

Avon Park Housing Development Corporation (A.P.H.D.C.)
Board of Directors Regular Meeting
North Central Heights Community Center
709 Juneberry Street, Avon Park, Florida
Tuesday, April 21, 2015; 6:00 P.M.

Meeting Agenda

ROLL CALL

PREVIOUS MINUTES: Regular Board Meeting Minutes; March 17, 2015

COMMUNICATIONS: None

I. OLD BUSINESS;

- A) Resolution No. 15-01; Cornell Colony LLC; Authorization for Board Secretary to execute Operating Agreement, Development Agreement and take all actions necessary in connection with the development, construction, financing, ownership, and operation or otherwise of the project described in such Agreements with Cornell Colony Developer LLC, Marmer Construction LLC and Housing Trust Group, Inc. for the development & completion of Cornell Colony project.
- B) 695 Palmetto Street Property;
Purchase & Sale Contract.
Property Maintenance & Security Agreement

II. NEW BUSINESS:

- A). 2014 Audit Report; Malcolm Johnson, CPA.
- B). City of Avon Park; Voluntary PILOT Payment.
- C). Resolution No. 15-02: NCH I & II; Net Cash Flow Distribution
- E). Unsecured Promissory Note(s): NCH I & II; \$16,000/LLC loan to APHDC to fund 695 Palmetto Street land purchase.

Other matters to come before the Board:

Next Board Meeting(s): May 19, 2015

VI. ADJOURN

In accordance with the American Disabilities Act and Section 286.26 Florida Statutes, any person with disabilities requiring reasonable accommodations to participate in this meeting should call the Housing Authority offices five days prior to the meeting.

**Avon Park Housing Development Corporation (A.P.H.D.C.)
Board of Directors Regular Meeting
North Central Heights Community Center
709 Juneberry Street, Avon Park, Florida
Tuesday, March 17, 2015, 6:00 P.M.**

Meeting Minutes

ROLL CALL –Board Chairperson Harris called the Meeting to order and requested the Secretary to call the roll & record the attendance as follows; Present; Directors Harris, Wade, Roberts, Brojek Johnson, Windsor and Barnard. Absent; Directors Daffner & Stukes. Secretary Shoeman declared a quorum present.

PREVIOUS MINUTES: Regular Board Meeting Minutes February 17, 2015; Motion to accept & approve the Meeting Minutes as circulated was made by Director Barnard, seconded by Director Wade; motion carried unanimously.

COMMUNICATIONS: None.

I. NEW BUSINESS;

Resolution No. 15-01; Cornell Colony LLC; Authorizing Board Secretary to execute Operating and Development Agreements remained tabled until next meeting due to agreements still not yet ready for consideration.

II. OLD BUSINESS;

- A. Brickell Building Acquisition; The Secretary informed the Board that City Planning & Zoning Board voted to not recommend the density increase for the proposed upstairs residency from 4 to 10 units, thereby rendering the project financially unfeasible. The ED presented the Board with a draft letter from the APHDC Board Chair informing the Mayor that, as such, the APHDC would be withdrawing from further pursuit to purchase the building. Following discussion, moved by Commissioner Roberts, seconded by Director Barnard to authorize the Chair to execute the draft letter; motion passed by majority vote.
- B. Update on Cornell Colony; The Secretary provided a briefing on the progress of project underwriting for the pending project.
- C. 695 Palmetto St. Property; The ED presented for Board consideration a proposed future land use investment strategy to purchase the 4.8 acre subject property. The strategy included cash payment of \$32,000, paid by APHDC and underwritten/funded by 50% payment each from NCH I & II in the form of a 2 year 0% interest unsecured promissory note to be repaid from Cornell Colony developer fee earned by APHDC, combined with a \$6,000 Tax donation acknowledgement to the seller, for a combined total purchase value of \$38K. In summary, the land would be utilized at a later date to build additional affordable rental housing, as well as provide additional green space to residents of both new and existing NCH properties. Following general discussion, moved by Director Brojek, seconded by Director Barnard to authorize the ED to proceed with negotiations and completion of the land purchase, predicated upon seller acceptance of the referenced strategy terms; motion carried unanimously.

Other matters to come before the Board: None

Next Board Meeting: Next Regular Meeting to be held April 21, 2015.

VI. ADJOURN: Being no further business to come before the Board, meeting was adjourned at 6:35 PM.

Accepted

Attest SEAL

**CORNELL COLONY LLC
RESOLUTION NUMBER 15-01**

**MEETING OF
AVON PARK HOUSING DEVELOPMENT CORPORATION,
THE SOLE MEMBER OF CORNELL COLONY LLC**

Pursuant to the authority of the Florida Limited Liability Company Act, Avon Park Housing Development Corporation, the sole member of CORNELL COLONY LLC, a Florida limited liability company (the "Company"), adopted and approved the following recitals and resolutions at a Regular Meeting of the board of directors of Avon Park Housing Development Corporation held this 21st day of April, 2015.

WHEREAS, Avon Park Housing Development Corporation, a Florida nonprofit corporation, is the sole member of the Company (the "Member").

WHEREAS, the Member has reviewed copies of those agreements and documents, incorporated by reference herein and as more fully described on Exhibit A attached hereto, and other agreements and documents incidental thereto which bind the Company (altogether hereinafter referred to as the "Agreements").

WHEREAS, the Member believes it to be in the best interest of the Company to enter into, consummate and carry out the obligations of the Company under the Agreements, as applicable, and to ratify certain actions by the Company and its Member relating thereto.

RESOLVED, that those actions taken by Larry P. Shoeman, individually, as agent and/or authorized representative of the Company in good faith and in a manner reasonably believed to be both lawful and in, or not opposed to, the best interests of the Company, including specifically the execution and delivery of the Agreements, through the date hereof, be, and the same hereby are, ratified, confirmed, and approved in all respects.

FURTHER RESOLVED, that Larry P. Shoeman, as Secretary of the Member and/or the Corporation Chairperson and/or the acting designee, shall be and is hereby authorized, empowered and directed, by and on behalf of the Company, to execute, deliver, and file any and all documents and take such actions as any of them may deem reasonably necessary to enter into, consummate and perform the transactions, rights and obligations contemplated by the Agreements and, if applicable, to negotiate and finalize and to amend and modify such Agreements to the extent any of them may deem reasonably appropriate, and to take all actions necessary in connection with the development, construction, financing, ownership, operation, or otherwise of the project as described in the Agreements.

ADOPTED THIS 21st DAY OF APRIL 2015

SOLE MEMBER:

AVON PARK HOUSING DEVELOPMENT CORPORATION, a Florida nonprofit corporation

Accepted: Board Chairperson

Attested: Larry P. Shoeman, Secretary
SEAL

EXHIBIT A

Florida Housing Finance Corporation Required Underwriting Documents

1. Operating Agreement of Cornell Colony Developer LLC
2. Development Agreement between Cornell Colony LLC and Cornell Colony Developer LLC
3. And any and all other documents, instruments, and agreements in connection with the foregoing, including any amendment or modification thereto.

REAL ESTATE PURCHASE CONTRACT

THIS AGREEMENT (the "Agreement") is made and entered into as of the 1st day of April, 2015, by and between Gregory P. De La Piedra and Eunice S. De La Piedra, husband and wife, hereinafter referred to together as "**Seller**", and Avon Park Housing Development Corporation, a Florida not for profit corporation, hereinafter referred to as "**Buyer**". The "Effective Date" shall be the date the last of the parties signs this Agreement.

1. **PROPERTY DESCRIPTION.**

Seller agrees to sell and Buyer shall have the right to purchase the following described real estate (the "Property"), free and clear of all liabilities, liens, and encumbrances, excepting all taxes for the current year, which shall be prorated to the date of transfer, and assessments, if any, shall be paid in full by Seller at the date of transfer:

695 W. Palmetto St., Avon Park, Florida, consisting substantially of 4.8 acres, more particularly described on Exhibit "A" attached hereto and made a part hereof.

2. **PURCHASE PRICE AND DEPOSIT.**

The purchase price of the Property is THIRTY-EIGHT THOUSAND DOLLARS (\$38,000.00) and shall be structured as follows:

- A. Payment in the amount of THIRTY-TWO THOUSAND DOLLARS (\$32,000.00), by certified check or wire transfer of funds at closing.
- B. Buyer shall provide Seller with a Tax Donation Certificate acknowledging a value of SIX THOUSAND DOLLARS (\$6,000.00) of equity contribution donated by Seller in conjunction with the sale.

Deposit. At or about the time of execution of this Agreement, Buyer shall deposit the amount of THREE THOUSAND TWO HUNDRED DOLLARS (\$3,200.00), which shall be held by South Ridge Abstract & Title Co., 229 S. Commerce Ave., Sebring, Florida (the "Escrow Agent") pursuant to the terms and conditions of this Agreement, and credited to Buyer at closing.

In the event of cancellation of this Agreement for any reason pursuant to the terms of this Agreement, such deposit shall be released and disbursed in accordance with the Escrow provisions stated herein.

3. PROPERTY MAINTENANCE.

Seller shall be responsible for continuing the proper maintenance of the Property in accordance with acceptable customs and practices of professionals in the industry. Seller shall pay and be responsible for all payables due or accrued by Seller up to the time of closing.

4. PRE-CLOSING CONTINGENCIES AND OBLIGATIONS.

Enumeration of Buyer's Contingencies. Buyer's obligations under this Agreement are specifically subject to the following conditions precedent, herein called "Contingencies". Buyer shall have the right to satisfy, in its sole discretion, the Contingencies specified in this paragraph 4 by the time specified in each contingency paragraph, unless the time therefore is extended in writing signed by Seller.

(i) Inspection of the Property. Within forty-five (45) days after the Effective Date of this Agreement, at its own expense, Buyer may make or cause to be made such surveys, tests, and inspections of the Property as Buyer desires until Buyer is satisfied in its sole discretion with the condition of the Property.

(ii) Title Evidence. Within forty-five (45) days after the Effective Date, Buyer shall obtain the title commitment identified in paragraph 6 hereof.

(iii) Power to Sell. This Agreement is subject to approval of Buyer's Board of Directors.

If all of the Contingencies are not satisfied within the time period specified in this paragraph, then Buyer shall advise Seller in writing that all of the Contingencies have not been satisfied, in

which case this Agreement shall terminate and the deposit shall be returned to Buyer.

Access to the Property. With Seller's prior approval each time, which shall not be unreasonably withheld, Buyer and its agents, upon 48 hours' advance notice, shall have the right to enter upon and have access to the Property in order to conduct the surveys, tests, inspections, and examinations specified in this paragraph, including, but not limited to soil boring, percolation tests, environmental, and topographical studies, and investigation of zoning and the availability of utilities; provided, however, that the Property shall be restored by Buyer, at its sole expense, to the condition existing on the Effective Date of this Agreement after the making of any such tests. Buyer, to the extent allowed by applicable law, shall indemnify and hold Seller harmless from any expenses or other liability (including reasonable attorneys' fees) for death or injury to persons or damage to property occurring as a result of the conduct by Buyer of any such surveys, inspections, tests, and examinations. Buyer shall provide Seller evidence of liability insurance that covers the liabilities for which indemnification is provided by Buyer in this subparagraph.

5. CLOSING AND POSSESSION.

This Agreement shall be performed and this transaction shall be closed on or before ninety (90) days from the Effective Date. The closing shall be held at such time and place as the parties mutually agree. Upon closing, Buyer shall take possession of the Property. At the time of closing, Seller shall execute and deliver to Buyer a general warranty deed, Seller's affidavit relating to title matters, and bills of sale for any tangible personal property and intangible property being transferred under this Agreement. The parties shall mutually execute a closing statement and such other instruments as may be reasonably necessary for the completion of the transaction contemplated by this Agreement.

At closing, Seller shall provide Buyer with proof of the cancellation of any existing contracts regarding the Property.

6. DEED AND EVIDENCE OF TITLE.

Upon the closing date, Seller shall convey to Buyer, or Buyer's designee, good and marketable title in fee simple to the Property by a duly executed General Warranty Deed in recordable form, free and clear of any unpermitted exceptions as described in this paragraph.

Within forty-five (45) days after the Effective Date of this Agreement, Buyer shall obtain, at Seller's expense, a commitment for the issuance of an Owner's Policy of Title Insurance on standard ALTA forms approved for use in Florida (the "Commitment"). The Commitment shall show in Seller fee simple title to the Property, subject to all defects, liens, encumbrances, easements, restrictions, reservations, conditions, covenants, agreements, and encroachments that the title insurance company does not propose to insure over or against. In the Commitment, the title insurance company shall commit that upon delivery and recording of the deed described in paragraph 6 herein, it will issue, at its usual rates, its policy of Owner's Title Insurance on ALTA 1992 Owner's Form or other form acceptable to Buyer, insuring in Buyer in the total amount of the purchase price, fee simple title to the Property without exceptions other than those permitted by this paragraph, and deleting the standard exceptions so long as the title insurance agent is provided with a satisfactory proscribed ALTA survey and proscribed affidavit of title.

Within fifteen (15) days after receipt of the Commitment, Buyer may give to Seller written notice of any defect, lien, encumbrance, easement, restriction, reservation, condition, covenant, agreement or encroachment affecting the Property, which the title insurance company does not propose to insure over or against (hereinafter a "Title Defect" or "Encumbrance") and

which Title Defect or Encumbrance prevents the present lawful use of the Property (hereinafter an "Unpermitted Exception"). Any Title Defect or Encumbrance included in the Commitment and not set forth in such written notice from Buyer to Seller shall be deemed to be acceptable to Buyer and not an Unpermitted Exception.

If Buyer should fail to give to Seller any such written notice, then the remaining provisions of this paragraph 6 shall be inapplicable, and the parties should proceed to close the purchase within the time period specified in paragraph 5.

If Buyer should give to Seller such a written notice as previously mentioned, then, within twenty-one (21) days after receipt of Buyer's notice, Seller shall take such action as may be necessary or appropriate so as to enable Seller to convey to Buyer a good and marketable title in fee simple absolute to the Property, free and clear of all Unpermitted Exceptions. Seller shall, within such period (unless the time for doing so is extended in writing signed by Buyer), give Buyer notice, that: (i) Seller can so convey such title to the Property and is prepared to close (the "Closing Notice"), or (ii) Seller cannot so convey such title to the Property.

If Seller gives to Buyer the Closing Notice, the purchase shall be closed within the period of time specified in paragraph 5. If Seller notifies Buyer that Seller cannot so convey such title to the Property, then Buyer shall have the right, at its option, (i) to terminate this Agreement by giving to Seller written notice of such termination; or (ii) to proceed with the purchase, in which event Buyer shall pay to Seller the purchase price of the Property, without any adjustment to compensate it for the loss of use of, or the additional expense to, the Property to the extent that the same is affected by such Title Defect or Encumbrance; or (iii) to proceed as Buyer and Seller may agree.

The effective date of the Commitment shall be updated by endorsement to the date of

closing. Seller agrees that it will take all actions necessary or appropriate to enable it to convey title free and clear of any matter that was a Title Defect or Encumbrance shown in the Commitment and any Unpermitted Exception that Seller has agreed to remove, unless Buyer agrees to waive such matter and accept the conveyance subject thereto.

It is agreed by the parties hereto that marketability shall be determined in accordance with the Standards of Title Examination adopted by the Florida Bar Association.

7. TAXES AND ASSESSMENTS.

The parties hereto agree that the real estate taxes and personal property taxes shall be prorated to the date of closing and thereafter all taxes and assessments on the Property shall be the responsibility of Buyer. Any assessments shall be paid current at closing by Seller, and remaining scheduled assessments would become the responsibility of Buyer. In prorating taxes, latest available taxes and valuations shall be used.

8. INTENTIONALLY DELETED.

9. REPRESENTATIONS OF SELLER.

Seller represents and warrants to Buyer that:

(i) To Seller's knowledge, no condemnation proceedings have been discussed, threatened or instituted against the Property and Seller has no knowledge of any proposed condemnation proceedings.

(ii) Seller has not received any notices from any public authorities in regard to any matters that would adversely affect the Property.

(iii) There are no lawsuits or legal proceedings pending against the Property, nor to the best of Seller's knowledge, threatened, regarding encumbrances on, or the ownership, use or possession of the Property.

(iv) Seller has, as of the Effective Date of this Agreement, and will have as of the date of closing, good marketable title to the Property subject only to the matters set forth in this Agreement and as set forth in the Commitment and policy described in paragraph 6 above.

(v) To Seller's knowledge, there are no unlawful hazardous materials on the Property.

10. RISK OF LOSS.

Seller shall keep in full force and effect general liability insurance coverage on the Property in the same amount as maintained by Seller at the time of the signing of this Agreement until the date of closing. Upon closing, risk of loss to the Property shall be borne by Buyer, subject to Seller's full disclosure to Buyer regarding the Property.

11. EXPENSES OF CLOSING.

Buyer agrees to pay the following expenses:

- (i) Documentary stamps required to be affixed to the Warranty Deed;
- (ii) Preparation of the Warranty Deed and recording of the Warranty Deed;
- (iii) Recording of any corrective instruments; and
- (iv) Buyer's attorneys' fees.

Seller agrees to pay the following expenses:

- (i) Cost of the Title Commitment and Owner's Policy; and
- (ii) Seller's attorneys' fees.

12. BINDING AGREEMENT.

This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors, and to the extent assignable, on the assigns and nominees

of the parties hereto.

13. FLORIDA LAW.

This Agreement shall be construed under and in accordance with the laws of the State of Florida.

14. SOLE AGREEMENT.

This Agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the aforesaid subject matter. This Agreement shall not be modified or amended except by an instrument in writing executed by or on behalf of Seller and Buyer. The provisions of this Agreement shall survive the closing of this transaction.

15. REMEDIES.

If the purchase and sale of the Property is not consummated in accordance with the terms and conditions of this Agreement due to circumstances or conditions which constitute a default by Buyer under this Agreement, Seller, shall be entitled to retain the earnest money deposit as full liquidated damages for such default. The parties acknowledge that Seller's actual damages in the event of a default by Buyer under this Agreement will be difficult to ascertain, and that such liquidated damages represent the parties' best estimate of such damages. The parties expressly acknowledge that the foregoing liquidated damages are intended not as a penalty, but as full liquidated damages in the event of Buyer's default and as compensation for Seller's taking the Property off the market during the term of this Agreement.

If the purchase and sale of the Property is not consummated in accordance with the terms and conditions of this Agreement due to circumstances or conditions which constitute a default by Seller under this Agreement, the parties hereto agree that Buyer may seek specific

performance or other equitable relief, or Buyer may elect to receive the return of Buyer's earnest money deposit, without thereby waiving any action for damages resulting from Seller's default.

16. COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

17. CAPTIONS.

The captions and headings used in this Agreement are for convenience only and do not in any way restrict, modify or amplify the terms of this Agreement.

18. NOTICES.

All notices, requests, demands, tenders, and other communications under this Agreement shall be in writing and shall be personally delivered, sent by overnight commercial courier, mailed or sent by facsimile machine transmittal to the addresses below. Notices given by personal delivery shall be presumed to have been received upon tender to the applicable natural person designated below to receive notices or, in the absence of such a designation, upon tender to the person signing this Agreement on behalf of the applicable party. Notices given by facsimile machine transmittal shall be presumed to have been received upon confirmation of successful transmittal by the sender's facsimile machine. Notices given by overnight commercial courier shall be presumed to have been received the next business day after acceptance by such overnight commercial courier. Notices given by mail shall be presumed to have been received on the second (2nd) business day after deposit into the United States Postal System.

SELLER:

Gregory P. De La Piedra
Eunice S. De La Piedra
751 W. Carey Lane
Avon Park, Florida 33825

With copies to:


EDLP

BUYER:

Avon Park Housing Development Corporation, a
Florida not for profit corporation
21 Tulane Drive
Avon Park, FL 33825

With copies to:

Ricardo L. Gilmore, Esq.
Saxon Gilmore & Carraway, P.A.
201 East Kennedy Boulevard
Suite 600
Tampa, FL 33602
Fax: (813) 314-4555

Rejection or other refusal to accept, or inability to deliver because of changed address or facsimile number of which no notice was given, shall be deemed to be receipt of such notice, request, demand, tender, or other communication. Any party, by written notice to the other in the manner herein provided, may designate an address or facsimile number different from that stated above.

19. ESCROW AGENT PROVISIONS.


The Escrow Agent is signing this Agreement for the sole purposes of acknowledging, accepting, and agreeing to perform the Escrow Agent's responsibilities under this Agreement, including those set forth in Exhibit "B". The Escrow Agent shall not demand any releases or indemnities, or impose any other requirements or conditions, with respect to such performance except as set forth in this Agreement. The Escrow Agent's rights and responsibilities may be modified only by written amendment to this Agreement signed by the Escrow Agent, as well as by Seller and Buyer. Any amendment to this Agreement that is not signed by the Escrow Agent shall be effective as to the parties to such amendment, but shall not be binding upon the Escrow Agent.

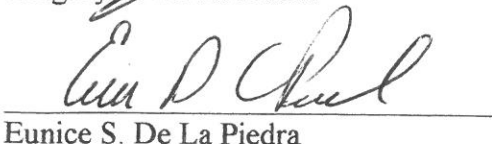
20. **BROKERS.** Buyer and Seller represent and warrant that Buyer and Seller, respectively, have had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated hereby, and no broker or other person, firm or entity is entitled to any commission or finder's fee in connection with this transaction. Each party hereby indemnifies, defends, protects, and holds the other party harmless from and against any costs, expenses or liabilities for compensation, commission or charge which may be claimed by any broker, finder or other similar party by reason of any actions of the indemnifying party.

21. **ATTORNEYS' FEES.** If there is any legal action or proceeding between Seller and Buyer arising from or based on this Agreement, the unsuccessful party to such action or proceeding shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees and disbursements, incurred by such prevailing party in such action or proceeding and in any appeal in connection therewith. If such prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses, and attorneys' fees and disbursements shall be included in and as a part of such judgment.

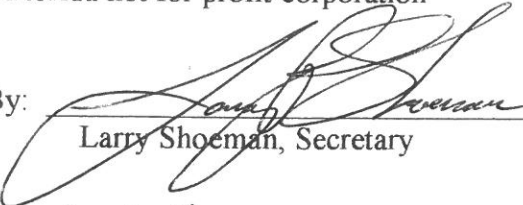
The parties hereto, intending to be legally bound hereby have hereunto set their hands as of the 1st day of April, 2015, in original duplicate.

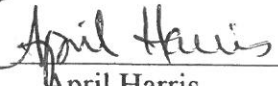
SELLER:


Gregory P. De La Piedra


Eunice S. De La Piedra

BUYER: AVON PARK HOUSING DEVELOPMENT CORPORATION
a Florida not for profit corporation

By:  Date: 3/31/2015
Larry Shoeman, Secretary

By:  Date: 3/31/2015
April Harris,
Chairperson of the Board of Directors

Escrow Agent joins into this Real Estate Purchase Contract for the sole purpose of acknowledging receipt of the earnest money deposit and consenting to the terms and provisions hereof regarding Escrow Agent's duties and responsibilities.

ESCROW AGENT:

SOUTH RIDGE ABSTRACT & TITLE CO.

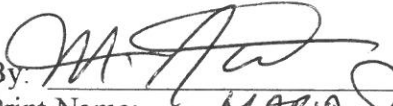
By: 
Print Name: MARIA ASALA
Title: Escrow Agent
Date: 4/1/15

EXHIBIT "A"

LEGAL DESCRIPTION

The West 1/2 of Lot 1, Block 14, Less Road Right of Way, lying in Section 15, Township 33 South, Range 28 East, Town of Avon Park, Florida, of the Public Records of Highlands County, Florida, according to the plat thereof as recorded in Plat Book 1, Page 33, of the Public Records of DeSoto County, Florida (of which Highlands County was formerly a part).

EXHIBIT "B"

PROVISIONS WITH RESPECT TO ESCROW AGENT

All terms used in this Exhibit shall have the same respective meanings as are set forth in the Real Estate Purchase Contract to which this Exhibit is attached.

a. If Seller notifies Escrow Agent that Seller is entitled to the earnest money deposit (the "**Deposit**") pursuant to the terms of the Agreement ("**Seller's Notice**"), then Escrow Agent shall promptly give a copy of Seller's Notice to Buyer. Buyer shall have fifteen (15) days after Buyer's receipt of said copy to give notice to Escrow Agent objecting to the release of the Deposit to Seller ("**Buyer's Objection Notice**"). If Escrow Agent does not receive a Buyer's Objection Notice within said period, then Escrow Agent shall pay the Deposit to Seller. If Escrow Agent does receive a Buyer's Objection Notice within said period, then Escrow Agent shall not release the Deposit except (a) in accordance with written instructions signed by both Buyer and Seller or a final order of a court of competent jurisdiction, or (b) by depositing same in a court of competent jurisdiction in connection with an interpleader.

b. If Buyer notifies Escrow Agent that Buyer is entitled to the Deposit pursuant to the terms of the Agreement ("**Buyer's Notice**"), then Escrow Agent shall promptly give a copy of Buyer's Notice to Seller. Seller shall have fifteen (15) days after Seller's receipt of said copy to give notice to Escrow Agent objecting to the release of the Deposit to buyer ("**Seller's Objection Notice**"). If Escrow Agent does not receive a Seller's Objection Notice within said period, then Escrow Agent shall pay the Deposit to Buyer. If escrow agent does receive a Seller's Objection Notice within said period, then escrow Agent shall not release the Deposit except (a) in accordance with written instructions signed by both Buyer and Seller or a final order of a court of competent jurisdiction, or (b) by depositing same in a court of competent jurisdiction in connection with an interpleader.

c. Any failure on the part of Buyer to give a Buyer's Objection Notice, or any failure on the part of Seller to give a Seller's Objection Notice, within the applicable fifteen (15) day period shall serve only to direct the Escrow Agent as aforesaid, but shall not serve as a waiver of any claims or defenses Buyer or Seller may have against one another.

d. In performing its duties under the Agreement, Escrow Agent may rely upon any Notices given to Escrow Agent under the Agreement and reasonably believed by Escrow Agent to be genuine and to have been signed and given by the property party or parties. Escrow Agent shall be under no duty to make any inquiry as to the form, genuiness, property execution, or accuracy of any such Notice.

e. Escrow Agent shall not be liable to any action taken by Escrow Agent in good faith and reasonably believed by Escrow Agent to be authorized or within the rights or powers conferred upon Escrow Agent by the Agreement. Escrow Agent may consult with an independent attorney of its own choice. Escrow Agent shall have full and complete authorization and protection for any actions taken or suffered by Escrow Agent in good faith and in accordance with the opinion of such attorney.

f. Escrow Agent may resign from any further duties or obligations under the Agreement by giving notice of such resignation and of the date when the resignation shall take effect. Such date shall not be earlier than thirty (3) days after the giving of said notice. Furthermore, Buyer may, with or without cause, in Buyer's sole and absolute discretion, discharge Escrow Agent at any time. If Escrow Agent resigns or is discharged, Buyer shall arrange for an independent person or entity, chosen by Buyer with the approval of Seller, not to be unreasonably withheld ("**New Escrow Agent**"), to assume the duties of Escrow Agent. The New Escrow Agent shall execute an instrument evidencing its assumption of the duties of Escrow Agent under the Agreement. Buyer shall notify Seller and Escrow Agent promptly of the appointment of the New Escrow Agent. Upon its receipt of such notice, Escrow Agent shall deliver the Deposit to the New Escrow Agent. If Escrow Agent does not receive notice of the appointment of the New Escrow Agent by the effective date of the Escrow Agent's resignation, Escrow Agent shall deposit the Deposit with a court of competent jurisdiction.

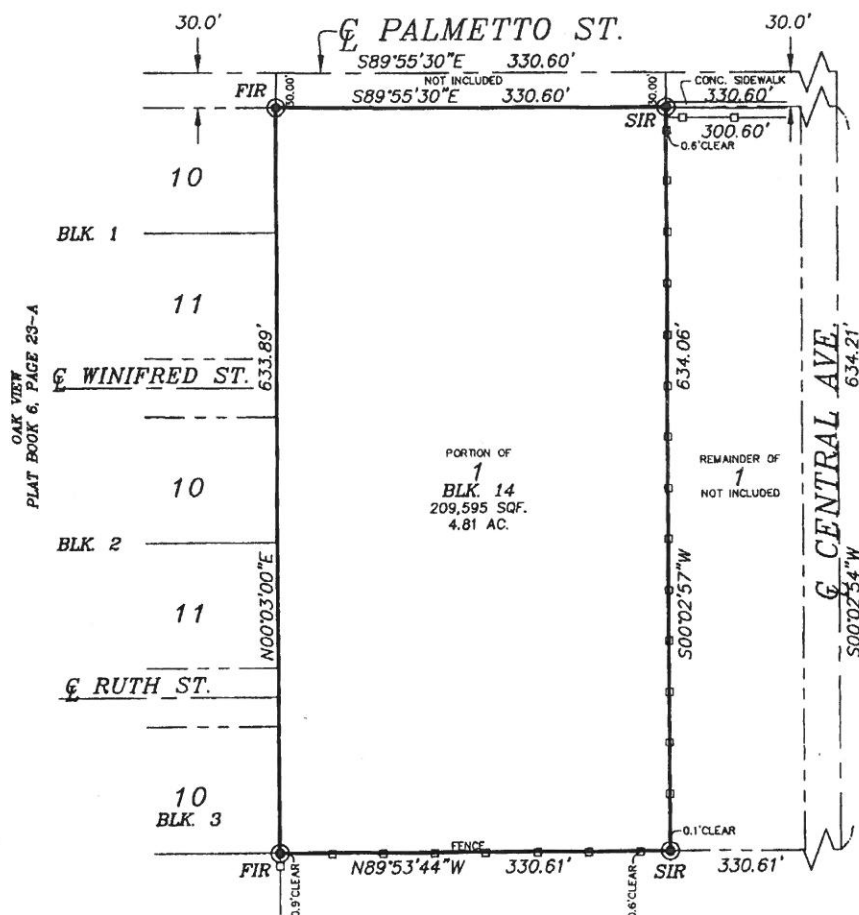
g. If conflicting demands or notices are served upon Escrow Agent with respect to the Agreement within the applicable time limits set forth herein (if any), then Escrow Agent (a) shall not comply with any of said demands or notices, and (b) may file a suit in interpleader in a court of competent jurisdiction and deposit the Deposit with that court pursuant to such filing. Under those circumstances, Escrow Agent shall not be liable for damages or injuries to Seller or Buyer or any other person for such failure to comply. Escrow Agent shall continue to so refuse to comply with such conflicting demands or notices until either (a) the rights of claimants have been finally adjudicated by a court of competent jurisdiction, or (b) Buyer and Seller have resolved the conflict and have so notified Escrow Agent.

h. Escrow Agent's and New Escrow Agent's respective fees for the performance of their respective duties under the Agreement shall be such amount as is negotiated by Buyer and Escrow Agent, or Buyer and New Escrow Agent, as the case may be. Buyer shall be liable for those fees and expenses.

PREPARED BY:
WHITLOCK LAND SURVEYING, INC.
 103 SOUTH RIDGEWOOD DRIVE
 SEBRING, FLORIDA, 33870
 863-471-1900 FAX 863-471-2219

DRAWN BY:	DCL
SCALE:	1"=100'

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BOUNDARY SURVEY

LEGAL:
 THE WEST 1/2 OF LOT 1, BLOCK 14, LESS ROAD RIGHT OF WAY, LYING IN SECTION 15, TOWNSHIP 33 SOUTH, RANGE 28 EAST, TOWN OF AVON PARK, FLORIDA AS RECORDED IN THE PUBLIC RECORDS OF HIGHLANDS COUNTY, FLORIDA.

SURVEYOR'S NOTES

1. SURVEY PREPARED FROM LEGAL DESCRIPTION AND IS NOT A CERTIFICATE OF TITLE.
2. EASEMENTS SHOWN HEREON ARE FOR DRAINAGE AND OR THE INSTALLATION AND MAINTENANCE OF UTILITIES UNLESS OTHERWISE SHOWN.
3. PROPERTY SHOWN HEREON IS VACANT UNLESS OTHERWISE SHOWN.
4. ELEVATIONS SHOWN HEREON ARE ASSUMED (US FEET).
5. BEARING SYSTEM BASED ON THE WEST LINE OF BOUNDARY AS N 00°03'00\"E.
6. NATIONAL FLOOD INSURANCE PROGRAM: NOT IN A FLOOD ZONE DISTRICT

ABBREVIATION LIST: SIR=SET 1/2\" IRON ROD WITH SURVEYOR'S CAP #4875, FIR=FOUND 1/2\" IRON ROD UNLESS OTHERWISE SHOWN, FIP=FOUND IRON PIPE 1/2\" UNLESS OTHERWISE SHOWN, FCM=FOUND CONCRETE MONUMENTS, FPK=FOUND PARKER-KALON NAIL, SCM=SET CONCRETE MONUMENTS WITH SURVEYOR'S CAP #4875, SPCP=SET PERMANENT CONTROL POINT, FPCP=FOUND PERMANENT CONTROL POINT, POB=POINT OF BEGINNING, POC=POINT OF COMMENCEMENT, PT=POINT OF TANGENCY, PC=POINT OF CURVATURE, PRC=POINT OF REVERSE CURVATURE, PI=POINT OF INTERSECTION, PCC=POINT OF COMPOUND CURVATURE, (C)=CALCULATED DATA, (F)=FIELD DATA, (D)=DEED DATA, (P)=PLAT DATA, (PRO)=PRORATED DATA, RES=RESIDENCE, BLK=BLOCK, N/S=NOT SHOWN, AC=ACRE, SQF=SQUARE FEET, R=RADIUS, L=LENGTH, C=CHORD, CB=CHORD BEARING, CONC=CONCRETE, BM=BENCH MARK, UTP=UTILITY POLE, FC=FENCE CORNER, OHW=OVERHEAD WIRES, OVS=OFFSET, EOP=EDGE OF PAVEMENT, INV=INVERT, FF=FINISH FLOOR, EL=ELEVATION, TB=TELEPHONE BOX, LP=LIGHT POLE, WM=WATER METER, MH=MANHOLE, CBS=CONC. BLOCK STRUCTURE.

SURVEYOR'S CERTIFICATION

I HEREBY CERTIFY THAT THIS DRAWING IS A TRUE AND CORRECT REPRESENTATION OF A SURVEY PERFORMED UNDER MY SUPERVISION, IN ACCORDANCE WITH THE MINIMUM TECHNICAL STANDARDS SET FORTH IN CHAPTER 5J-17 OF THE FLORIDA ADMINISTRATIVE CODE, AS ADOPTED BY THE FLORIDA BOARD OF PROFESSIONAL LAND SURVEYORS, SUBJECT TO ALL EASEMENTS, RIGHTS-OF-WAY, SETBACK LINES, UNDERGROUND UTILITIES, RESERVATIONS AND RESTRICTIONS.

PROFESSIONAL LAND SURVEYOR

JAMES W. WHITLOCK
 FLORIDA CERTIFICATE #4875

NOT VALID WITHOUT SIGNATURE AND ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR.
 JULY 23, 2012

GREG DeLaPIEDRA

JOB # 204-2012

CERTIFIED TO:

GREGORY P. DeLaPIEDRA
 EUNICE S. DeLaPIEDRA
 C&C TITLE SERVICES, INC.
 CHICAGO TITLE INSURANCE COMPANY

SITE ADDRESS:

695 W. PALMETTO ST., AVON PARK, FLORIDA 33875



PROPERTY MAINTENANCE & SECURITY AGREEMENT

Date: April 21, 2015

Parties; Property Owner: Avon Park Housing Development Corp.
Service Provider: Avon Park Housing Authority

OWNER NAME: Avon Park Housing Development Corporation

CONTACT: Larry P. Shoeman, Executive Director

SERVICE ADDRESS: 695 Palmetto Street, Avon Park, Florida

SERVICE PERIOD: Effective upon date of property acquisition and continuous until property disposition.

MAINTENANCE AGREEMENT NO: 1/2015

THIS AGREEMENT is made the twenty first day of April, Two Thousand and Fifteen BETWEEN Avon Park Housing Development Corporation (hereinafter called the Customer) of the ONE PART and Avon Park Housing Authority (hereinafter referred to as the Contractor) of the OTHER PART.

Terms of the Contract

WHEREBY IT IS AGREED as follows:

1. "Normal business hours" means 8 a.m. to 4.30 p.m. Monday through Friday except on public holidays. "The applicable hourly rate" means the hourly rate being charged for such services by the Contractor at that time.
2. Subject to the conditions hereinafter contained, the Contractor will in respect to the the vacant property located at the Service Address listed above, perform the following property maintenance and security services;

Perform six (6) annual Bi-Monthly preventative maintenance service visits (or as often as the Contractor sees it fit to properly maintain & secure the property) for lawn care grounds control and security control services required to provide restriction to unauthorized access to the property & for the removal of potential liability threats related.



3. In consideration of the said services to be performed by the Contractor, the Customer agrees to pay the Contractor (on the date herein agreed) the total invoiced amount, based upon reimbursement of cost(s) incurred associated with labor and other contracted costs incurred to deliver the aforementioned services.
4. The Contractor shall carry out all work required hereunder during normal business hours. If the Contractor at the customer's request or in an emergency shall carry out any examination or work outside normal business hours the Contractor shall be entitled to reimbursement for such extra costs based on the applicable hourly overtime rate.
5. The Customer shall reimburse the Contractor for all reasonable service expenses properly incurred by the Contractor in the execution of this agreement and shall pay same within fourteen days of an invoice setting out such expenses and the period to which it relates having been sent to the Customer.
6. The Contractor shall obtain consent from the Customer for the removal of any major landscaping or tree growth on the premises.
7. The Contractor shall obtain consent from the Customer for any fencing or related security measures required for securing the property against unauthorized access to the premises.
8. The Customer shall not assign the benefit or the burden of this agreement to any other person or firm without the written consent of the Contractor.
9. This agreement shall commence on the date hereinbefore stated and shall continue for one (1) year and thereafter from year to year provided that the customer pays at the end of each year of this agreement the amounts listed on the customer's invoice.
10. Subject as hereinbefore provided this agreement may also be terminated by either party hereto giving one month's written notice to the other party of such termination to expire at the end of the year of this agreement in which such notice is given.
11. If this agreement is cancelled before the expiration of the initial term or any extension thereto the Contractor will refund the Maintenance premium for any unused whole quarter.



Acceptance and Signing of the Contract

For: Avon Park Housing Authority

Accepted by (Print Name): Larry P. Shoeman

Accepted by (Authorized Signature): _____

Title: Executive Director

Date:

For: Avon Park Housing Development Corporation

Accepted by (Print Name): April Harris

Accepted by (Authorized Signature): _____

Title: Board Chairman

Date:

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

**REPORT ON AUDIT OF BASIC FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND SINGLE AUDIT**

FOR THE YEAR ENDED DECEMBER 31, 2014



MALCOLM JOHNSON & COMPANY, P.A.

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MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
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malcolmjohnson@mpinet.net

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Avon Park Housing Authority
Avon Park, Florida

HUD, Miami Area Office
Office of Public Housing
909 S. E. First Avenue, Room 500
Miami, Florida 33131

Report on the Financial Statements

We have audited the accompanying financial statements of the Avon Park Housing Authority (the Authority) which include the statement of net position as of December 31, 2014, and the related statements of revenues, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the basic 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 Authority'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 basic financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-v 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Financial Data Schedule, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
March 27, 2015

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

As management of the Housing Authority of Avon Park (the Authority), we offer the readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of December 31, 2014 by \$2,746,378 (net position).
- The Authority's unrestricted net position December 31, 2014 is \$1,572,431; restricted net position is \$327,911, invested in capital assets \$846,036.
- The Authority's Total revenue is \$1,225,525 which consisted of intergovernmental revenues of \$1,015,594 in HUD PHA grants, rental revenues of \$159,814, other revenue of \$47,504. In addition, there is interest income of \$2,613 and an adjustment to prior year Net Position of (\$11,735).

Overview of Financial Statements

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

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

The attached analysis of entity wide net position is detailed and provides a comprehensive portrayal of financial conditions and related trends. The analysis includes all assets and liabilities using the accrual basis of accounting. Our analysis of the Authority as a whole begins on the next page.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis presents the Authority's net position which can be thought of as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The net position analysis will allow the reader to measure the health and financial position of the Authority.

Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Continued)

Overview of Financial Statements (Continued)

At FYE 2014, total assets are \$5,610,243; total current assets are \$1,988,844 and total capital assets are \$3,621,399.

In addition, total liabilities are \$2,863,865; total current liabilities are \$138,949 and total long-term (non-current) liabilities are \$2,724,916 at the end of FYE 2014. Total current liabilities payable from restricted net position is \$34,457.

Net position – The difference between an organization's assets and its liabilities equals its net position. There are three categories to classify Net position and they are the following:

Net investment in capital assets – Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets:

Restricted – net position whose use is subject to constraints imposed by law or agreement;

Unrestricted – net position that is neither invested in capital assets nor restricted.

Comparative Statement of Net Position is as follows:

Assets

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Assets			
Current and other assets	\$ 1,627,165	\$ 1,725,177	\$ (98,012)
Current restricted assets	361,679	124,848	236,831
Capital assets	<u>3,621,399</u>	<u>3,856,623</u>	<u>(235,224)</u>
Total assets	<u>5,610,243</u>	<u>5,706,648</u>	<u>(96,405)</u>
Liabilities			
Current liabilities	104,492	103,375	1,117
Current liabilities payable from restricted assets	34,457	33,890	\$ 567
Noncurrent liabilities	<u>2,724,916</u>	<u>2,785,957</u>	<u>(61,041)</u>
Total liabilities	<u>2,863,865</u>	<u>2,923,222</u>	<u>(59,357)</u>
Total Net Position	<u>\$ 2,746,378</u>	<u>\$ 2,783,426</u>	<u>\$ (37,048)</u>
Net Position			
Net investment in capital assets	\$ 846,036	\$ 1,017,367	\$ (171,331)
Restricted net assets	327,911	90,958	236,953
Unrestricted net position	<u>1,572,431</u>	<u>1,675,101</u>	<u>(102,670)</u>
Total Net Position	<u>\$ 2,746,378</u>	<u>\$ 2,783,426</u>	<u>\$ (37,048)</u>

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Continued)

Overview of Financial Statements (Continued)

Cash and investments increased \$186,128 representing a 11% increase from the prior fiscal year. The cash and restricted cash available for both Public Housing and Section 8 New Construction increased for FYE 2014. Tenant Account Receivable, net of allowance for doubtful accounts, decreased by \$328. There was an increase in pre-paid expenses of \$11,470 for prepaid insurance and prepaid contracts.

At FYE 2014, the Authority had long term debt related to capital assets.

There was a net increase to current liabilities of \$1,684. This represents an increase in accounts payable of \$378, a decrease in compensated absences of \$1,616 a increase in accounts payable due to other governments of \$2,945, a decrease in unearned revenue of \$4,299, and an increase in resident security deposits of \$567. There was also an increase in non- current liabilities, compensated absences of \$2,384.

This schedule reflects a decrease in total net position of \$37,048, which includes an equity transfer the result of GASB 61, of \$11,735.

Comparative Statement of Revenues, Expenses and Changes in Net Position are as follows:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Revenues			
Tenant rental revenue	\$ 159,814	\$ 134,068	\$ 25,746
Operating grants	1,015,594	872,088	143,506
Investment income	2,613	2,765	(152)
Other income	47,504	94,555	(47,051)
Total Revenue	<u>1,225,525</u>	<u>1,103,476</u>	<u>122,049</u>
Expenses			
Administrative expenses	394,356	486,001	(91,645)
Tenant services	271	635	(364)
Utilities	78,323	66,884	11,439
Maintenance and operations	363,911	357,067	6,844
Insurance	58,966	64,592	(5,626)
General expenses	64,523	134,387	(69,864)
Interest Expense and Amortization Cost	40,904	62,375	(21,471)
Depreciation	249,584	249,041	543
Total Expenses	<u>1,250,838</u>	<u>1,420,982</u>	<u>(170,144)</u>
Net Increase (Decrease)	<u>(25,313)</u>	<u>(317,506)</u>	<u>292,193</u>
Adjustment to prior period Net Position	<u>(11,735)</u>	<u>-</u>	<u>(11,735)</u>
Net Position, Beginning of year	<u>2,783,426</u>	<u>3,100,932</u>	<u>(317,506)</u>
Net Position, End of Year	<u><u>\$ 2,746,378</u></u>	<u><u>\$ 2,783,426</u></u>	<u><u>\$ (37,048)</u></u>

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Continued)

Overview of Financial Statements (Continued)

Rental revenue increased this year by \$25,746. The Authority continues to maintain a 97% lease-up. There was a increase in HUD Public Housing Operating subsidy over the prior year of \$57,229; the Authority experienced an increase in S8 New Construction funding of \$2,548 and an increase in capital fund operations funding of \$87,100.

The overall cost of general operations decreased by \$170,144. This decrease was generated mainly due to a decrease in administrative expenses and other general expenses. There was an increase in ordinary maintenance and operation of \$6,844, a decrease in general expense of \$52,332, an increase in utilities of \$11,439, a decrease in administrative expenses of \$91,645 and a decrease in insurance costs of \$5,626.

There was an over-all decrease in total employee benefits of \$21,009. There was a decrease in short term compensated absences liability of \$1,616 and an increase in the liability for long term compensated absences of \$2,384. There was a decrease in tenant services costs of \$364. Ordinary maintenance and operations increased by \$6,844 primarily due to an increase in labor costs of \$14,903 and a decrease in materials of \$12,900. There was an increase in the write offs of tenant accounts receivable of \$16,057, and an increase in depreciation of \$543.

In FYE 2014, total revenue is \$1,225,525, which included interest income of \$2,613, while total operating expenses are \$1,250,838.

Governmental Funds

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

Authority's Funds

- PHA Owned Housing - Low Rent Public Housing (CFDA #14.850)
- Capital Fund Program (CFDA #14.872)
- Section 8 New Construction (CFDA #14.182)
- ROSS Grant (CFDA #14.870)

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

**HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
(Continued)**

Capital Asset And Debt Activity

Additions to building and equipment for FYE 2014 amounted to \$14,361. Dwelling equipment, ranges, refrigerators and hot water heaters totaled \$8,701, while new administrative equipment totaled to \$2,685. The current year depreciation total was \$249,585.

Contacting the Authority's Financial Management

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of Avon Park, PO Box 1327, Avon Park, Florida.

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government	Discrete Component Unit Avon Park Housing Development Corporation
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	\$ 1,534,201	149,032
Cash and cash equivalents, restricted	361,679	232,163
Investments, restricted	42,908	-
Accounts receivable, net of allowance	7,406	4,854
Prepaid insurance	42,650	10,962
Total current assets	1,988,844	397,011
Noncurrent assets		
Capital assets		
Not being depreciated	600,000	860,402
Depreciable, net	3,021,399	10,495,827
Total capital assets, net	3,621,399	11,356,229
Total assets	5,610,243	11,753,240
Deferred outflow of resources		
	-	-
Total assets and deferred outflow of resources	5,610,243	11,753,240
LIABILITIES		
Current liabilities		
Vendors and contractors payable	11,779	1,332
Accrued wages/taxes payable	6,490	557
Accrued compensated absences	11,950	2,202
Due to other governments	8,750	6,314
Unearned revenue	589	528
Notes and bonds payable	64,934	6,495
Other current liabilities	-	5,992
Total current liabilities	104,492	23,420
Current liabilities payable from restricted assets		
Resident security deposits	34,457	25,550
Noncurrent liabilities		
Notes and bonds payable	2,710,429	12,316,327
Accrued compensated absences	9,469	1,477
Other accrued liabilities	5,018	-
Total noncurrent liabilities	2,724,916	12,317,804
Total liabilities	2,863,865	12,366,774
Deferred inflow of resources		
	-	-
Total liabilities and deferred inflow of resources	2,863,865	12,366,774
NET POSITION		
Net investment in capital assets	846,036	(966,592)
Restricted	327,911	206,613
Unrestricted	1,572,431	146,445
Total Net Position	\$ 2,746,378	(613,534)

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

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Primary Government	Discrete Component Unit Avon Park Housing Development Corporation
Operating revenues		
Rental revenue	\$ 159,814	378,247
HUD grants	1,015,594	-
Other revenue	47,504	77,874
Total operating revenues	1,222,912	456,121
Operating expenses		
Administrative	394,356	124,729
Tenant services	271	1,740
Utilities	78,323	10,085
Ordinary maintenance & operation	363,911	70,450
Insurance	58,966	24,813
General expenses	64,523	26,422
Depreciation	249,584	287,812
Total operating expenses	1,209,934	546,051
Operating income (loss)	12,978	(89,930)
Nonoperating revenues (expenses)		
Interest revenue, unrestricted	2,448	-
Interest revenue, restricted	165	63
Interest expense	(40,904)	(96,384)
Total nonoperating revenues	(38,291)	(96,321)
Increase (decrease) in net position	(25,313)	(186,251)
Net position, beginning of year (restated - see Note S)	2,771,691	(427,283)
Net position, end of year	\$ 2,746,378	(613,534)

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

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Discrete Component Unit	
	Primary Government	Avon Park Housing Development Corporation
Cash Flows From Operating Activities		
Receipts from dwelling rentals	\$ 155,065	\$ 379,362
Operating grants	1,011,088	-
Receipts from fees	(31,207)	(23,085)
Other receipts	25,723	67,332
Payments to employees and suppliers	(838,800)	(199,048)
Payments to landlords and resident benefits	(69,985)	(18,911)
Interprogram transfers	(3,008)	3,008
Net cash provided (used) by operating activities	248,876	208,658
Cash Flows From Capital and Related Financing Activities		
Capital contributions	53,796	-
Purchases of capital assets	(14,361)	-
Principal paid on capital debt	(63,893)	(6,565)
Interest paid on capital debt	(40,904)	(96,384)
Net cash provided (used) by capital and related financing activities	(65,362)	(102,949)
Cash Flows From Investing Activities		
Purchase/sale of investments	(174)	-
Interest	2,615	63
Net cash provided (used) by investing activities	2,441	63
Net increase (decrease) in cash and cash equivalents	185,955	105,772
Balance - beginning of the year	1,709,925	275,423
Balance - end of the year	\$ 1,895,880	\$ 381,195
Reconciliation of Cash Flows to Statement of Net Position		
Cash and cash equivalents, unrestricted	\$ 1,534,201	\$ 149,032
Cash and cash equivalents, restricted	361,679	232,163
	\$ 1,895,880	\$ 381,195

There are no non-cash transactions.

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities

	Primary Government	Discrete Component Unit Avon Park Housing Development Corporation
Operating income/(loss)	\$ 12,978	\$ (89,930)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:		
Depreciation elimination	249,584	287,812
Increase in accounts receivable	(3,744)	(4,854)
Decrease in due to/from other governments	2,945	443
Increase in prepaid expenses	(11,470)	12,931
Increase in security deposits	567	2,200
Increase in accounts payable	378	1,332
Increase in accrued wages	4,238	130
Decrease in accrued compensated absences	(1,616)	(214)
Decrease in accrued liabilities	(4,299)	(2,586)
Increase in deferred credits	2,323	(1,614)
Other	(3,008)	3,008
	\$ 248,876	\$ 208,658

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

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

A - Summary of Significant Accounting Policies and Organization:

1. **Organization:** Avon Park Housing Authority (the Authority) is a public body corporate and politic pursuant to Chapter 421 Laws of the State of Florida which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.
2. **Reporting Entity:** In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has the following component units:

Ridgedale L.L.C. - Ridgedale L.L.C. (Ridgedale) is a Florida limited liability company formed April 4, 2008 to accomplish a mixed financing plan for the acquisition of and rehabilitation of this project. The Board of the Authority comprises the Board of Directors for Ridgedale. Ridgedale is also fiscally dependent on the Authority and can provide a financial benefit or impose a financial burden on the Authority. Therefore, Ridgedale is reported as Section 8 New Construction (CFDA 14.182) in the financial statements.

Avon Park Housing Development Corporation - Avon Park Housing Development Corporation (APHDC) is a corporation not for profit organized under Chapter 617 of the Florida Statutes. APHDC was established by the Authority to provide and develop affordable housing opportunities to low and moderate income persons and/or families located in, but not limited to, Avon Park, Florida and the surrounding areas. APHDC is not fiscally dependent on the Authority and cannot provide a financial benefit or impose a financial burden on the Authority. The Board of Directors for APHDC are elected or appointed by the members of the Board of APHDC. Therefore, APHDC is considered to be a component unit of the Authority and is discretely presented.

North Central Heights L.L.C. - North Central Heights L.L.C. (North Central Heights) is a Florida limited liability company formed April 6, 2007 to accomplish a mixed financing plan for the constructions of a housing project. APHDC is the single managing member of the North Central Heights. North Central Heights is also fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, North Central Heights is considered to be a blended component unit of APHDC.

APHDC - North Central II Corporation - APHDC - North Central II Corporation (NCII) is a corporation not for profit organized under Chapter 617 of the Florida Statutes. NCII was established by the Authority to provide and develop affordable housing opportunities to low and moderate income persons and/or families located in, but not limited to, Highlands County, Florida and the surrounding areas. APHDC is the sole member and NCII is therefore controlled by APHDC. NCII is fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, NCII is considered to be a blended component unit of APHDC.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

2. Reporting Entity: (Continued)

North Central Heights II, L.L.C. - North Central Heights II, L.L.C. (North Central Heights II) is a Florida Limited liability company formed April 3, 2008 to accomplish a mixed financing plan for the construction of a housing project. The APHDC - North Central II Corporation is 49% owner. North Central Heights II is also fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, North Central Heights II is considered to be a blended component unit of APHDC.

- 3. Summary of HUD and Other Authority Programs:** The accompanying basic financial statements consist of the activities of the housing programs subsidized by HUD and Authority owned entities. A summary of each of these programs is provided below.

Public Housing (CFDA #14.850) - This program accounts for those projects owned by the Authority that are subsidized by HUD under Annual Contributions Contract A-4136. The program collects operating subsidy from HUD and also collects rent from tenants. The purpose of public housing is to provide decent and affordable dwelling for lower-income families.

Public Housing Capital Fund (CFDA# 14.872) - This program accounts for the activities of the Authority's capital improvement program. The Authority receives grant funding from HUD to make improvements to its public housing complexes and to pay for other expenses related to the operation of the Authority.

Section 8 New Construction and Substantial Rehabilitation (CFDA# 14.182) - This program accounts for the Ridgedale Apartments owned by Ridgedale L.L.C. which is subsidized by HUD under a Section 8 New Construction Contract.

Other Business Activities - This program accounts for the other activities of the Authority that are not restricted by outside sources as to expenditure for the benefit of specific projects or purposes.

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

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

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

4. Basis of Presentation and Accounting: (Continued)

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

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

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

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

5. **Budgets:** Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a “project length” basis. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.
6. **Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.
7. **Interprogram Receivables and Payables:** Interprogram receivables/payables, when present, are all current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.
8. **Investments:** Investments, when present, are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority’s agent in the Authority’s name. It is the Authority’s policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Florida.
9. **Inventories:** Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

10. Prepaid Items: Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

11. Use of Estimates: The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. Fair Value of Financial Instruments: The carrying amount of the Authority's financial instruments at December 31, 2014 including cash, investments, accounts receivable, and accounts payable closely approximates fair value.

13. Capital Assets:

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

Land values were derived from development closeout documentation.

Donated fixed assets are recorded at their fair value at the time they are received.

Donor imposed restrictions are deemed to expire as the asset depreciates.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

- b. Depreciation:** The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

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

Buildings	40 years
Building modernization	15 years
Furniture and Equipment	3-7 years

- c. Maintenance and Repairs Expenditures:** Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$1,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

13. Capital Assets: (Continued)

d. Impairment of Long-Lived Assets: The Authority has been and is currently involved in various demolition activities in conjunction with its modernization and development programs. In accordance with *Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"*, the Authority has at December 31, 2014, recognized in the accompanying basic financial statements the impact of the demolition activities. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. There has been no Impairment of Long-Lived Assets during December 31, 2014.

14. Compensated Absences: Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 16*. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

The Authority's policy allows employees to accumulate unused sick leave up to a maximum of 45 days (360 hours) and vacation leave up to a maximum depending on years of eligible service. Upon separation from the Authority, employees are not paid for any unused sick leave. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work, up to a cap equal to two times the annual vacation amount.

15. Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable and the loss is reasonably estimable.

16. Annual Contribution Contracts: Annual Contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

17. Risk Management: The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries insurance for all risks of loss, including workers' compensation and employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability with Florida Public Housing Authority Self Insurance Fund, Inc (FPHASIF). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

18. Use of Restricted Assets: It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

19. Operating Revenues and Expenses: The principal operating revenues of the Authority's enterprise fund are charges to customers for rents and services. Operating expenses for the Authority's enterprise fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. HUD Deposit and Investment Restrictions

HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

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

2. Risk Disclosures

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

At December 31, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

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

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

B - Deposits and Investments: (Continued)

- c. Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$1,895,880 and the Component Unit cash deposits were \$381,195 at December 31, 2014. Bank balances for the Authority and the Component Units before reconciling items were \$1,918,405 and \$404,800 respectively at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name. The Authority's investments consist of certificates of deposit with original maturities greater than three (3) months of \$42,908.

C - Accounts Receivable:

	Primary Government	Discrete Component Unit
Dwelling rents (net of allowance for doubtful accounts of \$ 0)	\$ 3,334	\$ 573
Other	<u>4,072</u>	<u>4,280</u>
	<u>\$ 7,406</u>	<u>\$ 4,853</u>

D - Prepaid Expense:

	Primary Government	Discrete Component Unit
Prepaid insurance	\$ 25,240	\$ 9,868
Prepaid contracts/agreements	<u>17,410</u>	<u>1,094</u>
	<u>\$ 42,650</u>	<u>\$ 10,962</u>

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

E - Land, Buildings and Equipment:

	Balance December 31 2013	Additions	Transfers	Balance December 31 2014
Not being depreciated:				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Total not being depreciated	600,000	-	-	600,000
Depreciable:				
Buildings & improvements	7,067,230	2,975	-	7,070,205
Accumulated depreciation	(3,870,151)	(232,988)	-	(4,103,139)
Net buildings & improvements	3,197,079	(230,013)	-	2,967,066
Equipment	177,669	11,386	-	189,055
Accumulated depreciation	(118,125)	(16,597)	-	(134,722)
Net equipment	59,544	(5,211)	-	54,333
Net depreciable assets	3,256,623	(235,224)	-	3,021,399
TOTAL	\$ 3,856,623	\$ (235,224)	\$ -	\$ 3,621,399

Land, Buildings and Equipment - Discrete Component Unit:

	Balance December 31 2013	Additions	Transfers	Balance December 31 2014
Not being depreciated:				
Land	\$ 860,402	\$ -	\$ -	\$ 860,402
Total not being depreciated	860,402	-	-	860,402
Depreciable:				
Buildings & improvements	11,332,211	-	-	11,332,211
Accumulated depreciation	(566,611)	(283,307)	-	(849,918)
Net buildings & improvements	10,765,600	(283,307)	-	10,482,293
Equipment	24,970	-	-	24,970
Accumulated depreciation	(6,930)	(4,506)	-	(11,436)
Net equipment	18,040	(4,506)	-	13,534
Net depreciable assets	10,783,640	(287,813)	-	10,495,827
TOTAL	\$ 11,644,042	\$ (287,813)	\$ -	\$ 11,356,229

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

F - Due to Other Governments:

	Primary Government	Discrete Component Unit
Payment in Lieu of Taxes	<u>\$ 8,750</u>	<u>\$ 6,314</u>

G - Unearned Revenue:

	Primary Government	Discrete Component Unit
Tenant Prepaid Rents	<u>\$ 589</u>	<u>\$ 528</u>

H - Other Current Liabilities:

	Primary Government	Discrete Component Unit
Retainages payable - Section 504 disability work	<u>\$ -</u>	<u>\$ 5,992</u>

I - Noncurrent Liabilities:

	Primary Government	Discrete Component Unit
Family Self-Sufficiency (FSS) Escrow liability	<u>\$ 5,018</u>	<u>\$ -</u>

J - Long-Term Debt:

Primary Government

Public Housing Program: The Authority executed a loan under the State Apartment Incentive Loan (SAIL) program with Florida Housing Finance Corporation (FHFC) on August 29, 2011 in the amount of \$760,000, to finance certain improvements to rehabilitate existing residential buildings for occupancy by the homeless (development). The note is a construction loan bearing interest at 0%, so long as the development maintains certain occupancy standards, and maturing on August 29, 2026. Twenty-five percent (\$190,000) of the principal amount shall be forgiven on August 29, 2026, provided the development maintains certain set-asides, and the remaining unpaid 75% (570,000) is due and payable in annual installments of \$38,000 on September 1 of each year commencing September 1, 2012. The loan is secured by the development, pledge of future CFP funding; and by an assignment of leases, rents and contract rights.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

J - Long-Term Debt: (Continued)

Primary Government (Continued)

Public Housing Program: (Continued)

Related to the FHFC SAIL note, the Authority pledged \$350,000 of the Primary Government unrestricted net position to satisfy the project underwriting requirements. The amounts are Public Housing operating reserves accumulated by the Authority from previous years.

At December 31, 2014, annual debt service requirements for the SAIL loan t maturity are as follows:

Fiscal Year Ending				
December 31,	Principal	Interest	Total	
2015	\$ 38,000	\$ -	\$ 38,000	
2016	38,000	-	38,000	
2017	38,000	-	38,000	
2018	38,000	-	38,000	
2019	38,000	-	38,000	
2020-2024	190,000	-	190,000	
2025-2026	266,000	-	266,000	
Totals	\$ 646,000	\$ -	\$ 646,000	

The Authority executed a note payable under the Public Housing Mitigation Initiative with FHFC on July 30, 2010 in the amount of \$78,471 for the purpose of improvements which are for preservation and rehabilitation of public housing units, specifically replacement of 18 existing roofs covering a total of 30 individual residential units. The proceeds were received February 11, 2011. The note bears interest at a rate of 0% unless acceleration is made by FHFC pursuant to the terms of the note and matures on July 30, 2019. The entire unpaid balance is forgivable on the maturity date provided the development maintains certain set-asides. The loan is secured by the development.

The Authority executed a loan under the Affordable Housing Program (AHP) with Federal Home Loan Bank of Atlanta on September 4, 2012 in the amount of \$540,000 to finance certain improvements to rehabilitate existing residential buildings for occupancy by the homeless (development). The loan bears interest at 0% per annum provided that the Authority has complied with the AHP obligations and the entire unpaid principal balance shall be due and payable after 15 years on September 4, 2027.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

J - Long-Term Debt: (Continued)

Component Unit (Continued)

North Central Heights II executed a USDA Sec. 538 Guaranteed Rural Rental Housing Loan with Bonneville Mortgage Company on June 28, 2010 for the purpose of constructing a 32-unit multifamily housing development, in the amount of \$588,000. The entire unpaid principal balance shall be due and fully paid on the maturity date. The note bears interest at a fixed rate of 7.25% annually, payable on the first day of each month commencing on August 1, 2010, and continuing until the maturity date. The loan is senior to all other notes on the property and is secured by the land and all land improvements.

As of December 31, 2014, annual debt service requirements to maturity are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 3,085	\$ 42,051	\$ 45,136
2016	3,316	41,819	45,135
2017	3,564	41,571	45,135
2018	3,832	41,304	45,136
2019	4,119	41,017	45,136
2020-2024	25,714	199,962	225,676
2025-2029	36,909	188,767	225,676
2030-2034	52,977	172,699	225,676
2035-2039	76,041	149,635	225,676
2040-2044	109,145	116,531	225,676
2045-2049	156,662	69,015	225,676
2050-2052	106,042	10,559	116,602
Totals	\$ 581,406	\$ 1,114,930	\$ 1,696,336

North Central Heights II L.L.C. executed a loan under the HOME Investment Partnerships Program with FHFC on June 30, 2010 for the purpose of constructing a 32-unit multifamily housing development, in the amount of \$4,108,672. The note bears interest at a rate of 0% and the entire unpaid principal shall be due and payable on June 30, 2030, unless acceleration is made by FHFC pursuant to the terms of the note. The loan is subordinate to the North Central Heights II L.L.C. USDA loan above and is secured by the land and all land improvements.

APHDC and Affordable Housing Solutions of Florida, Inc. (AHSF, a 51% owner of North Central Heights III L.L.C.) executed a loan under the Federal Home Loan Bank of Atlanta Affordable Housing Program with SunTrust Bank on June 28, 2010 for the purpose of constructing a 32-unit housing development, in the amount of \$650,000. APHDC and AHSF re-loaned the proceeds to North Central Heights III L.L.C. under the same terms as the note between AOHDC and AHFS and SunTrust. The note bears interest at 0% and the entire unpaid principal balance shall be due and payable on July 1, 2025. The loan is subordinate to all other notes on the property and is secured by the land and all land improvements.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

K - Schedule of Changes in Non-Current Liabilities:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance End of Year</u>	<u>Current Portion</u>
Primary Government					
Public Housing					
Mortgage Note (SAIL)	\$ 684,000	\$ -	\$ (38,000)	\$ 646,000	\$ 38,000
Note Payable (Mitigation)	78,471	-	-	78,471	-
Mortgage Note (AHP)	540,000	-	-	540,000	-
Resident FSS Escrows	3,508	1,510	-	5,018	-
Section 8 New Construction					
Mortgage Note (Refinance)	1,036,785	-	(25,892)	1,010,893	26,934
Note Payable	500,000	-	-	500,000	-
Compensated absences	20,651	12,660	(11,892)	21,419	11,950
	<u><u>\$ 2,863,415</u></u>	<u><u>\$ 14,170</u></u>	<u><u>\$ (75,784)</u></u>	<u><u>\$ 2,801,801</u></u>	<u><u>\$ 76,884</u></u>
Component Units					
North Central Heights					
Mortgage Note	\$ 645,881	\$ -	\$ (3,172)	\$ 642,709	\$ 3,410
Mortgage Note	5,340,035	-	-	5,340,035	-
Mortgage Note	1,000,000	-	-	1,000,000	-
North Central Heights II					
Mortgage Note	584,274	-	(2,869)	581,405	3,085
Mortgage Note	4,108,672	-	-	4,108,672	-
Mortgage Note	650,000	-	-	650,000	-
Compensated absences	2,746	2,060	(1,127)	3,679	2,202
	<u><u>\$ 12,331,608</u></u>	<u><u>\$ 2,060</u></u>	<u><u>\$ (7,168)</u></u>	<u><u>\$ 12,326,500</u></u>	<u><u>\$ 8,697</u></u>

L - Defined Contribution Pension Plan:

The following description of the Avon Park Housing Authority Employees Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The Plan is a defined contribution pension plan maintained for eligible employees of the Authority.

Plan Administration: The Plan administration is Lincoln Retirement

Eligibility: Eligibility occurs after ninety days of service for employees after June 1, 1989.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

L - Defined Contribution Pension Plan: (Continued)

Contributions: Contributions to the Plan are defined as follows:

Employer contributes 7.5% of monthly compensation
Employee contributes 5.5% of monthly compensation

The Authority's contributions for the year ended December 31, 2014 was \$24,194. The employee's contributions for the year ended December 31, 2014 was \$17,742.

Plan Entry Date: The Plan entry date shall occur after six months of full time employment.

Vesting: The following vesting schedule shall apply pursuant to the plan:

<u>Years of Service</u>	<u>Vested Percentages</u>
Less than 1 year	0%
1 Year	20%
2 Years	40%
3 Years	60%
4 Years	80%
5 Years	100%

Participant Accounts: Each participant's account is credited with the employee and employer's contribution and an allocation of Plan earnings. Forfeitures of terminated participants' non-vested accounts are used to reduce the employer's required contribution. Allocations are based on participant compensation, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Payouts Prior to Separation From Service: Until a participant retires, he/she has a continuing election to receive all, or any, portion of his/her nonforfeitable accrued benefit after he/she attains normal retirement age (65).

Payouts Upon Termination of Employment: The Plan provides for the automatic payout of the participant's vested interest in their account upon termination of employment for amounts less than \$3,500.

Retirement: The normal retirement date is the date on which the participant attains age 65.

Termination of the Plan: The employer shall have the right, at any time, to suspend or discontinue its contribution under the Plan, and to terminate, at any time, this Plan and the Trust created under the agreement.

Upon termination of the Plan, each participant becomes 100% vested and will receive the total balance in their account.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

L - Defined Contribution Pension Plan: (Continued)

Tax Status: The Plan obtained its latest determination letter on March 18, 1996, in which the Internal Revenue Service stated that the Plan, as designated, is in compliance with the applicable requirement of Internal Revenue Code Section 401(a).

Assets of the Plan: All of the assets of the Plan consist of insurance company contracts. Such contracts are allocated contracts whereby payments to the insurance company are used to purchase either life insurance or annuities for specific individual plan participants. Such contracts provide for the payment of Plan benefits by the insurance company. Therefore, such assets are excluded from the plan's financial statements because the purchase of the contracts transfers the obligation to pay the benefits and the related risks to the insurance company.

Other Post Employment Benefits (OPEB): In relation to its employee benefit programs, the Authority does not provide any Other Post Employment Benefits, as outlined under GASB 45.

- M - Economic Dependency:** The Authority receives approximately 60% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's reserves could be adversely affected.
- N - Contingencies:** The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended December 31, 2014.
- O - Conduit Type Debt:** Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on part of the Authority. Accordingly, this debt has not been recorded in the basic financial statements of the Authority. Additionally, HUD no longer provides debt service information to the Authority.
- P - Commitments:** The Authority receives a substantial amount of its support from the federal government in the form of subsidies and grants. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities.

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

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

P - Commitments: (Continued)

APHDC, North Central Heights and North Central Heights II, along with other parties, have signed a guarantee to fund all operating deficits of the North Central Heights and North Central Heights II development. The guarantee commenced on the closing date of the developments construction loans. The guarantee period continues until the North Central Heights and North Central Heights II developments achieve six consecutive months of a debt service coverage ratio greater than 1.10 times the developments' first mortgage and construction loan. The guarantee is still in effect as of December 31, 2014. This guarantee agreement also includes a covenant that requires each guarantor to provide audited financial statements to Florida Housing on or before May 15 of each year.

Q - Interprogram Transfers: The Authority will make cash transfers between its various programs as outlined in the Federal Regulations and authorized and approved by the Authority's Board of Commissioners. There were transfers of \$148,199 during the year ended December 31, 2014.

R - Decrease in Net Position: The decrease in net position is expected to be absorbed through operations in subsequent fiscal years, assisted by transfers from various programs. No fund deficit is expected as a result of the current year loss.

S - Schedule of Changes in Net Position:

Primary Government

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
Balance - beginning of year	\$ 1,017,367	\$ 90,958	\$ 1,675,101	\$ 2,783,426
Adjustments to restate beginning balance	-	-	(11,735)	(11,735)
Balance - beginning of year, restated	1,017,367	90,958	1,663,366	2,771,691
Decrease in unrestricted net position	-	-	(90,935)	(90,935)
Increase in restricted net position	-	236,953	-	236,953
Decrease in investment in capital assets	(171,331)	-	-	(171,331)
Balance - end of year	<u>\$ 846,036</u>	<u>\$ 327,911</u>	<u>\$ 1,572,431</u>	<u>\$ 2,746,378</u>
Adjustments to restate beginning balance				
Adjustment result of GASB 61 relating to component units	\$ -	\$ -	\$ (11,735)	\$ (11,735)
Net adjustments to restate beginning balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,735)</u>	<u>\$ (11,735)</u>

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

S - Schedule of Changes in Net Position: (Continued)

Discrete Component Unit:

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
Balance - beginning of year	\$ (685,345)	\$ 171,630	\$ 74,698	\$ (439,017)
Adjustments to restate beginning balance	-	-	11,735	11,735
Balance - beginning of year, restated	(685,345)	171,630	86,433	(427,282)
Increase in unrestricted net position	-	-	60,012	60,012
Increase in restricted net position	-	34,983	-	34,983
Decrease in investment in capital assets	(281,247)	-	-	(281,247)
Balance - end of year	<u>\$ (966,592)</u>	<u>\$ 206,613</u>	<u>\$ 146,445</u>	<u>\$ (613,534)</u>
Adjustments to restate beginning balance				
Adjustment result of GASB 61 relating to component units	\$ -	\$ -	\$ 11,735	\$ 11,735
Net adjustments to restate beginning balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,735</u>	<u>\$ 11,735</u>

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2014

	Low Rent Public Housing	Section 8 New Construction	Resident Opportunity Support Services	Primary Government
ASSETS				
Current assets				
Cash and cash equivalents, unrestricted	\$ 1,445,941	\$ 88,260	\$ -	\$ 1,534,201
Cash and cash equivalents, restricted	48,729	312,950	-	361,679
Investments, restricted	42,908	-	-	42,908
Accounts receivable, net of allowance	4,269	3,137	-	7,406
Prepaid insurance	29,847	12,803	-	42,650
Total current assets	1,571,694	417,150	-	1,988,844
Noncurrent assets				
Capital assets				
Not being depreciated	500,000	100,000	-	600,000
Depreciable, net	2,020,791	1,000,608	-	3,021,399
Total capital assets, net	2,520,791	1,100,608	-	3,621,399
Total assets	4,092,485	1,517,758	-	5,610,243
Deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	4,092,485	1,517,758	-	5,610,243
LIABILITIES				
Current liabilities				
Vendors and contractors payable	7,063	4,716	-	11,779
Accrued wages/taxes payable	5,321	678	491	6,490
Accrued compensated absences	9,766	2,184	-	11,950
Due to other governments	8,446	304	-	8,750
Unearned revenue	586	3	-	589
Notes and bonds payable	38,000	26,934	-	64,934
Total current liabilities	69,182	34,819	491	104,492
Current liabilities payable from restricted assets				
Resident security deposits	28,345	6,112	-	34,457
Noncurrent liabilities				
Notes and bonds payable	1,226,471	1,483,958	-	2,710,429
Accrued compensated absences	7,486	1,983	-	9,469
Other accrued liabilities	5,018	-	-	5,018
Total noncurrent liabilities	1,238,975	1,485,941	-	2,724,916
Total liabilities	1,336,502	1,526,872	491	2,863,865
Deferred inflow of resources	-	-	-	-
Total liabilities and deferred inflow of resources	1,336,502	1,526,872	491	2,863,865
NET POSITION				
Net investment in capital assets	1,256,320	(410,284)	-	846,036
Restricted	21,073	306,838	-	327,911
Unrestricted	1,478,590	94,332	(491)	1,572,431
Total Net Position	\$ 2,755,983	\$ (9,114)	\$ (491)	\$ 2,746,378

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Low Rent Public Housing	Section 8 New Construction	Resident Opportunity Support Services	Primary Government
Operating revenues				
Rental revenue	\$ 121,540	\$ 38,274	\$ -	\$ 159,814
HUD grants	636,238	329,483	49,873	1,015,594
Other revenue	35,856	11,648	-	47,504
Total operating revenues	793,634	379,405	49,873	1,222,912
Operating expenses				
Administrative	284,929	59,063	50,364	394,356
Tenant services	271	-	-	271
Utilities	48,039	30,284	-	78,323
Ordinary maintenance & operation	271,648	92,263	-	363,911
Insurance	48,276	10,690	-	58,966
General expenses	37,624	26,899	-	64,523
Depreciation	214,343	35,241	-	249,584
Total operating expenses	905,130	254,440	50,364	1,209,934
Operating income (loss)	(111,496)	124,965	(491)	12,978
Nonoperating revenues (expenses)				
Interest revenue, unrestricted	2,357	91	-	2,448
Interest revenue, restricted	-	165	-	165
Interest expense	-	(40,904)	-	(40,904)
Total nonoperating revenues	2,357	(40,648)	-	(38,291)
Increase (decrease) in net position	(109,139)	84,317	(491)	(25,313)
Net position, beginning of year (restated - see Note S)	2,865,122	(93,431)	-	2,771,691
Net position, end of year	\$ 2,755,983	\$ (9,114)	\$ (491)	\$ 2,746,378

HOUSING AUTHORITY OF AVON PARK

Avon Park, Florida

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Low Rent Public Housing	1 Business Activities	Section 8 New Construction	Resident Opportunity Support Services	Primary Government
Cash Flows From Operating Activities					
Receipts from dwelling rentals	\$ 122,991	\$ -	\$ 32,074	\$ -	\$ 155,065
Operating grants	636,238	-	329,483	45,367	1,011,088
Receipts from fees	-	-	(31,207)	-	(31,207)
Other receipts	22,708	-	3,015	-	25,723
Payments to employees and suppliers	(633,957)	(1,368)	(165,092)	(38,383)	(838,800)
Payments to landlords and resident benefits	(54,867)	(1,211)	(2,417)	(11,490)	(69,985)
Interprogram transfers	13,787	(15,380)	(5,921)	4,506	(3,008)
Net cash provided (used) by operating activities	106,900	(17,959)	159,935	-	248,876
Cash Flows From Capital and Related Financing Activities					
Capital contributions	53,796	-	-	-	53,796
Purchases of capital assets	(8,701)	-	(5,660)	-	(14,361)
Principal paid on capital debt	(38,000)	-	(25,893)	-	(63,893)
Interest paid on capital debt	-	-	(40,904)	-	(40,904)
Net cash provided (used) by capital and related financing activities	7,095	-	(72,457)	-	(65,362)
Cash Flows From Investing Activities					
Purchase/sale of investments	(174)	-	-	-	(174)
Interest	2,359	-	256	-	2,615
Net cash provided (used) by investing activities	2,185	-	256	-	2,441
Net increase (decrease) in cash and cash equivalents	116,180	(17,959)	87,734	-	185,955
Balance - beginning of the year	1,378,490	17,959	313,476	-	1,709,925
Balance - end of the year	\$ 1,494,670	\$ -	\$ 401,210	\$ -	\$ 1,895,880
Reconciliation of Cash Flows to Statement of Net Position					
Cash and cash equivalents, unrestricted	\$ 1,445,941	\$ -	\$ 88,260	\$ -	\$ 1,534,201
Cash and cash equivalents, restricted	48,729	-	312,950	-	361,679
	\$ 1,494,670	\$ -	\$ 401,210	\$ -	\$ 1,895,880

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities

	Low Rent Public Housing	1 Business Activities	Section 8 New Construction	Resident Opportunity Support Services	Primary Government
Operating income/(loss)	\$ (111,496)	\$ -	\$ 124,965	\$ (491)	\$ 12,978
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation elimination	214,343	-	35,241	-	249,584
Increase in accounts receivable	(2,699)	-	(1,045)	-	(3,744)
Decrease in due to/from other governments	2,757	-	188	-	2,945
Increase in prepaid expenses	(11,830)	1,253	(893)	-	(11,470)
Increase in security deposits	246	-	321	-	567
Increase in accounts payable	(4,338)	-	4,716	-	378
Increase in accrued wages	3,498	(214)	463	491	4,238
Decrease in accrued compensated absences	(974)	(1,657)	1,015	-	(1,616)
Decrease in accrued liabilities	324	-	(117)	(4,506)	(4,299)
Increase in deferred credits	3,282	(1,961)	1,002	-	2,323
Other	13,787	(15,380)	(5,921)	4,506	(3,008)
	\$ 106,900	\$ (17,959)	\$ 159,935	\$ -	\$ 248,876

HOUSING AUTHORITY OF AVON PARK

Avon Park, Florida

COMBINING SCHEDULE OF NET POSITION - DISCRETE COMPONENT UNIT DECEMBER 31, 2014

	North Central Heights I	North Central Heights II	Avon Park Housing Development Corporation	Total 2014
ASSETS				
Current assets				
Cash and cash equivalents, unrestricted	\$ 51,315	\$ 78,557	\$ 19,160	\$ 149,032
Cash and cash equivalents, restricted	129,982	102,181	-	232,163
Accounts receivable, net of allowance	139	435	4,280	4,854
Prepaid insurance	4,480	3,860	2,622	10,962
Total current assets	185,916	185,033	26,062	397,011
Noncurrent assets				
Capital assets				
Not being depreciated	496,902	363,500	-	860,402
Depreciable, net	6,003,712	4,492,115	-	10,495,827
Total capital assets, net	6,500,614	4,855,615	-	11,356,229
Total assets	6,686,530	5,040,648	26,062	11,753,240
LIABILITIES				
Current liabilities				
Vendors and contractors payable	754	578	-	1,332
Accrued wages/taxes payable	129	106	322	557
Accrued compensated absences	299	246	1,657	2,202
Due to other governments	3,479	2,835	-	6,314
Unearned revenue	513	15	-	528
Notes and bonds payable	3,410	3,085	-	6,495
Other current liabilities	2,996	2,996	-	5,992
Total current liabilities	11,580	9,861	1,979	23,420
Current liabilities payable from restricted assets				
Resident security deposits	14,200	11,350	-	25,550
Noncurrent liabilities				
Notes and bonds payable	6,979,584	5,336,743	-	12,316,327
Accrued compensated absences	321	264	892	1,477
Total noncurrent liabilities	6,979,905	5,337,007	892	12,317,804
Total liabilities	7,005,685	5,358,218	2,871	12,366,774
NET POSITION				
Net investment in capital assets	(482,379)	(484,213)	-	(966,592)
Restricted	115,782	90,831	-	206,613
Unrestricted	47,442	75,812	23,191	146,445
Total Net Position	\$ (319,155)	\$ (317,570)	\$ 23,191	\$ (613,534)

HOUSING AUTHORITY OF AVON PARK

Avon Park, Florida

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION DISCRETE COMPONENT UNIT FOR THE YEAR ENDED DECEMBER 31, 2014

	North Central Heights I	North Central Heights II	Avon Park Housing Development Corporation	Total 2014
Operating revenues				
Rental revenue	\$ 213,746	\$ 164,501	\$ -	\$ 378,247
Other revenue	15,101	8,481	54,292	77,874
Total operating revenues	228,847	172,982	54,292	456,121
Operating expenses				
Administrative	42,568	42,565	39,596	124,729
Tenant services	870	870	-	1,740
Utilities	7,772	2,313	-	10,085
Ordinary maintenance & operation	41,085	29,365	-	70,450
Insurance	12,883	10,028	1,902	24,813
General expenses	12,166	12,918	1,338	26,422
Depreciation	166,403	121,409	-	287,812
Total operating expenses	283,747	219,468	42,836	546,051
Operating income (loss)	(54,900)	(46,486)	11,456	(89,930)
Nonoperating revenues (expenses)				
Interest revenue, restricted	35	28	-	63
Interest expense	(50,605)	(45,779)	-	(96,384)
Total nonoperating revenues	(50,570)	(45,751)	-	(96,321)
Increase (decrease) in net position	(105,470)	(92,237)	11,456	(186,251)
Net position, beginning of year (restated - see Note S)	(213,685)	(225,333)	11,735	(427,283)
Net position, end of year	\$ (319,155)	\$ (317,570)	\$ 23,191	\$ (613,534)

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

**COMBINING SCHEDULE OF CASH FLOWS -
DISCRETE COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2014**

	North Central Heights I	North Central Heights II	Avon Park Housing Development Corporation	Total 2014
Cash Flows From Operating Activities				
Receipts from dwelling rentals	\$ 220,726	\$ 162,916	\$ (4,280)	\$ 379,362
Operating grants	-	-	-	-
Receipts from fees	(10,309)	(12,776)	-	(23,085)
Other receipts	5,008	8,032	54,292	67,332
Payments to employees and suppliers	(93,222)	(71,902)	(33,924)	(199,048)
Payments to landlords and resident benefits	(5,535)	(4,713)	(8,663)	(18,911)
Interprogram transfers	(4,525)	(4,202)	11,735	3,008
Net cash provided (used) by operating activities	112,143	77,355	19,160	208,658
Cash Flows From Capital and Related Financing Activities				
Principal paid on capital debt	(3,447)	(3,118)	-	(6,565)
Interest paid on capital debt	(50,605)	(45,779)	-	(96,384)
Net cash provided (used) by capital and related financing activities	(54,052)	(48,897)	-	(102,949)
Cash Flows From Investing Activities				
Interest	34	29	-	63
Net cash provided (used) by investing activities	34	29	-	63
Net increase (decrease) in cash and cash equivalents	58,125	28,487	19,160	105,772
Balance - beginning of the year	123,172	152,251	-	275,423
Balance - end of the year	\$ 181,297	\$ 180,738	\$ 19,160	\$ 381,195
Reconciliation of Cash Flows to Statement of Net Position				
Cash and cash equivalents, unrestricted	\$ 51,315	\$ 78,557	\$ 19,160	\$ 149,032
Cash and cash equivalents, restricted	129,982	102,181	-	232,163
	\$ 181,297	\$ 180,738	\$ 19,160	\$ 381,195

There are no non-cash transactions.

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

**COMBINING SCHEDULE OF CASH FLOWS -
DISCRETE COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

**Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities**

	North Central Heights I	North Central Heights II	Avon Park Housing Development Corporation	Total 2014
Operating income/(loss)	\$ (54,900)	\$ (46,486)	\$ 11,456	\$ (89,930)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation elimination	166,403	121,409	-	287,812
Increase in accounts receivable	(139)	(435)	(4,280)	(4,854)
Decrease in due to/from other governments	208	235	-	443
Decrease in prepaid expenses	8,755	6,798	(2,622)	12,931
Increase in security deposits	1,900	300	-	2,200
Increase in accounts payable	754	578	-	1,332
Increase in accrued wages	(106)	(86)	322	130
Decrease in accrued compensated absences	(1,026)	(845)	1,657	(214)
Decrease in accrued liabilities	(1,764)	(822)	-	(2,586)
Decrease in deferred credits	(3,417)	911	892	(1,614)
Other	(4,525)	(4,202)	11,735	3,008
	<u>\$ 112,143</u>	<u>\$ 77,355</u>	<u>\$ 19,160</u>	<u>\$ 208,658</u>

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

HOUSING AUTHORITY OF AVON PARK (FL012)
AVON PARK, FL
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	Project Total	14.870 Resident Opportunity and Supportive Services	6.1 Component Unit - Discreetly Presented	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,445,941		\$149,032	\$88,260		\$1,683,233		\$1,683,233
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$20,384		\$206,613	\$306,838		\$533,835		\$533,835
114 Cash - Tenant Security Deposits	\$28,345		\$25,550	\$6,112		\$60,007		\$60,007
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$1,494,670	\$0	\$381,195	\$401,210	\$0	\$2,277,075	\$0	\$2,277,075
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous	\$2,869		\$4,280	\$1,203	\$0	\$8,352		\$8,352
126 Accounts Receivable - Tenants	\$1,400		\$573	\$1,934		\$3,907		\$3,907
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,269	\$0	\$4,853	\$3,137	\$0	\$12,259	\$0	\$12,259
131 Investments - Unrestricted								
132 Investments - Restricted	\$42,908					\$42,908		\$42,908
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$29,847		\$10,962	\$12,803		\$53,612		\$53,612
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From								

145 Assets Held for Sale									
150 Total Current Assets	\$1,571,694	\$0	\$397,010	\$417,150	\$0	\$2,385,854	\$0	\$2,385,854	
161 Land	\$500,000		\$860,402	\$100,000		\$1,460,402		\$1,460,402	
162 Buildings	\$5,531,209		\$11,332,211	\$1,180,514		\$18,043,934		\$18,043,934	
163 Furniture, Equipment & Machinery - Dwellings	\$48,516					\$48,516		\$48,516	
164 Furniture, Equipment & Machinery - Administration	\$116,602		\$24,970	\$23,937		\$165,509		\$165,509	
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$4,034,018		-\$861,353	-\$203,843		-\$5,099,214		-\$5,099,214	
167 Construction in Progress									
168 Infrastructure	\$358,482					\$358,482		\$358,482	
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,520,791	\$0	\$11,356,230	\$1,100,608	\$0	\$14,977,629	\$0	\$14,977,629	
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$2,520,791	\$0	\$11,356,230	\$1,100,608	\$0	\$14,977,629	\$0	\$14,977,629	
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$4,092,485	\$0	\$11,753,240	\$1,517,758	\$0	\$17,363,483	\$0	\$17,363,483	
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$7,063		\$1,332	\$4,716		\$13,111		\$13,111	
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$5,321	\$491	\$557	\$678		\$7,047		\$7,047	
322 Accrued Compensated Absences - Current Portion	\$9,766		\$2,202	\$2,184		\$14,152		\$14,152	
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$8,446		\$6,314	\$304		\$15,064		\$15,064	

341 Tenant Security Deposits	\$28,345		\$25,550	\$6,112		\$60,007		\$60,007
342 Unearned Revenue	\$586		\$527	\$3		\$1,116		\$1,116
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$38,000		\$6,495	\$26,934		\$71,429		\$71,429
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities			\$5,992			\$5,992		\$5,992
346 Accrued Liabilities - Other								
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$97,527	\$491	\$48,969	\$40,931	\$0	\$187,918	\$0	\$187,918
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,226,471		\$12,316,327	\$1,483,958		\$15,026,756		\$15,026,756
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other	\$5,018					\$5,018		\$5,018
354 Accrued Compensated Absences - Non Current	\$7,486		\$1,477	\$1,983		\$10,946		\$10,946
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$1,238,975	\$0	\$12,317,804	\$1,485,941	\$0	\$15,042,720	\$0	\$15,042,720
300 Total Liabilities	\$1,336,502	\$491	\$12,366,773	\$1,526,872	\$0	\$15,230,638	\$0	\$15,230,638
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$1,256,320		-\$966,592	-\$410,284		-\$120,556		-\$120,556
511.4 Restricted Net Position	\$21,073		\$206,613	\$306,838		\$534,524		\$534,524
512.4 Unrestricted Net Position	\$1,478,590	-\$491	\$146,446	\$94,332	\$0	\$1,718,877	\$0	\$1,718,877
513 Total Equity - Net Assets / Position	\$2,755,983	-\$491	-\$613,533	-\$9,114	\$0	\$2,132,845	\$0	\$2,132,845
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,092,485	\$0	\$11,753,240	\$1,517,758	\$0	\$17,363,483	\$0	\$17,363,483

HOUSING AUTHORITY OF AVON PARK (FL012)
AVON PARK, FL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	Project Total	14,870 Resident Opportunity and Supportive Services	6,1 Component Unit - Discreetly Presented	14,182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$121,540		\$378,247	\$38,274		\$538,061		\$538,061
70400 Tenant Revenue - Other	\$13,148		\$12,974	\$8,633		\$34,755		\$34,755
70500 Total Tenant Revenue	\$134,688	\$0	\$391,221	\$46,907	\$0	\$572,816	\$0	\$572,816
70600 HUD PHA Operating Grants	\$636,238	\$49,873		\$329,483		\$1,015,594		\$1,015,594
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$2,357		\$36	\$91		\$2,484		\$2,484
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue	\$22,708		\$64,865	\$3,015		\$90,588		\$90,588
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$0		\$63	\$165		\$228		\$228
70000 Total Revenue	\$795,991	\$49,873	\$456,185	\$379,661	\$0	\$1,681,710	\$0	\$1,681,710
91100 Administrative Salaries	\$135,863	\$38,874	\$39,847	\$8,471		\$223,055		\$223,055
91200 Auditing Fees	\$13,748		\$7,892	\$3,819		\$25,459		\$25,459
91300 Management Fee			\$23,085	\$31,207		\$54,292		\$54,292
91310 Book-keeping Fee								
91400 Advertising and Marketing	\$4,733		\$5,158	\$1,300		\$11,191		\$11,191
91500 Employee Benefit Contributions - Administrative	\$56,368	\$11,490	\$18,318	\$4,240		\$90,416		\$90,416
91600 Office Expenses	\$69,293		\$23,922	\$9,781		\$102,996		\$102,996

91700 Legal Expense	\$362		\$6,345	\$113		\$6,820		\$6,820
91800 Travel	\$4,562		\$163	\$132		\$4,857		\$4,857
91810 Allocated Overhead								
91900 Other								
91000 Total Operating - Administrative	\$284,929	\$50,364	\$124,730	\$59,063	\$0	\$519,086	\$0	\$519,086
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other	\$271		\$1,740			\$2,011		\$2,011
92500 Total Tenant Services	\$271	\$0	\$1,740	\$0	\$0	\$2,011	\$0	\$2,011
93100 Water	\$4,481		\$1,422	\$10,941		\$16,844		\$16,844
93200 Electricity	\$35,395		\$7,842	\$5,715		\$48,952		\$48,952
93300 Gas	\$1,340					\$1,340		\$1,340
93400 Fuel								
93500 Labor								
93600 Sewer	\$6,823					\$6,823		\$6,823
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense			\$820	\$13,628		\$14,448		\$14,448
93000 Total Utilities	\$48,039	\$0	\$10,084	\$30,284	\$0	\$88,407	\$0	\$88,407
94100 Ordinary Maintenance and Operations - Labor	\$90,896		\$16,080	\$38,012		\$144,978		\$144,978
94200 Ordinary Maintenance and Operations - Materials and Other	\$48,225		\$11,534	\$7,685		\$67,444		\$67,444
94300 Ordinary Maintenance and Operations Contracts	\$88,886		\$33,379	\$30,032		\$152,297		\$152,297
94500 Employee Benefit Contributions - Ordinary Maintenance	\$43,651		\$9,458	\$16,534		\$69,643		\$69,643
94000 Total Maintenance	\$271,648	\$0	\$70,451	\$92,263	\$0	\$434,362	\$0	\$434,362
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$30,814		\$20,170	\$9,073		\$60,057		\$60,057
96120 Liability Insurance	\$5,479		\$1,746	\$873		\$8,098		\$8,098
96130 Workmen's Compensation	\$6,948		\$1,902	\$744		\$9,594		\$9,594

96140 All Other Insurance	\$5,035		\$995			\$6,030		\$6,030
96100 Total Insurance Premiums	\$48,276	\$0	\$24,813	\$10,690	\$0	\$83,779	\$0	\$83,779
96200 Other General Expenses	\$8,711		\$14,038	\$10,419		\$33,168		\$33,168
96210 Compensated Absences	\$10,899		\$1,863	\$2,184		\$14,966		\$14,966
96300 Payments in Lieu of Taxes	\$8,446		\$6,314	\$304		\$15,064		\$15,064
96400 Bad debt - Tenant Rents	\$9,568		\$4,187	\$13,992		\$27,747		\$27,747
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$37,624	\$0	\$26,422	\$26,899	\$0	\$90,945	\$0	\$90,945
96710 Interest of Mortgage (or Bonds) Payable			\$96,384	\$40,904		\$137,288		\$137,288
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$96,384	\$40,904	\$0	\$137,288	\$0	\$137,288
96900 Total Operating Expenses	\$690,787	\$50,364	\$354,624	\$260,103	\$0	\$1,355,878	\$0	\$1,355,878
97000 Excess of Operating Revenue over Operating Expenses	\$105,204	-\$491	\$101,561	\$119,558	\$0	\$325,832	\$0	\$325,832
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments								
97350 HAP Portability-In								
97400 Depreciation Expense	\$214,343		\$287,812	\$35,241		\$537,396		\$537,396
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$905,130	\$50,364	\$642,436	\$295,344	\$0	\$1,893,274	\$0	\$1,893,274
10010 Operating Transfer In	\$148,199					\$148,199	-\$148,199	\$0
10020 Operating Transfer Out	-\$148,199					-\$148,199	\$148,199	\$0
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								

10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$109,139	-\$491	-\$186,251	\$84,317	\$0	-\$211,564	\$0	-\$211,564	
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11030 Beginning Equity	\$2,865,122	\$0	-\$439,017	-\$93,431	\$11,735	\$2,344,409		\$2,344,409	
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$11,735		-\$11,735	\$0		\$0	
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity									
11180 Housing Assistance Payments Equity									
11190 Unit Months Available	1548		864	432		2844		2844	
11210 Number of Unit Months Leased	1511		820	412		2743		2743	
11270 Excess Cash	\$1,327,428					\$1,327,428		\$1,327,428	
11610 Land Purchases	\$0					\$0		\$0	
11620 Building Purchases	\$0					\$0		\$0	
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0	
11640 Furniture & Equipment - Administrative Purchases	\$8,700					\$8,700		\$8,700	
11650 Leasehold Improvements Purchases	\$0					\$0		\$0	
11660 Infrastructure Purchases	\$0					\$0		\$0	
13510 CFFP Debt Service Payments	\$0					\$0		\$0	
13901 Replacement Housing Factor Funds	\$0					\$0		\$0	

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS
DECEMBER 31, 2014

PROGRAM	501-10	501-12	501-13
Funds approved	\$ 229,143	\$ 166,409	\$ 138,025
Funds expended	229,143	166,409	138,025
Excess of funds approved	\$ -	\$ -	\$ -
Funds advanced	\$ 229,143	\$ 166,409	\$ 138,025
Funds expended	229,143	166,409	138,025
Excess of funds advanced	\$ -	\$ -	\$ -

The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF AVON PARK
Avon Park, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Pass Through Entity</u>	<u>Federal Expenditures</u>
<u>PRIMARY GOVERNMENT</u>			
U.S. Department of Housing and Urban Development			
14.870	Resident Opportunity and Support Services	NA	\$ 49,873
14.850	Low Rent Public Housing	NA	440,457
14.872	Capital Fund Program	NA	195,781
14.182	Section 8 New Construction	North Tampa Housing Development Corporation	329,483
Total U.S. Department of HUD			<u>1,015,594</u>
<u>COMPONENT UNIT</u>			
U.S. Department of Agriculture			
10.438	Section 538 Rural Rental Housing Guaranteed Loans	Bonneville Mortgage Company	642,709
10.438	Section 538 Rural Rental Housing Guaranteed Loans	Bonneville Mortgage Company	581,406
Total U.S. Department of Agriculture			<u>1,224,115</u>
U.S. Department of Housing and Urban Development			
14.239	Home Investment Partnership Program (Loan)	Florida Housing Finance Corporation	5,340,560
14.239	Home Investment Partnership Program (Loan)	Florida Housing Finance Corporation	4,108,672
Total U.S. Department of HUD			<u>9,449,232</u>
Total Federal and State Awards			<u>\$ 11,688,941</u>

Notes to the Schedule of Expenditures of Federal Awards

A. Basis of Accounting

This schedule is prepared on the accrual basis of accounting.

B. Basis of Presentation

The accompanying Schedule of Federal Awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

C. Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule

FDS line 706	HUD PHA Grants	\$ 1,015,594
	Rural Rental Housing Guaranteed Loans & Home Investment Partnership Program (Loan)	15,098,185
FDS line 343 & 351	Less: nonfederal portion	(4,424,838)
		<u>\$ 11,688,941</u>

SINGLE AUDIT SECTION

MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
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DeBary, Florida 32753-0848

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

Board of Commissioners
Avon Park Housing Authority
Avon Park, Florida

HUD, Miami Area Office
Office of Public Housing
909 S. E. First Avenue, Room 500
Miami, Florida 33131

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Avon Park Housing Authority (the Authority), which include the statement of net position as of December 31, 2014, and the related statements of revenue, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon March 27, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
March 27, 2015

MALCOLM JOHNSON & COMPANY, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Avon Park Housing Authority
Avon Park, Florida

HUD, Miami Area Office
Office of Public Housing
909 S. E. First Avenue, Room 500
Miami, Florida 33131

Report on Compliance for Each Major Program

We have audited Avon Park Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133)*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2014.

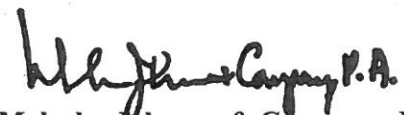
Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
March 27, 2015

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION I - SUMMARY OF AUDITORS' RESULTS

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
~ Material weakness(es) identified?	No
~ Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to basic financial statements noted?	No

Federal Awards

Internal control over major programs:	
~ Material weakness(es) identified?	No
~ Significant deficiency(s) identified that are not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No
Identification of major programs:	

CFDA Number	Name of Federal Program or Cluster
14.182	Section 8 New Construction
14.872	Capital Fund Program
10.438	Rural Rental Housing Guaranteed Loans

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

There were no Basic Financial Statement Findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings or Questioned Costs.

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

2013-1	Condition:	Residual Receipts Account
	Current Status:	The Authority established a residual receipts account in FY 2014. This finding is closed.
2012-1	Condition:	Untimely Section 3 Performance Report Filing (Form HUD 60002)
	Current Status:	The website for filing the above report has been down for revisions in FY 2014. This finding is closed.

AVON PARK HOUSING AUTHORITY

PO Box 1327
Avon Park, FL 33826
863-452-4432
863-452-5455 (fax)

Larry P. Shoeman
Executive Director

2014 Voluntary PILOT Calculations:

ENTITY	AMOUNT	TOTAL
Avon Park Housing Authority	\$8,446.46	\$8,446.46
Ridgedale	\$ 303.94	\$6,617.78
North Central Heights I	\$3,479.14	
North Central Heights II	\$2,834.70	
		=====
PRE DEDUCT COMBINED PROJECTED PILOT PAYMENT		\$15,064.24
Brickell Building Expenses		<u>-\$ 3,332.25</u>
Legal	\$ 363.50	
Consulting	\$2,968.15	
		=====
Adjusted Combined 2014 Voluntary PILOT Payment		\$11,731.99

**Computation of Payments
in Lieu of Taxes**For fiscal Year Ended 2014**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Name of Local Agency:		Location:	FOR FISCAL YEAR ENDED:	31-Dec-14
NORTH CENTRAL HEIGHTS I		AVON PARK, FL.	Contract Number:	Project Number:

Part I - Computation of Shelter Rent Charged.

1. Tenant Rental Revenue (FDS Line 703)	213,746.34	
2. Tenant Revenue Other (FDS Line 704)	4,966.20	
3. Total Rental Charges (Line 1&2)		218,712.54
4. Utilities Expense (FDS Line 931-939)		7,771.35
5. Shelter Rent Charges (Line 3 minus Line 4)		210,941.19

Part II - Computation of Shelter Rent Collected. (To be completed only if Cooperation Agreement provides for payment of PILOT on Bases of Shelter Rent Collected.)

1. Shelter Rent Charges (Line 5 of Part I, above)	210,941.19
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year	0.00
3. Less: Tenant Bad Debt Expense (FDS Line 964)	3,110.11
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) e	139.00
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)	\$207,692.08

Part III - Computation of Approximate Full Real Property Taxes.

(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
	\$2,109,364.00	0.0164938	\$34,791.43
Total			34,791.43

Part IV - Limitation Based on Annual Contribution. (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)

1. Approximate full real property taxes	34,791.43
2. Accruing annual contribution for all projects under the contract	0.00
3. Prorata share of accruing annual contribution*	0.00
4. 20% of accruing annual contribution (20% of Line 3)	0.00
5. Approximate full real property taxes less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)	34,791.43

Part V - Payments in Lieu of Taxes.

1. 10% of shelter rent (10% of Line 6 of Part I or 10% of Line 5 Part II, whichever is applicable)**	\$20,769.21
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower).	\$3,479.14

* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.

** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Prepared By:		Approved By:	
Name: Penny Pieratt		Name: Larry Shoeman	
Title: Comptroller	Date:	Title: Executive Director	Date:

**Computation of Payments
in Lieu of Taxes**For fiscal Year Ended 2014**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Name of Local Agency: NORTH CENTRAL HEIGHT II		Location: AVON PARK, FL.	FOR FISCAL YEAR ENDED: 31-Dec-14	Contract Number:	Project Number:
Part I - Computation of Shelter Rent Charged.					
1. Tenant Rental Revenue (FDS Line 703)		164,501.43			
2. Tenant Revenue Other (FDS Line 704)		8,007.87			
3. Total Rental Charges (Line 1&2)				172,509.30	
4. Utilities Expense (FDS Line 931-939)				2,312.78	
5. Shelter Rent Charges (Line 3 minus Line 4)				170,196.52	
Part II - Computation of Shelter Rent Collected. To be completed only if Cooperation Agreement provides for payment of PILOT on Bases of Shelter Rent Collected.)					
1. Shelter Rent Charges (Line 5 of Part I, above)				170,196.52	
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year				0.00	
3. Less: Tenant Bad Debt Expense (FDS Line 964)				1,077.30	
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) e				434.60	
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)				\$168,684.62	
Part III - Computation of Approximate Full Real Property Taxes.					
(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes		
	\$1,718,643.00	0.0164938	\$28,346.95		
Total			28,346.95		
Part IV - Limitation Based on Annual Contribution. (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)					
1. Approximate full real property taxes				28,346.95	
2. Accruing annual contribution for all projects under the contract				0.00	
3. Prorata share of accruing annual contribution*				0.00	
4. 20% of accruing annual contribution (20% of Line 3)				0.00	
5. Approximate full real property taxes less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)				28,346.95	
Part V - Payments in Lieu of Taxes.					
1. 10% of shelter rent (10% of Line 6 of Part I or 10% of Line 5 Part II, whichever is applicable)**				\$16,868.46	
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower).				\$2,834.70	
* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.					
** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.					
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).					
Prepared By:		Approved By:			
Name: Penny Pieratt		Name: Larry Shoeman			
Title: Comptroller		Date:		Title: Executive Director Date:	

**Computation of Payments
in Lieu of Taxes**For fiscal Year Ended 2014**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing**

OMB Approval No. 2577-0026 (Exp. 10/31/2009)

Public reporting burden for the collection of information is estimated to average .4 hours. This includes the time for collecting, reviewing, and reporting the data. The information will be used for HUD to ascertain compliance with requirements of Section 6(D) of the U.S. Housing Act, which provides for PHA exemptions from real and personal property taxes, and inclusion in the formula data used to determine public housing operating subsidies. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number.

Name of Local Agency:		Location:	FOR FISCAL YEAR ENDED:	31-Dec-14
RIDGEDALE LLC		AVON PARK, FL.	Contract Number:	Project Number:

Part I - Computation of Shelter Rent Charged.

1. Tenant Rental Revenue (FDS Line 703)	38,283.63	
2. Tenant Revenue Other (FDS Line 704)	8,874.88	
3. Total Rental Charges (Line 1&2)		47,158.51
4. Utilities Expense (FDS Line 931-939)		30,284.19
5. Shelter Rent Charges (Line 3 minus Line 4)		16,874.32

Part II - Computation of Shelter Rent Collected. (To be completed only if Cooperation Agreement provides for payment of PILOT on Bases of Shelter Rent Collected.)

1. Shelter Rent Charges (Line 5 of Part I, above)	16,874.32
2. Add: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) at beginning of fiscal year	2,091.71
3. Less: Tenant Bad Debt Expense (FDS Line 964)	13,992.29
4. Less: Accounts Receivable - Tenants (FDS Lines 126, 126.1, & 126.2) e	1,934.37
5. Shelter Rent Collected (Line 1 plus Line 2 minus Lines 3 & 4)	\$3,039.37

Part III - Computation of Approximate Full Real Property Taxes.

(1) Taxing Districts	(2) Assessable Value	(3) Tax Rate	(4) Approximate Full Real Property Taxes
	\$963,699.00	0.0164938	\$15,895.06
Total			15,895.06

Part IV - Limitation Based on Annual Contribution. (To be completed if Cooperation Agreement limits PILOT to an amount by which real property taxes exceed 20% of annual contribution.)

1. Approximate full real property taxes	15,895.06
2. Accruing annual contribution for all projects under the contract	329,483.00
3. Prorata share of accruing annual contribution*	329,483.00
4. 20% of accruing annual contribution (20% of Line 3)	65,896.60
5. Approximate full real property taxes less 20% of accruing annual contribution (Line 1 minus Line 4, if Line 4 exceeds Line 1, enter zero)	(50,001.54)

Part V - Payments in Lieu of Taxes.

1. 10% of shelter rent (10% of Line 6 of Part I or 10% of Line 5 Part II, whichever is applicable)**	\$303.94
2. Payments in Lieu of Taxes (If Part IV is not applicable, enter the amount shown on Line 1, above, or the total in Part III, whichever is the lower. If Part IV is applicable, enter the amount shown on Line 1, above, or the amount shown on Line 5 of Part IV, whichever is lower).	\$0.00

* Same as Line 2 if the statement includes all projects under the Annual Contributions Contract. If this statement does not include all projects under the Annual Contributions Contract, enter prorata share based upon the development cost of each project.

** If the percentage specified in the Cooperation Agreement or the Annual Contributions Contract with HUD is lower, such lower percentage shall be used.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Prepared By:		Approved By:	
Name: Penny Pieratt		Name: Larry Shoeman	
Title: Comptroller	Date:	Title: Executive Director	Date:

Avon Park Housing Development Corporation
RESOLUTION NO. 15-02

Resolution Authorizing North Central Heights LLC (NCH I) and North Central Heights II LLC (NCH II) to issue disbursements of 2014 Surplus Net Cash Flow funds for operating year 2014, in accordance with the supplemental schedules calculated by Malcolm Johnson, CPA in conjunction with the 2014 Audited Financial Statements circulated and in accordance with the terms and conditions stated in the respective NCH I & II Operating Agreements

- Whereas, both North Central Heights LLC and North Central Heights II LLC are included and identified as Discrete Component Units within the context of the Avon Park Housing Authority 2014 Audit Report generated by Malcolm Johnson, CPA: And,
- Whereas, A supplement schedule issued by the referenced Auditor indicates that surplus net cash flow funds are available for distribution consideration to the Member parties: And,
- Whereas, The Avon Park Housing Development Corporation, as the sole Member of North Central Heights LLC (NCH I) and 49% Member of North Central Heights II LLC (NCH II) determines that, in accordance with the Operating Agreement executed in April 2006 between NCH I and April 2006 between NCH II, a fund distribution is eligible for distribution from 2014 surplus net cash flow funds: And,
- Whereas, Affordable Housing Solutions, Inc., 51% Member of NCH II also concurs that a fund distribution is eligible for distribution from 2014 surplus net cash flow funds:


NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Avon Park Housing Development Corporation and Affordable Housing Solutions have determined that it is in the best financial interests of the related parties to authorize the distribution of 2014 surplus net cash flow funds, the respective Boards hereby authorize the Member's Board Secretary to dispatch the below referenced funds to the Member parties, in accordance with the requirements of the respective Operating Agreements, based on the following project accounts supplement schedule calculation;

North Central Heights LLC; \$23,469

North Central Heights II LLC; \$19,612

ADOPTED THIS 21st DAY OF APRIL 2015.

Accepted _____
North Central Heights LLC & (49%)NCH II

Accepted  _____
North Central Heights II LLC (51%)
Affordable Housing Solutions, Inc

Attest _____
Board Secretary
SEAL

MALCOLM JOHNSON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 530848
210 N. Highway 17-92
DeBary, Florida 32753-0848

Phone (386) 668-6464 Fax (386) 668-6463
malcolmjohnson@mpinet.net

April 10, 2015

Mr. Larry P. Shoeman
Executive Director
Avon Park Housing Authority
P.O. Box 1327
Avon Park, Florida 33826-1327

Dear Mr. Shoeman:

Enclosed please find the Computation of Cash Distribution results based on the agreement as set out in Article 7. We do not offer an opinion on whether or not the Authority has to make the drawdowns as required by the computation. The amount of the drawdowns remains the decision of the Authority.

Thank you for this opportunity to be of service to you and the Avon Park Housing Authority. Please do not hesitate to contact us concerning this or any other matter that may come to your attention.

Sincerely,
MALCOLM JOHNSON & COMPANY, P.A.



Malcolm P. Johnson
Certified Public Accountants

MPJ:kh
Enclosures

AVON PARK HOUSING AUTHORITY
Avon Park, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	North Central Heights I	North Central Heights II
Cash Flows From Operating Activities		
Receipts from dwelling rentals	\$ 220,726	\$ 162,917
Other receipts	5,008	8,032
Increase in tenant security deposits	(1,900)	(300)
Payments to employees and suppliers	(98,758)	(76,615)
Payments for management services	(10,309)	(12,776)
Interprogram transfers	(4,525)	(4,202)
Net cash provided (used) by operating activities	110,241	77,056
Cash Flows From Capital and Related Financing Activities		
Principal paid on capital debt	(3,447)	(3,118)
Interest paid on capital debt	(50,605)	(45,779)
Net cash provided (used) by capital and related financing activities	(54,052)	(48,897)
Cash Flows From Investing Activities		
Increase in restricted cash	(20,294)	(14,689)
Interest	35	28
Net cash provided (used) by investing activities	(20,258)	(14,661)
Net increase (decrease) in cash and cash equivalents	35,931	13,498
Balance - beginning of the year	15,384	65,059
Balance - end of the year	\$ 51,315	\$ 78,557

Cash and cash equivalents, unrestricted	\$ 51,315	\$ 78,557
Article 7, 7.1.(a)		
Fifteen percent of Net Cash Flow shall be deposited in a reserve account	(7,697)	(11,784)
Available for distribution	43,618	66,773
Twenty percent of Operating and Maintenance costs - See below	(23,469)	(19,612)
Recommended distribution not exceed this amount	<u>\$ 20,149</u>	<u>\$ 47,161</u>

The USDA Asset Management Handbook, HB-2-3560, Section 2, paragraph 4.11 addresses the allowable Return on Investment.

"The Agency considers excess cash to be the portion of the ending cash balance on Form RD 3560-7, Multiple Family Housing Project Budget/Utility Allowance that exceeds 20 percent of annual operating and maintenance expenses, that taxes and insurance escrow, and 2 percent money, if applicable."

The "2 percent money " referred to deals exclusively with the initial development costs of the project and would not apply to ongoing operations.

Total Operating and Maintenance costs for 2014

Twenty percent of Operating and Maintenance costs

\$ 117,346	\$ 98,059
<u>\$ 23,469</u>	<u>\$ 19,612</u>

Total APHDC
Deposit
\$33,079

NCH I NCH II
↓
AHS 5%
(10,006)
APHDC 49%
(19,610)

UNSECURED
PROMISSORY NOTE

\$16,000.00

_____, 2015
Avon Park, Florida

FOR VALUE RECEIVED, the undersigned ("Borrower"), promises to pay to the order of North Central Heights II LLC, a Florida limited liability company ("Lender"), at 21 Tulane Drive, Avon Park, FL 33825, or at such other place as Lender may direct from time to time in writing, the principal sum of SIXTEEN THOUSAND AND NO/100 DOLLARS (\$16,000.00), together with interest thereon at the rate or rates per annum designated herein.

1. Interest Rate: Commencing on the date hereof, interest on the principal amount of this Note, from time to time remaining unpaid prior to maturity shall accrue and be payable at the rate of zero percent (0%) per annum, calculated on the basis of a 360-day year. As used herein, the term "Maximum Lawful Rate" means at any time the highest rate of interest permitted by applicable law, calculated on the basis of a 360-day year, after taking into consideration all sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness evidenced by this Note, and all other charges constituting interest on the indebtedness evidenced by this Note.

2. Repayment Terms: The entire outstanding principal sum together with any accrued and unpaid interest shall be due and payable in full on _____, 2017 (the "Maturity Date").

3. Application of Payments: All payments on this Note shall be applied first to accrued interest, then to fees, then to principal due, and then to late charges. Any remaining funds shall be applied to the reduction of principal. Notwithstanding the foregoing, upon the occurrence of a default hereunder, payments shall be applied as determined by Lender in its sole discretion.

4. Prepayment: Borrower shall have the privilege to prepay the principal and any accrued but unpaid interest in full or in part at any time without premium.

5. Interest After Default: Any past due installments, whether of principal or interest, and whether by acceleration or otherwise, shall bear interest at the lesser of (a) the Maximum Lawful Rate or (b) six percent (6%) per annum. The applicable interest rate herein shall apply whether before or after any judgment hereon.

6. Late Charge: Time is of the essence of this Note. To the extent not prohibited by law, a late charge of five percent (5%) or the applicable statutory maximum, whichever is greater, shall be assessed on any payment remaining past due for fifteen (15) days or more.

7. Events of Default; Acceleration: The following shall constitute defaults or events of default hereunder ("Events of Default"):

(a) Failure by Borrower to keep, perform or observe any agreement, covenant, or condition contained herein; or (b) Failure by Borrower to make payment as required by this Note

**FLORIDA DOCUMENTARY STAMPS REQUIRED TO BE PAID ON THE INDEBTEDNESS EVIDENCED
HEREBY HAVE BEEN PAID**

when due. A grace period of fifteen (15) days will be allowed from the due date before a default will be declared for the failure by Borrower to timely make such payment.

Upon the happening of an Event of Default, Lender may, at Lender's option, declare the entire principal sum outstanding, together with any accrued interest, to be immediately due and payable.

8. Governing Law; Changes: This Note may not be changed orally and shall be governed by and construed in accordance with the laws of the State of Florida without regard to principles of conflict of laws.

9. Jurisdiction; Venue: Borrower (a) submits to personal jurisdiction in the State of Florida, the courts thereof and the United States District Courts sitting therein, for the enforcement of this Note, (b) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Florida for the purpose of litigation to enforce this Note, and (c) agrees that service of process may be made upon Borrower in any manner prescribed by applicable federal rules of civil procedure or by applicable local rules or laws of civil procedure for the giving of notice to Borrower. Nothing herein contained, however, shall prevent Lender from bringing any action or exercising any rights against Borrower personally, and against any assets of Borrower, within any other state or jurisdiction.

10. Payments Not to Violate Law: Nothing herein contained nor any transaction related thereto shall be construed or so operate as to require Borrower to pay interest at a rate greater than the Maximum Lawful Rate, or to make any payment or to do any act contrary to applicable law, and Lender shall reimburse Borrower for any interest paid in excess of the Maximum Lawful Rate or any other payment which may inadvertently be required by Lender to be paid contrary to applicable law; and if any clauses or provisions herein contained operate or would prospectively operate to invalidate this Note, in whole or in part, then such clauses and provisions only shall be held for naught, as though not herein contained, and the remainder of this Note shall remain operative and in full force and effect.

11. Attorneys' Fees: In the event that this Note is collected by law or through attorneys at law, or under advice therefrom, Borrower, agrees to pay all costs of collection, including reasonable attorneys' fees and costs (including charges for paralegals and others working under the direction or supervision of Lender's attorneys) and all sales or use taxes thereon, whether or not suit is brought, and whether incurred in connection with collection, trial, appeal, bankruptcy or other creditors' proceedings or otherwise.

12. Miscellaneous: Borrower hereby waives presentment for payment, demand, protest, notice of nonpayment or dishonor and of protest, and any and all other notices and demands whatsoever, and agrees to remain bound under this Note until the principal and any interest are paid in full, notwithstanding any extensions of time for payment which may be granted even though the period or periods of extension be indefinite and notwithstanding any inaction by, or failure to assert any legal rights available to the holder of this Note. Borrower acknowledges that Lender may reproduce (by electronic means or otherwise) any of the documents evidencing and/or securing this Note and thereafter may destroy the original documents. Borrower does hereby agree that any document so reproduced shall be the binding obligation of Borrower enforceable and admissible in evidence against Borrower to the same extent as if the original documents had not been destroyed.

The proceeds of this Note shall be used solely to acquire or carry on a business, professional, investment, or commercial enterprise or activity.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT BORROWER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

IN WITNESS WHEREOF, this Note has been executed the day and year first above written.

Avon Park Housing Development Corporation, a
Florida non-profit corporation

By: _____
Larry P. Shoeman. Secretary

\\aphaserver\data\data\user2\aph development corp\695 w.palmetto st. property\promissory note - north central heights ii llc - 03 24 2015.doc

UNSECURED
PROMISSORY NOTE

\$16,000.00

_____, 2015
Avon Park, Florida

FOR VALUE RECEIVED, the undersigned ("Borrower"), promises to pay to the order of North Central Heights LLC, a Florida limited liability company ("Lender"), at 21 Tulane Drive, Avon Park, FL 33825, or at such other place as Lender may direct from time to time in writing, the principal sum of SIXTEEN THOUSAND AND NO/100 DOLLARS (\$16,000.00), together with interest thereon at the rate or rates per annum designated herein.

1. Interest Rate: Commencing on the date hereof, interest on the principal amount of this Note, from time to time remaining unpaid prior to maturity shall accrue and be payable at the rate of zero percent (0%) per annum, calculated on the basis of a 360-day year. As used herein, the term "Maximum Lawful Rate" means at any time the highest rate of interest permitted by applicable law, calculated on the basis of a 360-day year, after taking into consideration all sums paid or agreed to be paid to Lender for the use, forbearance or detention of the indebtedness evidenced by this Note, and all other charges constituting interest on the indebtedness evidenced by this Note.

2. Repayment Terms: The entire outstanding principal sum together with any accrued and unpaid interest shall be due and payable in full on _____, 2017 (the "Maturity Date").

3. Application of Payments: All payments on this Note shall be applied first to accrued interest, then to fees, then to principal due, and then to late charges. Any remaining funds shall be applied to the reduction of principal. Notwithstanding the foregoing, upon the occurrence of a default hereunder, payments shall be applied as determined by Lender in its sole discretion.

4. Prepayment: Borrower shall have the privilege to prepay the principal and any accrued but unpaid interest in full or in part at any time without premium.

5. Interest After Default: Any past due installments, whether of principal or interest, and whether by acceleration or otherwise, shall bear interest at the lesser of (a) the Maximum Lawful Rate or (b) six percent (6%) per annum. The applicable interest rate herein shall apply whether before or after any judgment hereon.

6. Late Charge: Time is of the essence of this Note. To the extent not prohibited by law, a late charge of five percent (5%) or the applicable statutory maximum, whichever is greater, shall be assessed on any payment remaining past due for fifteen (15) days or more.

7. Events of Default; Acceleration: The following shall constitute defaults or events of default hereunder ("Events of Default"):

(a) Failure by Borrower to keep, perform or observe any agreement, covenant, or condition contained herein; or (b) Failure by Borrower to make payment as required by this Note

**FLORIDA DOCUMENTARY STAMPS REQUIRED TO BE PAID ON THE INDEBTEDNESS EVIDENCED
HEREBY HAVE BEEN PAID**

when due. A grace period of fifteen (15) days will be allowed from the due date before a default will be declared for the failure by Borrower to timely make such payment.

Upon the happening of an Event of Default, Lender may, at Lender's option, declare the entire principal sum outstanding, together with any accrued interest, to be immediately due and payable.

8. Governing Law; Changes: This Note may not be changed orally and shall be governed by and construed in accordance with the laws of the State of Florida without regard to principles of conflict of laws.

9. Jurisdiction; Venue: Borrower (a) submits to personal jurisdiction in the State of Florida, the courts thereof and the United States District Courts sitting therein, for the enforcement of this Note, (b) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Florida for the purpose of litigation to enforce this Note, and (c) agrees that service of process may be made upon Borrower in any manner prescribed by applicable federal rules of civil procedure or by applicable local rules or laws of civil procedure for the giving of notice to Borrower. Nothing herein contained, however, shall prevent Lender from bringing any action or exercising any rights against Borrower personally, and against any assets of Borrower, within any other state or jurisdiction.

10. Payments Not to Violate Law: Nothing herein contained nor any transaction related thereto shall be construed or so operate as to require Borrower to pay interest at a rate greater than the Maximum Lawful Rate, or to make any payment or to do any act contrary to applicable law, and Lender shall reimburse Borrower for any interest paid in excess of the Maximum Lawful Rate or any other payment which may inadvertently be required by Lender to be paid contrary to applicable law; and if any clauses or provisions herein contained operate or would prospectively operate to invalidate this Note, in whole or in part, then such clauses and provisions only shall be held for naught, as though not herein contained, and the remainder of this Note shall remain operative and in full force and effect.

11. Attorneys' Fees: In the event that this Note is collected by law or through attorneys at law, or under advice therefrom, Borrower, agrees to pay all costs of collection, including reasonable attorneys' fees and costs (including charges for paralegals and others working under the direction or supervision of Lender's attorneys) and all sales or use taxes thereon, whether or not suit is brought, and whether incurred in connection with collection, trial, appeal, bankruptcy or other creditors' proceedings or otherwise.

12. Miscellaneous: Borrower hereby waives presentment for payment, demand, protest, notice of nonpayment or dishonor and of protest, and any and all other notices and demands whatsoever, and agrees to remain bound under this Note until the principal and any interest are paid in full, notwithstanding any extensions of time for payment which may be granted even though the period or periods of extension be indefinite and notwithstanding any inaction by, or failure to assert any legal rights available to the holder of this Note. Borrower acknowledges that Lender may reproduce (by electronic means or otherwise) any of the documents evidencing and/or securing this Note and thereafter may destroy the original documents. Borrower does hereby agree that any document so reproduced shall be the binding obligation of Borrower enforceable and admissible in evidence against Borrower to the same extent as if the original documents had not been destroyed.

The proceeds of this Note shall be used solely to acquire or carry on a business, professional, investment, or commercial enterprise or activity.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT BORROWER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN EVIDENCED BY THIS NOTE.

IN WITNESS WHEREOF, this Note has been executed the day and year first above written.

Avon Park Housing Development Corporation, a
Florida non-profit corporation

By: _____
Larry P. Shoeman. Secretary

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