | <u>9,046,435</u> | <u>9,331,898</u> | <u>9,417,209</u> | <u>9,691,066</u> |
| Long-term liabilities | 39,801 | 46,971 | 2,436,331 | 2,572,789 | 2,476,132 | 2,619,760 |
| Other liabilities | 13,917 | 7,855 | 283,930 | 295,179 | 297,847 | 303,034 |
| Total liabilities | <u>53,718</u> | <u>54,826</u> | <u>2,720,261</u> | <u>2,867,968</u> | <u>2,773,979</u> | <u>2,922,794</u> |
| Net position: | | | | | | |
| Invested in capital assets, net of related debt | 164,184 | 157,293 | 5,912,783 | 6,096,267 | 6,076,967 | 6,253,560 |
| Restricted | - | - | 424,952 | 372,980 | 424,952 | 372,980 |
| Unrestricted | <u>152,872</u> | <u>147,049</u> | <u>(11,561)</u> | <u>(5,317)</u> | <u>141,311</u> | <u>141,732</u> |
| Total net position | <u>\$ 317,056</u> | <u>\$ 304,342</u> | <u>\$ 6,326,174</u> | <u>\$ 6,463,930</u> | <u>\$ 6,643,230</u> | <u>\$ 6,768,272</u> |

For more detailed information, see the Statement of Net Position on page 10.

Changes in Net Position

The following chart shows the revenues and expenses of the total primary government broken down by governmental activities and business-type activities for the current and preceding years.

Changes in Net Position for the Fiscal Years Ended September 30, 2019 and September 30, 2018

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------------------|----------------------------|-------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 15,000 | \$ 15,000 | \$ 1,273,743 | \$ 1,224,294 | \$ 1,288,743 | \$ 1,239,294 |
| Hendry County contribution | 10,260 | 10,800 | - | - | 10,260 | 10,800 |
| Operating/Capital grants | 13,200 | 6,600 | - | - | 13,200 | 6,600 |
| Interest | 494 | 356 | 3,105 | 1,837 | 3,599 | 2,193 |
| Total revenues | <u>38,954</u> | <u>32,756</u> | <u>1,276,848</u> | <u>1,226,131</u> | <u>1,315,802</u> | <u>1,258,887</u> |
| Expenses | | | | | | |
| Economic development | <u>26,240</u> | <u>22,539</u> | <u>1,414,604</u> | <u>1,371,031</u> | <u>1,440,844</u> | <u>1,393,570</u> |
| Total expenses | <u>26,240</u> | <u>22,539</u> | <u>1,414,604</u> | <u>1,371,031</u> | <u>1,440,844</u> | <u>1,393,570</u> |
| Changes in net position | <u>\$ 12,714</u> | <u>\$ 10,217</u> | <u>\$ (137,756)</u> | <u>\$ (144,900)</u> | <u>\$ (125,042)</u> | <u>\$ (134,683)</u> |
| Ending net position | <u>\$ 317,056</u> | <u>\$ 304,342</u> | <u>\$ 6,326,174</u> | <u>\$ 6,463,930</u> | <u>\$ 6,643,230</u> | <u>\$ 6,768,272</u> |

Governmental Activities

The increase in net position of governmental activities for the fiscal year ended September 30, 2019, was \$12,714 which resulted from governmental activities expenses being under program revenues.

Business-type Activities

The decrease in net position of business-type activities for the fiscal year ended September 30, 2019, was \$137,756 which was mainly due to rental income and rent assistance payments which were less than operating expenses and depreciation expense. Depreciation on business-type activities capital assets was \$379,258 for the fiscal year ended September 30, 2019.

THE COMMISSION'S FUNDS

Governmental Type Funds

As of September 30, 2019, the governmental funds reported a fund balance of \$152,872 which is 4% more than at the beginning of the year (\$147,049). The General Fund experienced a net increase in the fund balance of \$5,823 due to revenues in excess of expenditures during the fiscal year ended September 30, 2019, using the modified accrual basis of accounting. See page 15 for the reconciliation of fund balance with net position.

Business-type Funds

As of year-end, the business-type funds reported a combined net position of \$6.326 million which is 2% less than the beginning of the year (\$6.464 million).

The business-type funds decrease in net position of \$137,756 was primarily due to rent income and rent assistance payments which were less than operating expenses and depreciation for the fiscal year ended September 30, 2019.

Budgetary Highlights

The Commission adopted the fiscal year 2018/2019 budget, as shown on page 41 for the general fund, with the same level of funding from the participating governmental agencies as received for fiscal year 2017/2018. Total expenditures budgeted for the fiscal year ended September 30, 2019, was \$45,571. Total operating revenue budgeted was \$38,460.

The actual expenditures were \$12,440 below budgeted expenditures. This was mainly because the Commission did not incur the budgeted level of operating expenditures as expected for the fiscal year.

The actual revenues were \$494 over budgeted revenue. This was due to interest earned on bank accounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Governmental Activities

Nothing to report.

Business-type Activities

At the end of the fiscal year, the Commission had \$13.9 million invested in the capital assets of the apartment complexes, as shown on page 30. The capital assets increased \$26,169 from the prior fiscal year. The increase was due primarily to purchase of some new air conditioners at the Greentree South apartments.

Debt

The following table presents the Commission's total outstanding debt for the fiscal year ended September 30, 2019, and 2018:

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|------------------------------------|------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current liabilities | | | | | | |
| Accounts payable and other liabilities | \$ 6,606 | \$ 823 | \$ 112,262 | \$ 90,364 | \$ 118,868 | \$ 91,187 |
| Noncurrent liabilities | | | | | | |
| Payable within one year | 7,311 | 7,032 | 171,668 | 204,815 | 178,979 | 211,847 |
| Payable in more than one year | <u>39,801</u> | <u>46,971</u> | <u>2,436,331</u> | <u>2,572,789</u> | <u>2,476,132</u> | <u>2,619,760</u> |
| Total outstanding debt at September 30, | <u>\$ 53,718</u> | <u>\$ 54,826</u> | <u>\$ 2,720,261</u> | <u>\$ 2,867,968</u> | <u>\$ 2,773,979</u> | <u>\$ 2,922,794</u> |

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the readers with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Commission's Executive Director, Aida Barnhart, P.O. Box 2458, LaBelle, Florida 33975, Telephone Number (863) 675-5297.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Government-wide Statement of Net Position
September 30, 2019

| | Governmental Activities | Business-type Activities | Totals |
|--|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Cash | \$ - | \$ 1,150 | \$ 1,150 |
| Investments | 95,535 | 48,862 | 144,397 |
| Accounts receivable, net | 10,260 | 3,022 | 13,282 |
| Prepaid expense | - | 39,751 | 39,751 |
| Internal balances | 53,683 | (53,683) | - |
| Investments, restricted | - | 486,551 | 486,551 |
| Capital assets | | | |
| Land | 211,296 | 653,961 | 865,257 |
| Depreciable capital assets, net | - | 7,866,821 | 7,866,821 |
| Total assets | 370,774 | 9,046,435 | 9,417,209 |
| Liabilities | | | |
| Accounts payable | 6,606 | 46,961 | 53,567 |
| Current portion of bank loan | 7,311 | - | 7,311 |
| Payable from restricted assets | | | |
| Accrued interest | - | 4,101 | 4,101 |
| Tenants' deposits | - | 61,200 | 61,200 |
| Current portion of long-term debt | - | 171,668 | 171,668 |
| Noncurrent liabilities | | | |
| Due in more than one year | 39,801 | 2,436,331 | 2,476,132 |
| Total liabilities | 53,718 | 2,720,261 | 2,773,979 |
| Net position | | | |
| Invested in capital assets, net of related debt | 164,184 | 5,912,783 | 6,076,967 |
| Restricted for | | | |
| Construction | - | 302,573 | 302,573 |
| Insurance | - | 58,715 | 58,715 |
| Debt service | - | 63,664 | 63,664 |
| Unrestricted | 152,872 | (11,561) | 141,311 |
| Total net position | \$ 317,056 | \$ 6,326,174 | \$ 6,643,230 |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Government-wide Statement of Activities
For the Year Ended September 30, 2019

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense)/ Revenue</u> |
|---------------------------|---------------------|---------------------------------|-------------------------------------|---------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating/Capital Grants</u> | |
| Governmental activities | | | | |
| Economic development | \$ 26,240 | \$ 15,000 | \$ 23,460 | \$ 12,220 |
| Business-type activities | | | | |
| Economic development | <u>1,414,604</u> | <u>1,273,743</u> | <u>-</u> | <u>(140,861)</u> |
| Totals | <u>\$ 1,440,844</u> | <u>\$ 1,288,743</u> | <u>\$ 23,460</u> | <u>\$ (128,641)</u> |

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|-------------------------------------|---------------------|
| Net (expense)/revenue shown above | \$ 12,220 | \$ (140,861) | \$ (128,641) |
| General revenues | | | |
| Miscellaneous | <u>494</u> | <u>3,105</u> | <u>3,599</u> |
| Changes in net position | 12,714 | (137,756) | (125,042) |
| Net position, beginning of year | <u>304,342</u> | <u>6,463,930</u> | <u>6,768,272</u> |
| Net position, end of year | <u>\$ 317,056</u> | <u>\$ 6,326,174</u> | <u>\$ 6,643,230</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Balance Sheet
Governmental Funds - General Fund
September 30, 2019

| | |
|------------------------------------|-------------------|
| Assets | |
| Investments | \$ 95,535 |
| Due from other funds | 53,683 |
| Due from other government | <u>10,260</u> |
| Total assets | <u>\$ 159,478</u> |
| Liabilities and fund balance | |
| Liabilities | |
| Accounts payable | \$ 6,606 |
| Fund balance | |
| Unassigned | <u>152,872</u> |
| Total liabilities and fund balance | <u>\$ 159,478</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
September 30, 2019

| | |
|---|-------------------|
| Total fund balance, governmental funds | \$ 152,872 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 211,296 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(47,112)</u> |
| Net position of governmental activities | <u>\$ 317,056</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Statement of Revenues, Expenditures,
and Change in Fund Balance of
Governmental Funds - General Fund
For the Year Ended September 30, 2019

| | |
|---------------------------------|-------------------|
| Revenues | |
| Intergovernmental | \$ 23,460 |
| Charges for services | 15,000 |
| Miscellaneous | <u>494</u> |
| Total revenues | <u>38,954</u> |
| Expenditures | |
| Economic environment | |
| Personal services | 15,552 |
| Operating expenditures | 8,248 |
| Debt service | |
| Principal | 6,891 |
| Interest | <u>2,440</u> |
| Total expenditures | <u>33,131</u> |
| Net change in fund balance | 5,823 |
| Fund balance, beginning of year | <u>147,049</u> |
| Fund balance, end of year | <u>\$ 152,872</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

| | |
|---|------------------|
| Net change in fund balance - total governmental funds | \$ 5,823 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| The repayment of principal on long-term debt consumes the financial resources of government funds | <u>6,891</u> |
| Change in net position of governmental activities | <u>\$ 12,714</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Statement of Net Position
Proprietary Funds
September 30, 2019

| | Business-type Activities - Enterprise Funds | | | Totals |
|---------------------------------|---|---------------------------------|-----------------------------------|------------------|
| | Greentree South Apartments | Greentree East Apartments | Greentree Senior Apartments | |
| Assets | | | | |
| Current assets | | | | |
| Cash | \$ 350 | \$ 300 | \$ 500 | \$ 1,150 |
| Investments | 3,723 | 25,863 | 19,276 | 48,862 |
| Accounts receivable | 1,674 | 673 | 675 | 3,022 |
| Prepaid expenses | <u>12,388</u> | <u>24,658</u> | <u>2,705</u> | <u>39,751</u> |
| Total current assets | <u>18,135</u> | <u>51,494</u> | <u>23,156</u> | <u>92,785</u> |
| Restricted assets | | | | |
| Investments | <u>110,277</u> | <u>298,701</u> | <u>77,573</u> | <u>486,551</u> |
| Capital assets | | | | |
| Land | 147,680 | 139,000 | 367,281 | 653,961 |
| Depreciable capital assets, net | <u>2,459,426</u> | <u>1,142,382</u> | <u>4,265,013</u> | <u>7,866,821</u> |
| Total capital assets | <u>2,607,106</u> | <u>1,281,382</u> | <u>4,632,294</u> | <u>8,520,782</u> |
| Total assets | <u>2,735,518</u> | <u>1,631,577</u> | <u>4,733,023</u> | <u>9,100,118</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Statement of Net Position
Proprietary Funds (continued)
September 30, 2019

| | Business-type Activities - Enterprise Funds | | | Totals |
|---|---|---------------------------------|-----------------------------------|---------------------|
| | Greentree South Apartments | Greentree East Apartments | Greentree Senior Apartments | |
| Total assets (brought forward) | <u>2,735,518</u> | <u>1,631,577</u> | <u>4,733,023</u> | <u>9,100,118</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 32,024 | 3,420 | 11,517 | 46,961 |
| Due to other funds | <u>-</u> | <u>2,579</u> | <u>51,104</u> | <u>53,683</u> |
| Total current liabilities | <u>32,024</u> | <u>5,999</u> | <u>62,621</u> | <u>100,644</u> |
| Current liabilities payable from restricted assets | | | | |
| Accrued interest | 1,093 | 482 | 2,526 | 4,101 |
| Tenants' deposits | 25,200 | 15,200 | 20,800 | 61,200 |
| Current portion of long-term debt | <u>124,172</u> | <u>35,232</u> | <u>12,264</u> | <u>171,668</u> |
| Total current liabilities payable from restricted assets | <u>150,465</u> | <u>50,914</u> | <u>35,590</u> | <u>236,969</u> |
| Noncurrent liabilities | <u>1,106,834</u> | <u>543,346</u> | <u>786,151</u> | <u>2,436,331</u> |
| Total liabilities | <u>1,289,323</u> | <u>600,259</u> | <u>884,362</u> | <u>2,773,944</u> |
| Net position | | | | |
| Invested in capital assets, net of related debt | 1,376,100 | 702,804 | 3,833,879 | 5,912,783 |
| Restricted for | | | | |
| Construction | 53,869 | 248,704 | - | 302,573 |
| Insurance | 7,624 | 22,426 | 28,665 | 58,715 |
| Debt service | 23,584 | 12,372 | 27,708 | 63,664 |
| Unrestricted | <u>(14,982)</u> | <u>45,012</u> | <u>(41,591)</u> | <u>(11,561)</u> |
| Total net position | <u>\$ 1,446,195</u> | <u>\$ 1,031,318</u> | <u>\$ 3,848,661</u> | <u>\$ 6,326,174</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
September 30, 2019

| | Business-type Activities - Enterprise Funds | | | Totals |
|---------------------------------------|---|---------------------------------|-----------------------------------|---------------------|
| | Greentree South Apartments | Greentree East Apartments | Greentree Senior Apartments | |
| Operating revenues | | | | |
| Rental revenue | \$ 312,474 | \$ 147,812 | \$ 322,435 | \$ 782,721 |
| Rental assistance | 340,126 | 122,736 | - | 462,862 |
| Other revenue | <u>18,642</u> | <u>1,125</u> | <u>8,393</u> | <u>28,160</u> |
| Total operating revenues | <u>671,242</u> | <u>271,673</u> | <u>330,828</u> | <u>1,273,743</u> |
| Operating expenses | | | | |
| Depreciation | 180,568 | 71,205 | 127,485 | 379,258 |
| Administration | 177,227 | 95,101 | 119,234 | 391,562 |
| Operation and maintenance | 183,750 | 59,621 | 75,751 | 319,122 |
| Utilities | 95,844 | 2,202 | 38,451 | 136,497 |
| Insurance | <u>73,232</u> | <u>33,390</u> | <u>18,554</u> | <u>125,176</u> |
| Total operating expenses | <u>710,621</u> | <u>261,519</u> | <u>379,475</u> | <u>1,351,615</u> |
| Operating income (loss) | <u>(39,379)</u> | <u>10,154</u> | <u>(48,647)</u> | <u>(77,872)</u> |
| Nonoperating revenue (expenses) | | | | |
| Interest income | 888 | 1,834 | 383 | 3,105 |
| Interest expense | <u>(14,162)</u> | <u>(6,106)</u> | <u>(42,721)</u> | <u>(62,989)</u> |
| Total nonoperating revenue (expenses) | <u>(13,274)</u> | <u>(4,272)</u> | <u>(42,338)</u> | <u>(59,884)</u> |
| Changes in net position | (52,653) | 5,882 | (90,985) | (137,756) |
| Net position, beginning of year | <u>1,498,848</u> | <u>1,025,436</u> | <u>3,939,646</u> | <u>6,463,930</u> |
| Net position, end of year | <u>\$ 1,446,195</u> | <u>\$ 1,031,318</u> | <u>\$ 3,848,661</u> | <u>\$ 6,326,174</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Statement of Cash Flows
Proprietary Funds
September 30, 2019

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Totals</u> |
|---|--|--|--|-------------------|
| | <u>Greentree South Apartments</u> | <u>Greentree East Apartments</u> | <u>Greentree Senior Apartments</u> | |
| Cash flows from operating activities | | | | |
| Cash received from tenants and governmental agency | \$ 669,568 | \$ 271,000 | \$ 330,153 | \$ 1,270,721 |
| Cash payments for goods and services | (340,767) | (115,944) | (163,925) | (620,636) |
| Cash payments to employees for services and related payroll costs | <u>(166,381)</u> | <u>(76,406)</u> | <u>(81,887)</u> | <u>(324,674)</u> |
| Net cash provided by operating activities | <u>162,420</u> | <u>78,650</u> | <u>84,341</u> | <u>325,411</u> |
| Cash flows from capital and related financing activities | | | | |
| Purchase of capital assets | (26,169) | - | - | (26,169) |
| Principal paid on revenue bonds | (108,000) | - | - | (108,000) |
| Principal paid on mortgage notes | (14,760) | (34,883) | (11,962) | (61,605) |
| Interest paid on revenue bonds and mortgage notes | <u>(14,282)</u> | <u>(6,135)</u> | <u>(43,909)</u> | <u>(64,326)</u> |
| Net cash used for capital and related financing activities | <u>(163,211)</u> | <u>(41,018)</u> | <u>(55,871)</u> | <u>(260,100)</u> |
| Cash flows from investing activities | | | | |
| Interest received on investments | 888 | 1,834 | 383 | 3,105 |
| Tenants' deposits activity | <u>2,000</u> | <u>(400)</u> | <u>500</u> | <u>2,100</u> |
| Net cash provided by investing activities | <u>2,888</u> | <u>1,434</u> | <u>883</u> | <u>5,205</u> |
| Net increase in cash and cash equivalents | 2,097 | 39,066 | 29,353 | 70,516 |
| Cash and cash equivalents, beginning of year | <u>112,253</u> | <u>285,798</u> | <u>67,996</u> | <u>466,047</u> |
| Cash and cash equivalents, end of year | <u>\$ 114,350</u> | <u>\$ 324,864</u> | <u>\$ 97,349</u> | <u>\$ 536,563</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended September 30, 2019

| | <u>Business-type Activities - Enterprise Funds</u> | | | |
|---|--|--|--|--------------------|
| | <u>Greentree South Apartments</u> | <u>Greentree East Apartments</u> | <u>Greentree Senior Apartments</u> | <u>Totals</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | | |
| Operating income (loss) | <u>\$ (39,379)</u> | <u>\$ 10,154</u> | <u>\$ (48,647)</u> | <u>\$ (77,872)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | |
| Depreciation | 180,568 | 71,205 | 127,485 | 379,258 |
| Changes in operating assets and liabilities | | | | |
| Increase in accounts receivable | (1,674) | (673) | (675) | (3,022) |
| Decrease in prepaid expenses | 5,725 | 84 | 103 | 5,912 |
| (Decrease) increase in accounts payable | <u>17,180</u> | <u>(2,120)</u> | <u>6,075</u> | <u>21,135</u> |
| Total adjustments | <u>201,799</u> | <u>68,496</u> | <u>132,988</u> | <u>403,283</u> |
| Net cash provided by operating activities | <u>\$ 162,420</u> | <u>\$ 78,650</u> | <u>\$ 84,341</u> | <u>\$ 325,411</u> |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

The accounting methods and procedures adopted by the Area Housing Commission of Clewiston, LaBelle, and Hendry County conform to generally accepted accounting principles as applicable to governmental entities. The following notes to the financial statements are an integral part of the Commission's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Area Housing Commission of Clewiston, LaBelle, and Hendry County (the Commission) was created by a special act, Chapter 89-497, of the Florida Legislature. The Commission consists of seven commissioners. Two commissioners are appointed by the City Commission of Clewiston, two commissioners are appointed by the City Commission of LaBelle, and two commissioners are appointed by the Board of County Commissioners of Hendry County. The seventh commissioner is appointed by the other six commissioners. The Commission is authorized to apply for federal and state grants, loans, and subsidies for the construction, lease, and operation of housing and related facilities for families of low and moderate incomes.

The operations of the Commission are financed by appropriations made by the Board of County Commissioners and the Cities of LaBelle and Clewiston, pursuant to the approved budget.

The Commission's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Commission has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Commission has chosen not to do so. The more significant accounting policies established in GAAP and used by the Commission are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Significant changes in the Statement affecting the financial statements include the following:

The financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Commission's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Commission's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Commission has elected to implement all of the provisions of the Statement.

As required by governmental accounting principles generally accepted in the United States of America, the accompanying financial statements present the Commission and its component unit (entity for which the Commission is considered financially accountable). Blended component units, while legally separate units, are in substance part of the government's operations. Therefore, financial data from this unit is presented with financial data of the Commission (the primary government). The Commission had no discretely presented component units. The Commission has one blended component unit as described below.

Blended Component Units

Hendry County Nonprofit Housing, Inc. (Nonprofit Housing) which was created by the Commission is a nonprofit entity and is legally separate from the Commission. Nonprofit Housing is governed by the seven members of the Commission. For financial reporting purposes, the operations of Nonprofit Housing are included because the Commission is financially accountable for Nonprofit Housing.

Basic Financial Statements - Government-wide Statements

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Commission's general administrative services are classified as governmental activities. The Commission's apartment complexes are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net positions are reported in three parts - invested in capital assets, net of related debt; restricted net positions; and unrestricted net positions. The Commission first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Commission's functions and business-type activities. The functions are also supported by funding provided by the local political subdivisions involved in the interlocal agreement. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-wide Statements (continued)

The net costs (by function or business-type activity) are normally covered by general revenue (interest income).

This government-wide focus is more on the sustainability of the Commission as an entity and the change in the Commission's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Commission are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Commission:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

General Fund

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Commission had no nonmajor funds to be reported in the fund financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Fund Financial Statements (continued)

Proprietary Funds

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flow. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Commission:

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The enterprise funds of the Commission are Greentree South Apartments, Greentree East Apartments and Greentree Senior Apartments.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Full Accrual

Both governmental and business-type activities in the governmental-wide financial statements and the proprietary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when paid.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

For financial reporting purposes, the Commission considers cash and cash equivalents to be cash on hand, cash in banks, certificates of deposit, regardless of maturity, and short-term investments with maturities less than three months when acquired.

Commission investments with a maturity of one year or less when purchased are stated at cost or amortized cost. Commission investments with a maturity greater than one year are stated at fair value in accordance with GASB Statement No. 31.

The Commission does not have an adopted investment policy since it follows Florida State Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts and certificates of deposit at banks certified as qualified public depositories by the State of Florida, repurchase agreements, Florida PRIME, obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds.

The Commission follows state statutes for allowable investments. However, state statutes do not specifically address the risks disclosed in GASB No. 40. No policy exists for the following risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Investments consist of interest-bearing bank accounts at financial institutions that qualify as public depositories. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280).

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

| | |
|--------------------------|---------------|
| Buildings and components | 5 - 40 years |
| Machinery and equipment | 5 - 7 years |
| Improvements | 10 - 20 years |
| Other infrastructure | 10 - 40 years |

GASB Statement No. 34 requires the Commission to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2004. Infrastructure assets include roads, bridges and other similar assets. The Commission did not have any general infrastructure assets to record on a retroactive basis.

Net Position and Fund Balance

Government-Wide Net Position

Government-wide net position is divided into three categories:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.
- Restricted - consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.
- Unrestricted - all other net position is reported in this category.

Governmental Fund Balances

Governmental fund balances consist of the following:

- Nonspendable - amounts that are not in spendable form (such as prepaid expenses, or long term investments) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority (i.e. Board members) and its highest level action (i.e. Resolution). To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level action to remove or change the constraint.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balance (continued)

Governmental Fund Balances (continued)

- Assigned - amounts the Commission intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners.
- Unassigned - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Commission to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Commission that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated Absences

The Commission does not have a policy for vacation and sick leave, since the current position is considered part-time. Therefore, the Commission does not have a liability for compensated absences as of September 30, 2019.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as internal balances (government-wide statements) or as interfund receivables and payables (fund financial statements), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental activities and business-type activities are netted as transfers - internal in the government-wide financial statements.

Proprietary Fund

The only nonoperating revenue for the Proprietary Fund was investment earnings and other miscellaneous revenues. All other revenues were considered operating revenues.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization Policy

The capitalization policy of the Commission is to capitalize all assets with a cost of \$750 or more with an expected life of one year or more.

Statement of Cash Flows - Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Commission considers cash and cash equivalents to be all petty cash, bank accounts, and certificates of deposit maturing in less than three months held by the enterprise funds.

Use of Estimates

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

Budgetary Requirements

Expenditures of the General Fund are controlled by appropriations in accordance with the budgetary requirements as set forth in the Florida Statutes. The budgeted revenues and expenditures in the accompanying general purpose financial statements reflect all approved amendments.

The budget is prepared on the modified accrual basis of accounting which is the same basis of accounting used in preparing the Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits to the Board of Commissioners a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is legally enacted through the passage of a resolution.
3. All budget changes must be approved by the Board of Commissioners.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted governmental accounting principles.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

The Enterprise Funds may be required to establish and maintain prescribed amounts of resources to be used in accordance with the bond resolution covenants and grant provisions.

NOTE 2 - ECONOMIC DEPENDENCY

The operations of the Commission are dependent on the continued funding of the General Fund by the Board of County Commissioners of Hendry County, the City of LaBelle and the City of Clewiston.

NOTE 3 - CASH, DEPOSITS, AND INVESTMENTS

Cash

At year end, the Commission's cash consisted of petty cash totaling \$1,150 for all funds.

Deposits

At September 30, 2019, the carrying amount of the Commission's noninterest-bearing and interest-bearing checking accounts was \$630,948 and the bank's balances were \$637,025. The difference was due to checks that had been written but not yet paid by the bank.

These deposits are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Depository Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

Due to the Commission's use of short-term interest-bearing bank accounts in financial institutions that are covered by federal depository insurance or collateral pledged under Florida Statutes Chapter 280, it is considered that credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk are nominal or nonexistent.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 3 - CASH, DEPOSITS, AND INVESTMENTS (continued)

Investments (continued)

During the year, investments consisted of interest-bearing bank accounts that had a carrying amount and market value of \$630,948 as of September 30, 2019.

NOTE 4 - RESTRICTED ASSETS

The restricted assets of the Enterprise Funds which consisted of investments were the following as of September 30, 2019:

| | |
|---------------------------|----------------------|
| Required reserves | \$302,573 |
| Security deposits | 61,600 |
| Bond sinking funds | 63,664 |
| Insurance escrow accounts | <u>58,714</u> |
| Total | <u>\$486,551</u> |

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2019.

Governmental Activities

| | Balance October 1, 2018 | Additions | Deletions | Balance September 30, 2019 |
|------|-------------------------------|-------------|-------------|----------------------------------|
| Land | \$ <u>211,296</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>211,296</u> |

Business-type Activities - Enterprise Funds

| | Balance October 1, 2018 | Additions | Deletions | Balance September 30, 2019 |
|-------------------------------|-------------------------------|---------------------|-------------|----------------------------------|
| Land | \$ 653,961 | \$ - | \$ - | \$ 653,961 |
| Buildings and components | 12,460,678 | - | - | 12,460,678 |
| Machinery and equipment, | <u>757,856</u> | <u>26,169</u> | <u>-</u> | <u>784,025</u> |
| | 13,872,495 | 26,169 | - | 13,898,664 |
| Less accumulated depreciation | <u>4,998,624</u> | <u>379,258</u> | <u>-</u> | <u>5,377,882</u> |
| | <u>\$ 8,873,871</u> | <u>\$ (353,089)</u> | <u>\$ -</u> | <u>\$ 8,520,782</u> |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 6 - HOUSING REVENUE BONDS, SERIES 1995

The Commission issued Housing Revenue Bonds, Series 1995 totaling \$1,879,470 through the Rural Development Housing and Community Facilities Programs of the United States Department of Agriculture. The Commission also received a grant in the amount of \$811,210 from the Department of Agriculture Farm Labor Housing Grant Program to complete the project funding.

Greentree South operates under the United States Department of Agriculture Rural Development (USDA RD) Farm Labor Housing, Section 514(a) of Title V of the Housing Act of 1949. For as long as Greentree South continues to be financed by USDA RD funds, it will be subject to the regulations of USDA RD. These regulations govern the operations of Greentree South. USDA RD provides rental assistance to farm laborers who meet income eligibility requirements.

The revenue bonds bear interest at the rate of 1% per annum, payable on September 1, 1995 and annually thereafter on September 1, with principal maturing from September 1, 1997 to September 1, 2027. The Commission has pledged the gross revenues from the management and operations of the project.

The Commission has agreed to establish the following accounts:

| <u>Account</u> | <u>Purpose</u> |
|-----------------------------------|--|
| Revenue Account | To deposit all gross revenues to be transferred to other accounts. |
| Sinking Fund | To pay all interest and principal on the revenue bonds. Once the project is producing revenue, the Commission shall deposit sums sufficient to pay interest and principal maturing annually. |
| Reserve Account | To be used for (1) paying the cost of repairing damage caused by an unforeseen catastrophe, (2) construction improvements or extensions to the project, and (3) paying the principal of and interest on the bonds in the event the Sinking Fund is insufficient to meet such payments. |
| Operation and Maintenance Account | To be used exclusively to pay the operating expenses as they accrue in accordance with the annual budget. |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 6 - HOUSING REVENUE BONDS, SERIES 1995 (continued)

Excess funds remaining after the above transfers shall be transferred to the Reserve Account until the balance of the Reserve Account equals the Maximum Bond Service Requirement or the redemption of bonds subject to redemption or any other lawful purpose.

The bond installments of principal payable on or before September 1, 2004, are not subject to prepayment prior to their respective dates of payment. The installments payable on September 1, 2005, and thereafter may be prepaid at the option of the Commission, in whole or in part, but only in multiples of \$1,000 in inverse chronological order of said installments, on September 1, 2004, or any interest payment date thereafter at par and accrued interest, plus the premium expressed as percentages of the principal amount of said installment so prepaid. Installments scheduled to be paid on September 1, 2019, or thereafter can be repaid without premium after September 1, 2019. Bonds held by the government may be redeemed on any interest payment date prior to maturity at the price of par and accrued interest, without premium.

NOTE 7 - HOUSING REVENUE BONDS, SERIES 2000

The Commission issued Housing Revenue Bonds, Series 2000 totaling \$1,328,720 through the Rural Development Housing and Community Facilities Programs of the United States Department of Agriculture. The Commission also received a grant in the amount of \$1,164,880 from the Department of Agriculture Farm Labor Housing Grant Program to complete the project funding.

Greentree South operates under the United States Department of Agriculture Rural Development (USDA RD) Farm Labor Housing, Section 514(a) of Title V of the Housing Act of 1949. For as long as Greentree South continues to be financed by USDA RD funds, it will be subject to the regulations of USDA RD. These regulations govern the operations of Greentree South. USDA RD provides rental assistance to farm laborers who meet income eligibility requirements.

The revenue bonds bear interest at the rate of 1% per annum, payable on September 1, 2001, and annually thereafter on September 1, with principal maturing from September 1, 2003, to September 1, 2033. The Commission has pledged the gross revenues from the management and operations of the project.

The Commission has agreed to establish the following accounts:

| <u>Account</u> | <u>Purpose</u> |
|-----------------|--|
| Revenue Account | To deposit all gross revenues to be transferred to other accounts. |
| Sinking Fund | To pay all interest and principal on the revenue bonds. Once the project is producing revenue, the Commission shall deposit sums sufficient to pay interest and principal maturing annually. |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 7 - HOUSING REVENUE BONDS, SERIES 2000 (continued)

| | |
|-----------------------------------|--|
| Reserve Account | To be used for (1) paying the cost of repairing damage caused by an unforeseen catastrophe, (2) construction improvements or extensions to the project, and (3) paying the principal of and interest on the bonds in the event the Sinking Fund is insufficient to meet such payments. |
| Operation and Maintenance Account | To be used exclusively to pay the operating expenses as they accrue in accordance with the annual budget. |

Excess funds remaining after the agreed upon transfers shall be transferred to the Reserve Account until the balance of the Reserve Account equals the Maximum Bond Service Requirement or the redemption of bonds subject to redemption or any other lawful purpose.

The bond installments of principal payable on or before September 1, 2009, are not subject to prepayment prior to their respective dates of payment. The installments payable on September 1, 2010, and thereafter may be prepaid at the option of the Commission, in whole or in part, but only in multiples of \$1,000 in inverse chronological order of said installments, on September 1, 2009, or any interest payment date thereafter at par and accrued interest, plus the premium expressed as percentages of the principal amount of said installment so prepaid. Installments scheduled to be paid on September 1, 2023, or thereafter can be repaid without premium if redeemed on September 1, 2023, or thereafter. Bonds held by the government may be redeemed on any interest payment date prior to maturity at the price of par and accrued interest, without premium.

NOTE 8 - MORTGAGE NOTES PAYABLE - USDA

The Commission issued a mortgage note payable in the amount of \$1,032,990 through the Rural Development Housing and Community Facilities Programs of the United States Department of Agriculture. The Commission also received a grant in the amount of \$1,208,810 from the Department of Agriculture Farm Labor Housing Grant Program to complete the project funding. During the fiscal year ended September 30, 2008, the Commission obtained additional loan proceeds of \$55,740 and grant proceeds of \$37,000.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 8 - MORTGAGE NOTES PAYABLE - USDA (continued)

Greentree East operates under the United States Department of Agriculture Rural Development (USDA RD) Farm Labor Housing, Section 514(a) of Title V of the Housing Act of 1949. For as long as Greentree East continues to be financed by USDA RD funds, it will be subject to the regulations of USDA RD. These regulations govern the operations of Greentree East. USDA RD provides rental assistance to farm laborers who meet income eligibility requirements.

The mortgage note bears interest at the rate of 1% per annum, payable on September 1, 2003, and annually thereafter on September 1, with principal maturing from September 1, 2004, to September 1, 2034. The Commission has pledged the gross revenues from the management and operations of the project.

The additional loan requires an annual payment of \$2,100 from September 1, 2010, to September 1, 2040.

The Commission has agreed to establish the following accounts:

| <u>Account</u> | <u>Purpose</u> |
|-----------------------------------|--|
| Revenue Account | To deposit all gross revenues to be transferred to other accounts. |
| Sinking Fund | To pay all interest and principal on the mortgage note. Once the project is producing revenue, the Commission shall deposit sums sufficient to pay interest and principal maturing annually. |
| Reserve Account | To be used for (1) paying the cost of repairing damage caused by an unforeseen catastrophe, (2) construction improvements or extensions to the project, and (3) paying the principal of and interest on the bonds in the event the Sinking Fund is insufficient to meet such payments. |
| Operation and Maintenance Account | To be used exclusively to pay the operating expenses as they accrue in accordance with the annual budget. |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 9 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Commission for the year ended September 30, 2019:

| <u>Nature</u> | Balance, October 1, 2018 | New Debt Issued | Retirement of Debt | Balance, September 30, 2019 |
|--------------------------|---|----------------------------|-------------------------------|--|
| Governmental activities | | | | |
| Bank Loan | \$ 54,003 | \$ - | \$ 6,891 | \$ 47,112 |
| Business-type activities | | | | |
| Housing Revenue Bonds | 1,299,000 | - | 108,000 | 1,191,000 |
| Mortgage Notes Payable | <u>1,478,604</u> | <u>-</u> | <u>61,605</u> | <u>1,416,999</u> |
| | <u>\$2,831,607</u> | <u>\$ -</u> | <u>\$ 176,496</u> | <u>\$ 2,655,111</u> |

Summary of Long-Term Debt

Long-term debt at September 30, 2019, is comprised of the following:

Governmental Activities

\$100,604 bank mortgage note, monthly payment of principal and interest of \$776, secured by the underlying real property, payments commence on July 1, 2010, until maturity in June, 2025, bearing interest at a rate of 4.56%, rate change occurring every 36 months. \$ 47,112

Business-type activities - Enterprise Fund

1% Housing Revenue Bonds, Series 1995, payment of the principal and interest are secured equally and ratably by a pledge of and lien upon the gross revenues from the management and operations of the Commission's residential rental farm labor housing project, interest payable on September 1, 1995, and annually thereafter on September 1, with principal maturing from September 1, 1997, to September 1, 2027. 540,000

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Business-type activities - Enterprise Fund (continued)

| | |
|--|---------|
| 1% Housing Revenue Bonds, Series 2000, payment of the principal and interest are secured equally and ratable by a pledge of and lien upon the gross revenues from the management and operations of the Commission's residential rental farm labor housing project, interest payable on September 1, 2001, and annually thereafter on September 1, with principal maturing from September 1, 2003, to September 1, 2033. | 651,000 |
| \$1,032,990 mortgage note payable to USDA, with an annual payment of the principal and interest of \$38,918, secured equally and ratable by a pledge of and lien upon the gross revenues from the management and operations of the Commission's residential rental farm labor housing project, interest payable on September 1, 2003, and annually thereafter on September 1, with principal maturing from September 1, 2004, to September 1, 2034. | 541,169 |
| \$55,740 mortgage note payable to USDA, with an annual payment of the principal and interest of \$2,100, secured equally and ratable by a pledge of and lien upon the gross revenues from the management and operations of the Commission's residential rental farm labor housing project, interest payable on September 1, 2008 and 2009, and annually thereafter on September 1, with principal maturing from September 1, 2010, to September 1, 2040. | 37,409 |
| \$75,000 mortgage note payable to a local bank, with monthly payments of principal and interest of \$1,338, occurring over a 60 month period beginning on May 24, 2018, and continuing until May 24, 2022, secured by a pledge of and lien upon the gross revenues from the management and operations of the Commission's residential rental farm labor housing project. The interest rate during the entire period on the note shall be 2.66%. | 40,006 |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Business-type activities - Enterprise Fund (continued)

\$820,000 mortgage (construction loan) note payable to a local bank, with 23 monthly payments of interest only beginning October, 2015, and continuing until August, 2018, then monthly payments of principal and interest, amortized over 156 months, from September, 2018, until July, 2030, when the note will mature. The interest rate during the entire period on the note shall be 5.5%. The note is secured by a mortgage and security agreement on the Greentree Senior Apartments Project real estate and improvements, as well as a loan agreement.

798,415

Total long-term debt

\$ 2,655,111

Annual Requirements to Amortize Debt Principal

The annual requirements of principal to amortize long-term debt outstanding as of September 30, 2019, are as follows:

| Year Ending September 30, | <u>Governmental Activities</u> | <u>Business-type Activities</u> | | <u>Total</u> |
|--------------------------------------|---------------------------------------|---|----------------------------------|---------------------|
| | <u>Bank Loan</u> | <u>Housing Revenue Bonds</u> | <u>Mortgage Notes</u> | |
| 2020 | \$ 7,311 | \$ 109,000 | \$ 62,668 | \$ 178,979 |
| 2021 | 7,651 | 110,000 | 64,120 | 181,771 |
| 2022 | 8,008 | 111,000 | 58,880 | 177,888 |
| 2023 | 8,380 | 112,000 | 50,758 | 171,138 |
| 2024 | 8,771 | 113,000 | 51,936 | 173,707 |
| 2025-2029 | 6,991 | 441,000 | 279,193 | 727,184 |
| 2030-2034 | - | 195,000 | 840,443 | 1,035,443 |
| 2035-2039 | - | - | <u>9,001</u> | <u>9,001</u> |
| | <u>\$47,112</u> | <u>\$1,191,000</u> | <u>\$1,416,999</u> | <u>\$2,655,111</u> |

See pages 43-44 for more detailed information about annual requirements to amortize Series 1995 and Series 2000 Revenue Bonds principal and interest.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 9 - LONG-TERM DEBT (continued)

Summary of Long-Term Debt (continued)

Business-type activities - Enterprise Fund (continued)

Pledged Revenues

The Commission has pledged certain revenues to repay the housing revenue bonds and three notes payable outstanding as of September 30, 2019. The following table reports the revenues pledged for each debt issue; the amounts of such revenues received in the current year; the current year principal and interest paid on the debt; the approximate percentage of each revenue pledged to meet the debt obligation; the maturity date of all debt agreements; and the total pledged future revenues for all debt issuances, which is the amount of the remaining principal and interest on the bonds and notes payable at September 30, 2019.

| Description of Issue | Pledged Revenue | Revenue Received | Principal and Interest Paid | Estimated Percentage of Revenues | Outstanding Principal and Interest | Pledged Through |
|---|--|---------------------|--------------------------------------|---|--|--------------------|
| <u>Business-type Activities</u> | | | | | | |
| Housing Revenue Bonds - Series 1995 and 2000 | Net operating revenues of the Greentree South Apartments | \$ 671,242 | \$120,990 | 18.02% | \$ 1,265,400 | 2033 |
| Note payable - Bank | Net operating revenues of the Greentree South Apartments | \$ 671,242 | \$ 16,056 | 2.39% | \$ 41,437 | 2022 |
| Notes payable - USDA | Net operating revenues of the Greentree East Apartments | \$ 271,673 | \$ 41,018 | 15.10% | \$ 626,804 | 2040 |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 10 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The apartment complexes have purchased commercial insurance coverage for property, liability, fidelity, and workers' compensation. General liability coverage is \$1 million, aggregate liability is \$2 million, and umbrella (excess) liability is \$5 million. Property and wind damage coverage varies in relation to property values.

NOTE 11 - REQUIRED RESERVES

Under the provisions of the loan agreement with the USDA RD, the Projects have agreed to transfer funds, in monthly payments, into reserve accounts until the accounts accumulate required balances. Any disbursements from these accounts are subject to the approval of the USDA RD. The status of the accounts as of September 30, 2019, were as follows:

| | Greentree South Apartments | Greentree East Apartments |
|--|---|--|
| Reserve cash balance at September 30, 2018 | \$ 44,773 | \$223,773 |
| Transfers | 43,780 | 23,400 |
| Interest earned on account | 361 | 1,531 |
| Withdrawals | <u>(35,045)</u> | <u>(-)</u> |
| Reserve cash balance at September 30, 2019 | 53,869 | 248,704 |
| Fully funded balance per Regulatory Agreement | <u>14,530</u> | <u>152,046</u> |
| Excess | <u>\$ 39,339</u> | <u>\$ 96,658</u> |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 12 - MANAGEMENT FEES

The calculation of management fees are as follows:

| | Greentree South Apartments | | Greentree East Apartments | | Greentree Senior Apartments | |
|------------------------------------|---|---------------|--|---------------|--|---------------|
| | Units | Fee | Units | Fee | Units | Fee |
| Units rented at \$58 per unit | 870 | \$50,042 | 468 | \$26,910 | 585 | \$29,250 |
| Non-first of month management fees | | <u>1,152</u> | | <u>170</u> | | <u>-</u> |
| Total management fee earned | | 51,194 | | 27,080 | | 29,250 |
| Management fees paid | | <u>51,194</u> | | <u>27,080</u> | | <u>29,250</u> |
| Amount under (over) paid | | <u>\$ -</u> | | <u>\$ -</u> | | <u>\$ -</u> |

NOTE 13 - FUND BALANCE AND NET POSITION

Classifications of the fund balance and restrictions of the net position of the Commission are created to either (1) satisfy legal covenants that require that a portion of the fund balance/net position be segregated, or (2) identify the portion of the fund balance/net position that is not appropriable for future expenditures. A specific classification of the fund balance and specific restrictions of the net position are as follows:

Unassigned Fund Balance

This classification represents the portion of the fund balance that is available for any purpose.

Restricted for Construction, Debt Service, and Insurance

These portions of the net position represent restrictions created by the covenants in the bond ordinances. For additional information, see Footnotes 6-8.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants and Assistance

Activities of certain funds of the Commission are financed in whole or in part by various forms of grants and assistance, principally from the federal government. There can be no absolute assurance that such assistance will continue in the future at the present levels. Amounts received from grantor agencies are subject to audit or adjustment by grantor agencies. Also, any amounts disallowed could constitute liabilities of the applicable funds.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Financial Statements
September 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Home Investment Partnerships Program

The Commission has obtained \$4,171,790 in funds through the federal Home Investment Partnerships Program which was passed through the Florida Housing Finance Corporation. A loan agreement with Florida Housing Finance Corporation requires that the housing project remain a low income rental housing project, states that the loan bears interest at 0%, provides for no loan payments during the term of the loan, calls for no loan sinking fund or reserve payments during the term of the loan, and states that the loan will mature on August 18, 2035. At the maturity of the loan, the loan can be extended in phases with the same terms up to a total of 50 years at which time the loan is to be forgiven. Due to the terms, conditions, purpose, and nature of the loan, the funds received were recorded by the Commission as a capital grant in the previous financial statements.

Litigation

The Commission, in accordance with the normal conduct of its affairs, is involved in various judgements, claims, and litigation. It is expected that the final settlement of these matters will not materially affect the financial statements of the Commission.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Schedule of Revenues, Expenditures,
and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2019

| | Original Budget | Actual | Variance - Favorable (Unfavorable) |
|---|--------------------|------------|--|
| Revenues | | | |
| Intergovernmental | \$ 23,460 | \$ 23,460 | \$ - |
| Charges for services | 15,000 | 15,000 | - |
| Miscellaneous | - | - | - |
| Interest | - | 494 | 494 |
| | 38,460 | 38,954 | 494 |
| Total revenues | | | |
| Expenditures | | | |
| Economic environment | | | |
| Current | | | |
| Personal services | 14,601 | 15,552 | (951) |
| Operating expenditures | 21,470 | 8,248 | 13,222 |
| Debt service | | | |
| Principal | 6,700 | 6,891 | (191) |
| Interest | 2,800 | 2,440 | 360 |
| | 45,571 | 33,131 | 12,440 |
| Total expenditures | | | |
| Excess of revenues over (under) expenditures | \$ (7,111) | 5,823 | \$ 12,934 |
| Fund balance, beginning of year | | 147,049 | |
| Fund balance, end of year | | \$ 152,872 | |

See accompanying notes to financial statements.

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Notes to Required Supplementary Information
September 30, 2019

The Commission is required to establish a budgetary system and an approved Annual Budget for the General Fund. The Commission's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. There were no amendments to the original Annual Budget for the General Fund during the fiscal year ended September 30, 2019. Actual General Fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2019.

Actual General Fund expenditures for the fiscal year ended September 30, 2019, were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

OTHER SUPPLEMENTAL SCHEDULES

AREA HOUSING COMMISSION OF
 CLEWISTON, LABELLE, AND HENDRY COUNTY
 Greentree South
 Amortization Schedule
 \$1,879,470 Housing Revenue Bonds, Series 1995

| <u>Payment Date</u> <u>September 1,</u> | <u>Interest</u> <u>Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> <u>Service Payment</u> |
|--|--------------------------------|-------------------|------------------|---|
| 2020 | 1% | \$ 65,000 | \$ 5,400 | \$ 70,400 |
| 2021 | 1% | 66,000 | 4,750 | 70,750 |
| 2022 | 1% | 67,000 | 4,090 | 71,090 |
| 2023 | 1% | 67,000 | 3,420 | 70,420 |
| 2024 | 1% | 68,000 | 2,750 | 70,750 |
| 2025 | 1% | 69,000 | 2,070 | 71,070 |
| 2026 | 1% | 69,000 | 1,380 | 70,380 |
| 2027 | 1% | <u>69,000</u> | <u>690</u> | <u>69,690</u> |
| Totals | | <u>\$ 540,000</u> | <u>\$ 24,550</u> | <u>\$ 564,550</u> |

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
Greentree South
Amortization Schedule
\$1,328,720 Housing Revenue Bonds, Series 2000

| <u>Payment Date</u> <u>September 1,</u> | <u>Interest</u> <u>Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> <u>Service Payment</u> |
|--|--------------------------------|-------------------|------------------|---|
| 2020 | 1% | \$ 44,000 | \$ 6,510 | \$ 50,510 |
| 2021 | 1% | 44,000 | 6,070 | 50,070 |
| 2022 | 1% | 44,000 | 5,630 | 49,630 |
| 2023 | 1% | 45,000 | 5,190 | 50,190 |
| 2024 | 1% | 45,000 | 4,740 | 49,740 |
| 2025 | 1% | 46,000 | 4,290 | 50,290 |
| 2026 | 1% | 46,000 | 3,830 | 49,830 |
| 2027 | 1% | 47,000 | 3,370 | 50,370 |
| 2028 | 1% | 47,000 | 2,900 | 49,900 |
| 2029 | 1% | 48,000 | 2,430 | 50,430 |
| 2030 | 1% | 48,000 | 1,950 | 49,950 |
| 2031 | 1% | 49,000 | 1,470 | 50,470 |
| 2032 | 1% | 49,000 | 980 | 49,980 |
| 2033 | 1% | <u>49,000</u> | <u>490</u> | <u>49,490</u> |
| Totals | | <u>\$ 651,000</u> | <u>\$ 49,850</u> | <u>\$ 700,850</u> |

**GREENTREE EAST APARTMENTS
Borrower Certification
Performance Standards**

The Borrower hereby certifies to his best knowledge and belief that:

Required accounts are properly maintained and tracked separately;

Payments from operation accounts are disclosed and accurately represented;

Reserve amount is current (i.e., contributions are on schedule and the balance accounts for contributions less authorized withdrawals), and there are no encumbrances;

Tenant security deposit accounts are fully funded and are maintained in separate accounts;

Payment of asset management fee was consistent with the terms of the applicable loan agreement or loan resolution;

Borrower/grantee has maintained proper insurance in accordance with the requirements of 7 CFR 3560.105; and

All financial records are adequate and suitable for examination.

Done this 27th day of December, 2019.

By: 

Chairman - Hendry County Nonprofit
Housing, Inc.

**GREENTREE SOUTH APARTMENTS
Borrower Certification
Performance Standards**

The Borrower hereby certifies to his best knowledge and belief that:

Required accounts are properly maintained and tracked separately;

Payments from operation accounts are disclosed and accurately represented;

Reserve amount is current (i.e., contributions are on schedule and the balance accounts for contributions less authorized withdrawals), and there are no encumbrances;

Tenant security deposit accounts are fully funded and are maintained in separate accounts;

Payment of asset management fee was consistent with the terms of the applicable loan agreement or loan resolution;

Borrower/grantee has maintained proper insurance in accordance with the requirements of 7 CFR 3560.105; and

All financial records are adequate and suitable for examination.

Done this 27th day of December, 2019.

By: 

Chairman - Area Housing Commission
of Clewiston, LaBelle and Hendry County

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MEMBERS
AMERICAN INSTITUTE OF
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FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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*

Honorable Board of Commissioners
Area Housing Commission of Clewiston,
LaBelle, and Hendry County
LaBelle, 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 statement of the governmental activities, the business-type activities, and each major fund of the Area Housing Commission of Clewiston, LaBelle, and Hendry County, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Area Housing Commission of Clewiston, LaBelle, and Hendry County's basic financial statements and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Area Housing Commission of Clewiston, LaBelle, and Hendry County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Area Housing Commission of Clewiston, LaBelle, and Hendry County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Area Housing Commission of Clewiston, LaBelle, and Hendry County'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 Area Housing Commission of Clewiston, LaBelle, and Hendry County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Boy, Miller, Kusker & Perry, P.A.

Clewiston, Florida
December 27, 2019

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INDEPENDENT ACCOUNTANT'S EXAMINATION
REPORT ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES

Honorable Board of Commissioners
Area Housing Commission of Clewiston,
LaBelle, and Hendry County
LaBelle, Florida

We have examined the compliance of the Area Housing Commission of Clewiston, LaBelle, and Hendry County with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on Area Housing Commission of Clewiston, LaBelle, and Hendry County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require we plan and perform the examination to obtain reasonable assurance about whether the Commission complied, in all material respects, with the specific requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Area Housing Commission of Clewiston, LaBelle, and Hendry County's compliance with specified requirements.

In our opinion, the Area Housing Commission of Clewiston, LaBelle, and Hendry County complied, in all material respects, with the requirements of Section 218.415, Florida Statutes for the fiscal year ended September 30, 2019.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Boy, Miller, Kisker & Perry, P.A.

Clewiston, Florida
December 27, 2019

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MEMBERS
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MANAGEMENT LETTER IN ACCORDANCE WITH
THE RULES OF THE AUDITOR GENERAL OF THE
STATE OF FLORIDA

Honorable Board of Commissioners
Area Housing Commission of Clewiston,
LaBelle, and Hendry County
LaBelle, Florida

Report on the Financial Statements

We have audited the financial statements of the Area Housing Commission of Clewiston, LaBelle, and Hendry County as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated December 27, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our 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*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures (if any) in those reports, which are dated December 27, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name and legal authority for the Area Housing Commission of Clewiston, LaBelle, and Hendry County is disclosed in the notes to the financial statements. There are no other entities that are considered to be component units requiring disclosure in the financial statements of the Commission.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Area Housing Commission of Clewiston, LaBelle, and Hendry County met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Area Housing Commission of Clewiston, LaBelle, and Hendry County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Area Housing Commission of Clewiston, LaBelle, and Hendry County. It is management's responsibility to monitor the Area Housing Commission of Clewiston, LaBelle, and Hendry County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Boy, Miller, Kisher & Perry, P.A.

Clewiston, Florida
December 27, 2019

AREA HOUSING COMMISSION OF
CLEWISTON, LABELLE, AND HENDRY COUNTY
P.O. Box 2458
LaBelle, Florida 33975

December 27, 2019

Ms. Sherrell F. Norman, CPA
Auditor General
State of Florida
111 W. Madison Street
Claude Denson Pepper Building
Tallahassee, FL 32399-1450

Re: Fiscal Year 2018-2019

Dear Ms. Norman:

The Rules of the Auditor General require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited by the auditor in the annual financial report.

There were no deficiencies cited in the current year auditor's report or management letter.

Sincerely,



Ron Zimmerly, Chairman
Area Housing Commission Of
Clewiston, Labelle, and Hendry County