

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

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

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**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of Avon Park  
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 Housing Authority of Avon Park ("the Authority") which include the statement of net position as of December 31, 2018, 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, 2018, 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-vi 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 April 17, 2019, 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  
April 17, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2018**

As management of Avon Park Housing Authority ("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, 2018. 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, 2018 by \$382,294 (net position).
- The Authority's unrestricted net position as of December 31, 2018 was \$22,595; restricted net position was \$89,888, net investment in capital assets was \$269,811.
- The Authority's total operating revenue was \$632,059, which primarily consisted of operating grant revenue received from the United States Department of Housing and Urban Development in the amount of \$358,262. Rent revenue was \$19,287 and other revenue of \$254,510.

**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 Authority 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 activities, capital and related financing activities and investing 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, revenue, and expenses are detailed and provide 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 or financial position of the Authority.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2018**  
(Continued)

**Overview of Financial Statements (Continued)**

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.

At FYE 2018, total assets were \$1,855,330; total current assets were \$189,037 and total capital assets were \$1,666,293.

In addition, total liabilities were \$1,473,036; total current liabilities were \$103,974; noncurrent liability was \$1,364,946 at FYE 2018. Total current liabilities payable from restricted Cash was \$4,116.

Net Position – The difference between an organization's assets and its liabilities equals its net position. There are three categories in which 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 are not invested in capital assets subject to restrictions.

**Comparative Statement of Net Position (Primary Government) is as follows:**

	2017	2018	Increase (Decrease)
<b>ASSETS</b>			
Cash and Investments	\$ 313,505	\$ 189,037	\$ (124,468)
Capital assets	1,712,562	1,666,293	(46,269)
<b>Total Assets</b>	<b>2,026,067</b>	<b>1,855,330</b>	<b>(170,737)</b>
<b>LIABILITIES</b>			
Current Liabilities	114,389	103,974	(10,415)
Current Liabilities payable from restricted assets	5,989	4,116	(1,873)
Noncurrent Liabilities	1,396,482	1,364,946	(31,536)
<b>Total Liabilities</b>	<b>1,516,860</b>	<b>1,473,036</b>	<b>(43,824)</b>
<b>NET POSITION</b>			
Net investment in capital assets	285,764	269,811	(15,953)
Restricted net position	103,195	89,888	(13,307)
Unrestricted net position	120,248	22,595	(97,653)
<b>Total Net Position</b>	<b>509,207</b>	<b>382,294</b>	<b>(126,913)</b>
<b>Total Liabilities and Net Positions</b>	<b>\$ 2,026,067</b>	<b>\$ 1,855,330</b>	<b>\$ (170,737)</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2018**  
**(Continued)**

**Overview of Financial Statements (Continued)**

Cash and investments decreased by \$124,468, representing a 40% change from the prior fiscal year. The cash and restricted cash available for Section 8 New Construction decreased for FYE 2018. Tenant Account Receivable, net of allowance for doubtful accounts, decreased by \$674. There was an increase in pre-paid expenses of \$1,305 for prepaid insurance and prepaid contracts.

Cash held at December 31, 2018 was \$189,037.

There was a net decrease to current liabilities of \$10,415 over the prior year. This resulted decreases in accounts payable of \$34,387. The increases were to accrued wages of \$1,020, compensated absences of \$296, accounts payable other government of \$14,771, deferred revenues of \$171 and current portion of long-term debt of \$1,220. There was a decrease in restricted current liabilities of \$505 which represents security deposits.

There was a decrease in net position of \$126,913 as a result of having a net loss for the year, which is explained on the next page.

**Revenue, Expenses and Changes in Net Position:**

	2017	2018	Increase (Decrease)
<b>Operating Revenue</b>			
Tenant rent and other revenue	\$ 103,191	\$ 19,287	\$ (83,904)
HUD grants	533,102	358,262	(174,840)
Other revenue	110,323	254,510	144,187
<b>Total Operating Revenue</b>	<b>746,616</b>	<b>632,059</b>	<b>(114,557)</b>
<b>Operating Expenses</b>			
Administrative	339,576	359,224	19,648
Tenant Services - Other	-	3,991	3,991
Utilities	55,396	30,137	(25,259)
Ordinary maintenance and operation	360,502	172,056	(188,446)
Insurance	48,423	14,936	(33,487)
General expenses	39,702	42,030	2,328
Depreciation expense	39,701	100,644	60,943
<b>Total Operating Expenses</b>	<b>883,300</b>	<b>723,018</b>	<b>(160,282)</b>
<b>Operating Gain/(Loss)</b>	<b>(136,684)</b>	<b>(90,959)</b>	<b>45,725</b>
<b>Non-operating Revenue (Expenses)</b>			
Investment income - unrestricted	1,129	39	(1,090)
Investment income - restricted	240	71	(169)
Interest Expense	(37,236)	(36,064)	1,172
<b>Total Non-operating Revenue (Expenses)</b>	<b>(35,867)</b>	<b>(35,954)</b>	<b>(87)</b>
<b>Net Gain (Loss)</b>	<b>(172,551)</b>	<b>(126,913)</b>	<b>45,638</b>
<b>Net Position, beginning of year</b>	<b>681,758</b>	<b>509,207</b>	<b>(172,551)</b>
<b>Net Position, end of year</b>	<b>\$ 509,207</b>	<b>\$ 382,294</b>	<b>\$ (126,913)</b>

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

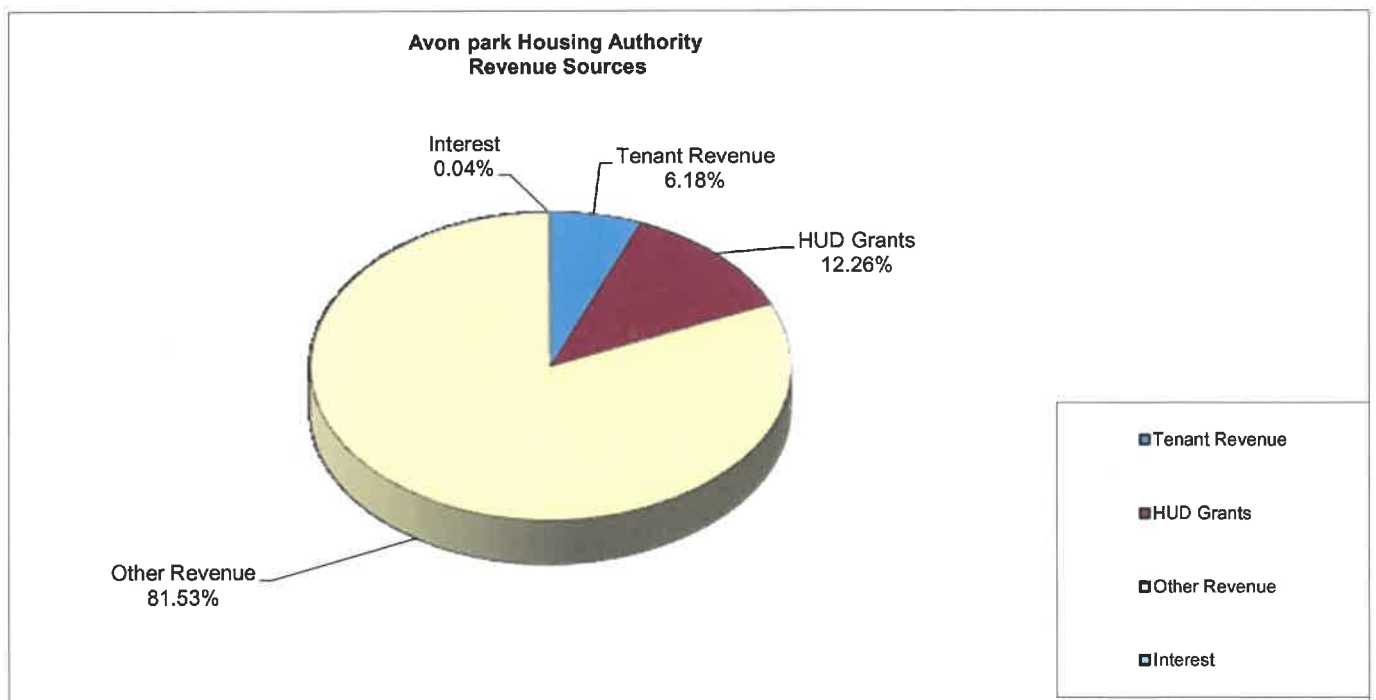
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2018**  
**(Continued)**

**Overview of Financial Statements (Continued)**

Overall operating revenue decrease by \$114,557. Rental revenue decreased this year by \$83,904. There was a decrease in HUD Public Housing Operating subsidy over the prior year of \$174,840 and an increase in other revenue of \$144,187.

The overall cost of general operations decreased by \$160,282; decreases were to utilities of \$25,259, ordinary maintenance and operation of \$188,446, insurance of \$33,487. Increases were to administrative cost of \$19,648, tenant services of \$3,991, general expenses of \$2,328 and depreciation of \$60,943.

In FYE 2018, total operating revenue was \$632,059, while total operating expenses were \$723,018. This resulted in a \$90,959 operating loss. Capital improvements are paid directly through the Capital Fund Program rather than from operating accounts.

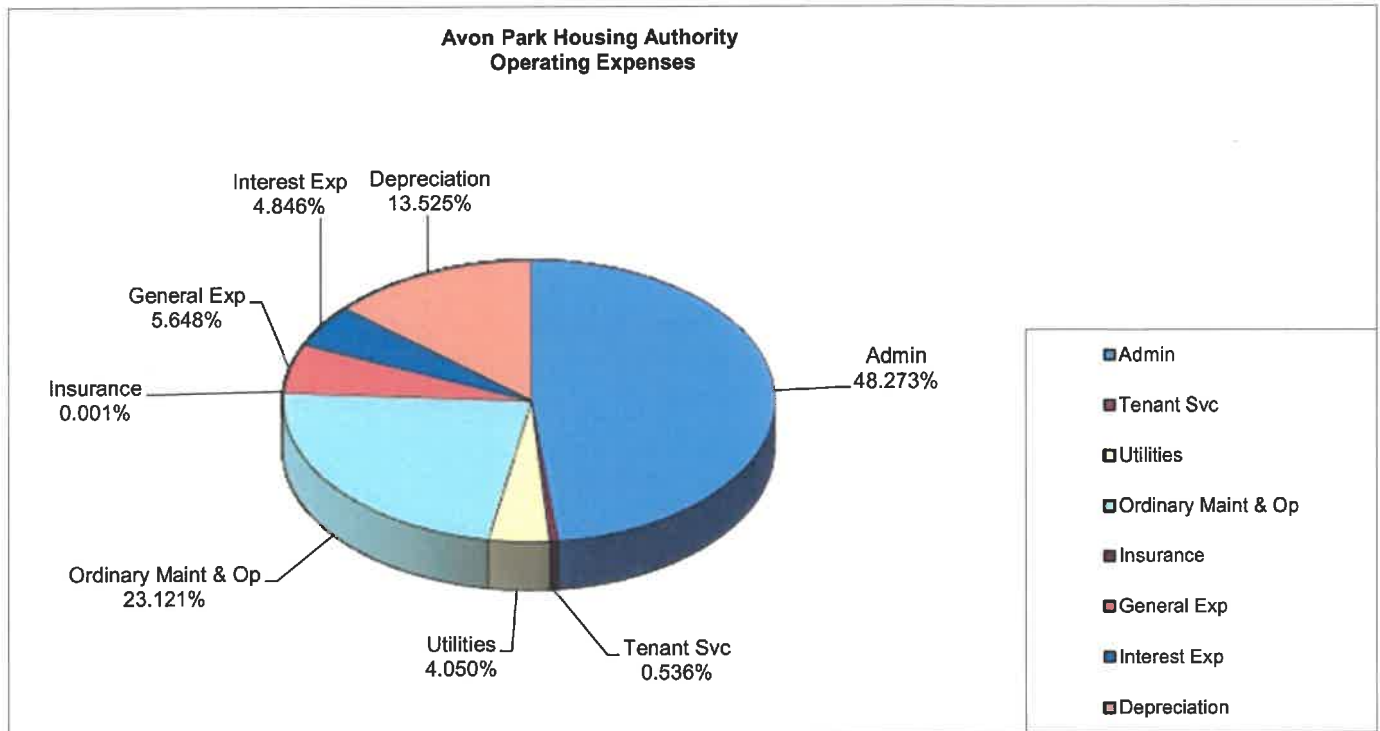




**HOUSING AUTHORITY OF AVON PARK**  
**Avon Park, Florida**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2018**  
**(Continued)**

**Overview of Financial Statements (Continued)**



**Fund Accounting**

Many of the funds 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:**

- Section 8 New Construction (CFDA #14.182)

**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, reversionary and employment trends, which can affect resident incomes and therefore the amount of rental income,
- Inflationary pressure on utility rates, supplies and other costs.
- Hurricane related damages and hurricane impact upon the rental market.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2018  
(Continued)**

**Capital Asset and Debt Activity**

At FYE 2018, The Authority had \$1,364,946 in long-term debt.

Additions to buildings for the FYE 2018 amounted to \$66,350. The current year depreciation total was \$100,644.

**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, P.O. Box 1327, Avon Park, Florida.

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

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	Primary Government	Discretely Presented Component Unit
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents, unrestricted	\$ 84,701	\$ 474,735
Cash and cash equivalents, restricted	96,382	759,632
Accounts receivable, net of allowance	282	39,652
Due from other governments	-	15,222
Prepaid expense	7,672	28,280
<b>Total current assets</b>	<b>189,037</b>	<b>1,317,521</b>
<b>Noncurrent assets</b>		
<b>Capital assets</b>		
Not being depreciated	600,000	892,993
Depreciable, net	1,066,293	25,001,635
<b>Total capital assets, net</b>	<b>1,666,293</b>	<b>25,894,628</b>
<b>Total assets</b>	<b>1,855,330</b>	<b>27,212,149</b>
<b>Deferred Outflow of Resources</b>	-	-
<b>Total Assets and Deferred Outflow of Resources</b>	<b>1,855,330</b>	<b>27,212,149</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Vendors and contractors payable	27,980	28,022
Accrued wages/taxes payable	5,330	4,922
Accrued compensated absences	17,224	14,238
Due to other governments	15,222	-
Unearned revenue	188	2,388
Notes and bonds payable	31,536	112,042
Resident security deposits	6,494	63,558
<b>Total current liabilities</b>	<b>103,974</b>	<b>225,170</b>
<b>Noncurrent liabilities</b>		
Notes and bonds payable	1,364,946	21,706,503
Accrued compensated absences	1,618	5,560
Other accrued liabilities	2,498	-
<b>Total noncurrent liabilities</b>	<b>1,369,062</b>	<b>21,712,063</b>
<b>Total liabilities</b>		
<b>Deferred Inflow of Resources</b>	-	-
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>1,473,036</b>	<b>21,937,233</b>
<b>NET POSITION</b>		
Net investment in capital assets	269,811	4,076,083
Restricted	89,888	696,074
Unrestricted	22,595	502,759
<b>Total net position</b>	<b>\$ 382,294</b>	<b>\$ 5,274,916</b>

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, 2018**

	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
<b>Operating revenues</b>		
Rental revenue	\$ 19,287	\$ 728,382
Fee revenue	115,578	-
HUD grants	358,262	592,522
Other revenue	138,932	113,313
<b>Total operating revenues</b>	<b>632,059</b>	<b>1,434,217</b>
<b>Operating expenses</b>		
Administrative	359,224	238,810
Tenant services	3,991	4,864
Utilities	30,137	22,239
Ordinary maintenance & operation	172,056	524,411
Insurance	14,936	109,186
General expenses	42,030	302,820
Depreciation	100,644	686,415
<b>Total operating expenses</b>	<b>723,018</b>	<b>1,888,745</b>
<b>Operating income (loss)</b>	<b>(90,959)</b>	<b>(454,528)</b>
<b>Nonoperating revenues (expenses)</b>		
Interest revenue, unrestricted	39	432
Interest revenue, restricted	71	220
Interest expense	(36,064)	(168,101)
Gain/(loss) on disposition of capital assets	-	6,400,996
<b>Total nonoperating revenues</b>	<b>(35,954)</b>	<b>6,233,547</b>
<b>Increase (decrease) in net position</b>	<b>(126,913)</b>	<b>5,779,019</b>
<b>Net position, beginning of year</b>	<b>509,207</b>	<b>(504,103)</b>
<b>Net position, end of year</b>	<b>\$ 382,294</b>	<b>\$ 5,274,916</b>

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

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

**STATEMENT OF CASH FLOWS**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from dwelling rentals	\$ 23,685	673,806
Operating grants	358,262	659,777
Receipts from fees	79,896	(79,896)
Other receipts	133,627	77,680
Payments to employee, suppliers and employee benefits	(595,933)	(1,163,530)
Payments to landlords and residents	(3,991)	(4,864)
<b>Net cash provided (used) by operating activities</b>	<b>(4,454)</b>	<b>162,973</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchases of capital assets	(67,461)	(2,843,269)
Gain or loss on disposition of capital assets	13,085	2,081,687
Proceeds from capital debt	(30,316)	741,796
Interest paid on capital debt	(36,064)	(168,100)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(120,756)</b>	<b>(187,886)</b>
<b>Cash Flows From Investing Activities</b>		
Interest	111	652
<b>Net cash provided (used) by investing activities</b>	<b>111</b>	<b>652</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(125,099)</b>	<b>(24,261)</b>
<b>Balance - beginning of the year</b>	<b>306,182</b>	<b>1,258,628</b>
<b>Balance - end of the year</b>	<b>\$ 181,083</b>	<b>\$ 1,234,367</b>
<b>Reconciliation of Cash Flows to Statement of Net Position</b>		
Cash and cash equivalents, unrestricted	\$ 84,701	\$ 474,735
Cash and cash equivalents, restricted	96,382	759,632
	<b>\$ 181,083</b>	<b>\$ 1,234,367</b>

There are no non-cash transactions.

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

**STATEMENT OF CASH FLOWS**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

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

	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
<b>Operating income/(loss)</b>	<b>\$ (90,959)</b>	<b>\$ (454,528)</b>
Depreciation elimination	100,644	686,415
Increase in accounts receivable	674	(3,892)
Increase in due to/from other governments	14,771	(100,260)
Decrease in prepaid expenses	(1,305)	117,176
Decrease in security deposits	505	(18,639)
Decrease in accounts payable	(34,387)	(20,837)
Increase in accrued wages	1,020	1,591
Decrease in accrued compensated absences	296	(5,044)
Increase in unearned revenue	171	(29,645)
Decrease in accrued liabilities	4,116	(9,364)
	<u><b>\$ (4,454)</b></u>	<u><b>\$ 162,973</b></u>

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**A - Summary of Significant Accounting Policies and Organization:**

- 1. Organization:** Housing Authority of Avon Park ("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.

**Blended Component Units - Reported as Section 8 New Construction:**

**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 and/or impose a financial burden on the Authority. Therefore, Ridgedale is reported as Section 8 New Construction (CFDA #14.182) in the financial statements.

**Discretely Presented Component Units:**

**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 construction 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

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

**2. Reporting Entity: (Continued)**

**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.

**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. 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.

**Cornell Colony, L.L.C. - Cornell Colony, L.L.C. (Cornell Colony)** is a Florida limited liability company formed June 20, 2014 to accomplish a mixed financing plan for the construction of a housing project. APHDC is the single managing member of the Cornell Colony, L.L.C. APHDC is the sole member and Cornell Colony is therefore controlled by APHDC. Cornell Colony is also fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, Cornell Colony is considered to be a blended component unit of APHDC.

**Lakeside Park I, L.L.C. - Lakeside Park I, L.L.C. (Lakeside Park I)** is a Florida limited liability company formed November 17, 2015 to accomplish a mixed financing plan for the construction of a housing project. APHDC is the single managing member of the Lakeside Park I, L.L.C. APHDC is the sole member and Lakeside Park I is therefore controlled by APHDC. Lakeside Park I is also fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, Lakeside Park I is considered to be a blended component unit of APHDC.

**Lakeside Park II, L.L.C. - Lakeside Park II, L.L.C. (Lakeside Park II)** is a Florida limited liability company formed August 25, 2015 to accomplish a mixed financing plan for the construction of a housing project. APHDC is the single managing member of the Lakeside Park II, L.L.C. APHDC is the sole member and Lakeside Park II is therefore controlled by APHDC. Lakeside Park II is also fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, Lakeside Park II is considered to be a blended component unit of APHDC.

**Delaney Heights L.L.C. - L.L.C. (Delaney Heights)** is a Florida limited liability company formed November 17, 2015 to accomplish a mixed financing plan for the construction of a housing project. APHDC is the single managing member of Delaney Heights, L.L.C. APHDC is the sole member and Delaney Heights is therefore controlled by APHDC. Delaney Heights is also fiscally dependent on APHDC and can provide a financial benefit or impose a financial burden on APHDC. Therefore, Delaney Heights is considered to be a blended component unit of APHDC.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

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

- 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.

**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.

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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

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

- 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.
- 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, 2018 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

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

**13. Capital Assets: (Continued)**

- 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.
- d. Impairment of Long-Lived Assets:** The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with *Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"*. 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. The Authority has reviewed and determined there was no impairment of long-lived assets during year ending December 31, 2018.

- 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

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

- 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.
- 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**B - Deposits and Investments: (Continued)**

**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, 2018, 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.

- 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 Primary Government cash deposits were \$181,083 and the Component Unit cash deposits were \$1,234,367 at December 31, 2018. Bank balances before reconciling items were \$182,251 and \$1,234,771 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.

**C - Accounts Receivable:**

	<b>Primary Government</b>	<b>Discrete Component Unit</b>
Dwelling rents (net of allowance for doubtful accounts of \$4,268)	\$ 282	\$ 8,403
Accounts Receivable	-	31,249
	<u><u>\$ 282</u></u>	<u><u>\$ 39,652</u></u>

**D - Due From Other Governments:**

	<b>Primary Government</b>	<b>Discrete Component Unit</b>
Avon Park Housing Authority – Primary Government	<u><u>\$ -</u></u>	<u><u>\$ 15,222</u></u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**E - Prepaid Expense:**

	<b>Primary Government</b>	<b>Discrete Component Unit</b>
Prepaid insurance	\$ 7,487	\$ 28,563
Prepaid contracts/agreements/expense	<u>185</u>	<u>283</u>
	<b><u>\$ 7,672</u></b>	<b><u>\$ 28,280</u></b>

**F - Land, Buildings and Equipment – Primary Government:**

	<b>Balance December 31, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2018</b>
<b>Not being depreciated:</b>				
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Construction in progress	-	-	-	-
<b>Total not being depreciated</b>	<b><u>600,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>600,000</u></b>
<b>Depreciable:</b>				
Buildings & improvements	1,225,819	67,461	-	1,293,280
Accumulated depreciation	(289,967)	(34,927)	-	(324,894)
<b>Net buildings &amp; improvements</b>	<b><u>935,852</u></b>	<b><u>32,534</u></b>	<b><u>-</u></b>	<b><u>968,386</u></b>
Equipment	237,534	-	(13,085)	224,449
Accumulated depreciation	(60,824)	(65,718)	-	(126,542)
<b>Net equipment</b>	<b><u>176,710</u></b>	<b><u>(65,718)</u></b>	<b><u>(13,085)</u></b>	<b><u>97,907</u></b>
<b>Net depreciable assets</b>	<b><u>1,112,562</u></b>	<b><u>(33,184)</u></b>	<b><u>(13,085)</u></b>	<b><u>1,066,293</u></b>
<b>TOTAL</b>	<b><u>\$ 1,712,562</u></b>	<b><u>\$ (33,184)</u></b>	<b><u>\$ (13,085)</u></b>	<b><u>\$ 1,666,293</u></b>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
(Continued)

**F - Land, Buildings and Equipment – Discrete Component Unit:**

	Balance December 31, 2017	Additions	Deletions	Transfers	Balance December 31, 2018
<b>Not being depreciated:</b>					
Land	\$ 892,993	\$ -	\$ -	\$ -	\$ 892,993
Construction in progress	7,447,800	-	-	(7,447,799)	-
<b>Total not being depreciated</b>	<b>8,340,793</b>	<b>-</b>	<b>-</b>	<b>(7,447,799)</b>	<b>892,993</b>
<b>Depreciable:</b>					
Buildings & improvements	17,176,598	2,843,269	(84,000)	7,447,799	27,383,666
Accumulated depreciation	(6,103,141)	(684,633)	4,403,309	-	(2,384,465)
<b>Net buildings &amp; improvements</b>	<b>11,073,457</b>	<b>2,158,636</b>	<b>4,319,309</b>	<b>7,447,799</b>	<b>24,999,201</b>
Equipment	24,970	-	-	-	24,970
Accumulated depreciation	(20,754)	(1,782)	-	-	(22,536)
<b>Net equipment</b>	<b>4,216</b>	<b>(1,782)</b>	<b>-</b>	<b>-</b>	<b>2,434</b>
<b>Net depreciable assets</b>	<b>11,077,673</b>	<b>2,156,854</b>	<b>4,319,309</b>	<b>7,447,799</b>	<b>25,001,635</b>
<b>TOTAL</b>	<b>\$ 19,418,466</b>	<b>\$ 2,156,854</b>	<b>\$ 4,319,309</b>	<b>\$ -</b>	<b>\$ 25,894,628</b>

**G - Due to Other Governments:**

	Primary Government	Discrete Component Unit
Lakeside Park, II – Discrete Component Unit	<u>\$ 15,222</u>	<u>\$ -</u>

**H - Unearned Revenue:**

	Primary Government	Discrete Component Unit
Tenant Prepaid Rents	<u>\$ 188</u>	<u>\$ 2,388</u>

**I - Noncurrent Liabilities:**

	Primary Government	Discrete Component Unit
Family Self-Sufficiency (FSS) Escrow liability	<u>\$ 2,498</u>	<u>\$ -</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**J - Long-Term Debt:**

**Primary Government**

**Section 8 New Construction**

**Ridgedale** was assigned and assumed the mortgage note on Ridgedale Apartments on July 31, 2008 in connection with the purchase of said property. The original principal amount was \$1,043,100 dated March 14, 2008. The outstanding principal amount as of July 31, 2008, when acquired, was \$1,040,172. The note bears interest at a fixed rate of 6.35%, payable in monthly installments of \$6,491 through April 1, 2038. The note was secured by the property.

The mortgage note was refinanced on August 1, 2013. The new mortgage note has a principal amount of \$1,040,100 and bears interest at a rate of 3.95% payable in monthly installments of \$5,532 through April 1, 2038. This new mortgage note is also secured by the property. The refinancing was undertaken to reduce total debt payments over the next 25 years and resulted in a savings of approximately \$280,000.

As of December 31, 2018, annual debt service requirements for Section 8 New Construction to maturity is as follows:

<b>Fiscal Year Ending</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 31,536	\$ 34,844	\$ 66,380
2020	32,804	33,576	66,380
2021	34,124	32,256	66,380
2022	35,496	30,884	66,380
2023	36,924	29,456	66,380
2024-2028	208,129	123,771	331,900
2029-2033	253,493	78,407	331,900
2034-2038	263,978	23,667	287,645
<b>Totals</b>	<b>\$896,484</b>	<b>\$386,861</b>	<b>\$1,283,345</b>

**Ridgedale** executed a Federal Home Loan Bank (FHLB) mortgage note on April 6, 2009 for the Ridgedale Apartment project in the principal amount of \$500,000. The FHLB mortgage bears a fixed interest rate of 0% and the principal is to be paid upon maturity on April 1, 2038. The note is secured by the property.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**J - Long-Term Debt: (Continued)**

**Discrete Component Unit**

**North Central Heights** executed a United States Department of Agriculture (USDA) Sec. 538 Guaranteed Rural Rental Housing Loan with Bonneville Mortgage Company on June 28, 2010 for the purpose of constructing a 40-unit multifamily housing development, in the amount of \$650,000. The amount outstanding as of December 31, 2018 is \$631,692. The entire unpaid principal balance shall be due and fully paid on the maturity date. The note bears interest at a 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, 2018, annual debt service requirements to maturity are as follows:

<b>Fiscal Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 4,553	\$ 45,341	\$ 49,894
2020	4,894	45,000	49,894
2021	5,261	44,633	49,894
2022	5,656	44,239	49,895
2023	6,080	43,815	49,895
2024-2028	37,956	211,516	249,472
2029-2033	54,479	194,992	249,471
2034-2038	78,197	171,273	249,470
2039-2043	112,242	137,231	249,473
2044-2048	161,106	88,365	249,471
2049-2052	157,030	21,750	178,780
<b>Totals</b>	<b>\$ 627,454</b>	<b>\$ 1,048,155</b>	<b>\$ 1,675,609</b>

North Central Heights executed a loan under the HOME Investment Partnerships Program on FHFC on June 30, 2010 for the purpose of constructing a 40-unit multifamily housing development, in the amount of \$5,340,560. 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 USDA loan above and is secured by the land and all land improvements.

APHDC 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 40-unit housing development, in the amount of \$1,000,000. APHDC re-loaned the proceeds to North Central Heights under the same terms as the note between APHDC 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(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, 2018, annual debt service requirements to maturity are as follows:

<b>Fiscal Year Ending</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 4,119	\$ 41,017	\$ 45,136
2020	4,427	40,708	45,135
2021	4,759	40,376	45,135
2022	5,116	40,019	45,135
2023	5,500	39,636	45,136
2024-2028	34,335	191,340	225,675
2029-2033	49,282	176,394	225,676
2034-2038	70,739	154,938	225,677
2039-2043	101,534	124,142	225,676
2044-2048	145,738	79,938	225,676
2049-2052	142,059	19,677	161,736
<b>Totals</b>	<b>\$ 567,608</b>	<b>\$ 948,185</b>	<b>\$ 1,515,793</b>

**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 \$4,108,674. 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 II 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 II 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**J - Long-Term Debt: (Continued)**

**Component Unit (Continued)**

**Lakeside Park I:** 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% (608,000) 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.

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, 2018, annual debt service requirements for the SAIL loan to maturity are as follows:

<b>Fiscal Year Ending</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 76,000	\$ -	\$ 76,000
2020	38,000	-	38,000
2021	38,000	-	38,000
2022	38,000	-	38,000
2023	38,000	-	38,000
2023-2026	304,000	-	304,000
<b>Totals</b>	<b>\$ 532,000</b>	<b>\$ -</b>	<b>\$ 532,000</b>

The Authority executed a note payable under the Public Housing Mitigation Initiative with FHFC on July 30, 2010 in the amount of \$78,473 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**J - Long-Term Debt: (Continued)**

**Component Unit (Continued)**

**Cornell Colony** executed an Amendment dated as of August 1, 2018 and amends that certain Multifamily Note in the original principal amount of \$1,300,000 dated August 18, 2015, amended February 18, 2017 and amended May 18, 2017 (the "Note") given by Cornell Colony LLC in favor of Heartland National Bank.

Cornell Colony will pay a principal payment of \$321,078.74 reducing the outstanding balance to \$978,921.26 and amend the note to reflect this principal payment when calculating the monthly payment for the Permanent Loan.

Cornell Colony executed a loan to pay to the order of Heartland National Bank, a national banking organization, the principal sum of \$978,921 with interest at a rate of 4.75% per annum, payable in equal principal and interest payments in the amount of \$5,148 each. Payments shall be due and payable under this Note beginning on September 1, 2018 and continuing on the first day of each month thereafter throughout the term of the Permanent Loan Period. The remaining principal amount of this Note plus accrued interest shall be due and payable on August 18, 2025, the Permanent Loan Maturity Date. This Note is subject to the Construction Loan Agreement dated August 18, 2015 between Lender and borrower (the "Construction Loan Agreement").

<b>Fiscal Year Ending</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 16,631	\$ 45,143	\$ 61,774
2020	16,603	45,171	61,774
2021	17,549	44,225	61,774
2022	18,413	43,361	61,774
2023	19,320	42,455	61,775
2024-2025	869,417	68,706	938,123
<b>Totals</b>	<b>\$957,933</b>	<b>\$ 289,061</b>	<b>\$ 1,246,994</b>

Cornell Colony executed a promissory note loan on August 15, 2016 with the County of Highlands, Florida, for the purpose of constructing a 44-unit housing development, in the amount of \$321,000. The note bears interest at 0% and the entire unpaid principal balance shall be due and payable on August 18, 2045. The loan is subordinate to all other notes on the property and is secured by the land and land improvements.

**HOUSING AUTHORITY OF AVON PARK  
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**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**J - Long-Term Debt: (Continued)**

**Component Unit (Continued)**

Cornell Colony executed a Mortgage loan under the Federal Home Loan Bank of Atlanta Affordable Housing Program with Heartland National Bank on August 1, 2017 for the purpose of constructing a 44-unit housing development, in the amount of \$500,000. The note bears interest at 0% and the entire unpaid principal balance shall be due and payable on August 1, 2032. The loan is subordinate to all other notes on the property and is secured by the land and all land improvements.

Cornell Colony executed a loan under the HOME Investment Partnerships Program with FHFC on August 18, 2016 for the purpose of constructing a 44-unit multifamily housing development, in the amount of \$5,200,810. The note bears interest at a rate of 0% and the entire unpaid principal shall be due and payable on August 18, 2045 unless acceleration is made by FHFC pursuant to the terms of the note. The loan is subordinate to Heartland National Bank and Highland County loans above and is secured by the land and all land improvements. The balance of the current drawdowns on this note at December 31, 2018 was \$5,200,810.

Cornell Colony executed a loan under the Florida Housing Finance Corporation prepared by the America National Community Services, Inc. in the amount of \$117,495. In order to at least partially mitigate the Guarantors limited liquidity, AmeriNational capitalized this Operating Deficit Reserve as restricted cash into the budget that represents approximately six months of expenses and debt service which shall remain outstanding for the term of the HOME loan under the terms and conditions outlined in credit underwriting report. The note bears interest at 0%.

**HOUSING AUTHORITY OF AVON PARK**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**J - Long-Term Debt: (Continued)**

**Component Unit (Continued)**

**Lakeside Park II** executed a loan under the HOME Investment Partnerships Program with Churchill Mortgage Investment, LLC on August 9, 2017 for the purpose of rehabilitation of the multifamily housing development, in the amount of \$1,280,000. The note bears interest at a rate of 4.9% on the unpaid principal balance unless acceleration is made by Churchill Mortgage Investment, LLC pursuant to the terms of the note. The loan is secured by the land and all land improvements. The balance of the current drawdowns on this note at December 31, 2018 was \$1,280,000.

<b>Fiscal Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 10,739	\$ 62,311	\$ 73,050
2020	11,277	61,773	73,050
2021	11,842	61,208	73,050
2022	12,436	60,614	73,050
2023	13,059	59,991	73,050
2024-2028	75,792	289,458	365,250
2029-2033	96,785	268,465	365,250
2034-2038	123,593	241,657	365,250
2039-2043	157,826	207,423	365,249
2044-2048	201,542	163,708	365,250
2049-2052	200,740	91,460	292,200
2053-2057	312,968	52,282	365,250
2058	47,936	887	48,823
<b>Totals</b>	<b>\$ 1,276,535</b>	<b>\$ 1,621,237</b>	<b>\$ 2,897,772</b>

**HOUSING AUTHORITY OF AVON PARK**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
(Continued)

**K - Schedule of Changes in Noncurrent Liabilities:**

**Primary Government:**

	Balance at December 31, 2017		Year Ended December 31, 2018		Balance at December 31, 2018	
	Noncurrent Portion	Current Portion	Additions	Transfers/ Payments	Current Portion	Noncurrent Portion
<b>Primary Government</b>						
<b>Central Office Cost Center</b>						
Resident FSS Escrows	\$ -	\$ -	\$ -	\$ 2,498	\$ -	\$ 2,498
<b>Section 8 New Construction</b>						
Mortgage Note (Refinance)	896,482	30,316	-	(30,316)	31,536	864,946
Note Payable	500,000	-	-	-	-	500,000
<b>Compensated Absences</b>	-	16,928	17,250	(15,336)	17,224	1,618
	<u>\$ 1,396,482</u>	<u>\$ 47,244</u>	<u>\$ 17,250</u>	<u>\$ (43,154)</u>	<u>\$ 48,760</u>	<u>\$ 1,369,062</u>

**Discrete Component Units:**

	Balance at December 31, 2017		Year Ended December 31, 2018		Balance at December 31, 2018	
	Noncurrent Portion	Current Portion	Additions	Transfers/ Payments	Current Portion	Noncurrent Portion
<b>Component Units</b>						
<b>North Central Heights I</b>						
Mortgage Note	\$ 627,456	\$ 4,236	\$ -	\$ (4,238)	\$ 4,553	\$ 622,901
Mortgage Note	5,340,560	-	-	-	-	5,340,560
Mortgage Note	1,000,000	-	-	-	-	1,000,000
<b>North Central Heights II</b>						
Mortgage Note	567,608	3,832	-	(3,832)	4,119	563,489
Mortgage Note	4,108,674	-	-	-	-	4,108,674
Mortgage Note	650,000	-	-	-	-	650,000
<b>Cornell Colony</b>						
Mortgage Note	957,933	15,861	-	(15,861)	16,631	941,302
Mortgage Note	321,000	-	-	-	-	321,000
Mortgage Note	500,000	-	-	-	-	500,000
Mortgage Note	5,200,810	-	-	-	-	5,200,810
Mortgage Note	117,495	-	-	-	-	117,495
<b>Lakeside Park I</b>						
Mortgage Note (SAIL) payable	494,000	76,000	-	(38,000)	76,000	456,000
Note Payable (Mitigation)	78,473	-	-	-	-	78,473
Mortgage Note (AHP)	540,000	-	-	-	-	540,000
<b>Lakeside Park II</b>						
Mortgage Note	472,810	-	807,193	(3,465)	10,739	1,265,799
Resident FSS Escrow	8,785	-	-	(8,785)	-	-
<b>Compensated Absences</b>	6,139	19,282	9,030	(14,653)	14,238	5,560
	<u>\$ 20,991,743</u>	<u>\$ 119,211</u>	<u>\$ 816,223</u>	<u>\$ (88,834)</u>	<u>\$ 126,280</u>	<u>\$ 21,712,063</u>

**HOUSING AUTHORITY OF AVON PARK**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**L - Defined Contribution Pension Plan**

The following description of the Housing Authority of Avon Park 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.

**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, 2018 were \$18,580. The employee's contributions for the year ended December 31, 2018 was \$17,237.

**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.



**HOUSING AUTHORITY OF AVON PARK**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**L - Defined Contribution Pension Plan: (Continued)**

**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.

**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 and 75.

**M - Economic Dependency:** The Authority receives approximately 26% 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, 2018.

**O - 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**O - 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 development's 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, 2018. 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.

**P - 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 no transfers during the year ended December 31, 2018.

**Q - 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.

**R - Condensed Statement - Discreet Component Units:** As per GASB 61, the following condensed combining information is provided on the component unit:

	North Central Heights I	North Central Heights II	Cornell Colony	Avon Park Housing Development Corporation	Lakeside Park I, LLC	Lakeside Park II, LLC	Delaney Heights, LLC	Highland County Long Term Recovery	Elimination	Total
Condensed Statement of Net Position										
Current Assets	\$ 212,890	\$ 158,326	\$ 471,377	\$ 98,125	\$ 52,435	\$ 265,368	\$ 67,257	\$ 12,450	\$ (20,707)	\$ 1,317,521
Capital Assets	5,841,928	4,369,939	6,615,659	32,591	1,120,560	4,412,203	3,501,748	-	-	25,894,628
<b>Total Assets</b>	<b>\$ 6,054,818</b>	<b>\$ 4,528,265</b>	<b>\$ 7,087,036</b>	<b>\$ 130,716</b>	<b>\$ 1,172,995</b>	<b>\$ 4,677,571</b>	<b>\$ 3,569,005</b>	<b>\$ 12,450</b>	<b>\$ (20,707)</b>	<b>\$ 27,212,149</b>
Current Liabilities	\$ 27,061	\$ 22,452	\$ 43,610	\$ 16,398	\$ 84,294	\$ 31,521	\$ 20,241	\$ 300	\$ (20,707)	\$ 225,170
Noncurrent Liabilities	6,963,898	5,322,499	7,081,743	-	1,074,642	1,267,228	2,053	-	-	21,712,063
<b>Total Liabilities</b>	<b>\$ 6,990,959</b>	<b>\$ 5,344,951</b>	<b>\$ 7,125,353</b>	<b>\$ 16,398</b>	<b>\$ 1,158,936</b>	<b>\$ 1,298,749</b>	<b>\$ 22,294</b>	<b>\$ 300</b>	<b>\$ (20,707)</b>	<b>\$ 21,937,233</b>
<b>Net Position</b>										
Net Investment in Capital										
Assets	\$ (1,126,090)	\$ (956,341)	\$ (481,580)	\$ 32,591	\$ (29,912)	\$ 3,135,667	\$ 3,501,748	\$ -	\$ -	\$ 4,076,083
Restricted	149,960	133,713	273,683	-	31,383	50,097	57,238	-	-	696,074
Unrestricted	39,989	5,942	169,580	81,727	12,588	193,058	(12,275)	12,150	-	502,759
<b>Total Net Position</b>	<b>\$ (936,141)</b>	<b>\$ (816,686)</b>	<b>\$ (38,317)</b>	<b>\$ 114,318</b>	<b>\$ 14,059</b>	<b>\$ 3,378,822</b>	<b>\$ 3,546,711</b>	<b>\$ 12,150</b>	<b>\$ -</b>	<b>\$ 5,274,916</b>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

**S - Condensed Statement - Discreet Component Units: (Continued)**

	North Central Heights I	North Central Heights II	Cornell Colony	Avon Park Housing Development Corporation	Lakeside Park I, LLC	Lakeside Park II, LLC	Delaney Heights, LLC	Highland County Long Term Recovery	Elimination	Total
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>										
Operating Revenues	\$ 221,708	\$ 190,982	\$ 284,600	\$ 21,311	\$ 116,717	\$ 373,126	\$ 213,273	\$ 12,500	\$ -	\$ 1,434,217
Operating Expenses										-
Operating Expense-Other	241,502	160,991	180,565	5,059	81,094	245,383	287,387	350	-	1,202,331
Depreciation Expense	163,678	121,452	169,632	-	28,732	113,133	89,788	-	-	686,415
<b>Total Operating Expenses</b>	<b>405,180</b>	<b>282,443</b>	<b>350,197</b>	<b>5,059</b>	<b>109,826</b>	<b>358,516</b>	<b>377,175</b>	<b>350</b>	<b>-</b>	<b>1,888,746</b>
Nonoperating Revenue (Expense)										
Nonoperating Revenue-Other	103	88	73	10	174	182	22	-	-	652
Nonoperating Expense-Other	(41,500)	(37,542)	(45,914)	-	-	(43,145)	-	-	-	(168,101)
Gain/(loss) on disposition of assets	-	-	(1)	-	970,553	2,397,463	3,032,981	-	-	6,400,996
<b>Total Nonoperating Revenue (Expense)</b>	<b>(41,397)</b>	<b>(37,454)</b>	<b>(45,842)</b>	<b>10</b>	<b>970,727</b>	<b>2,354,500</b>	<b>3,033,003</b>	<b>-</b>	<b>-</b>	<b>6,233,547</b>
Transfers from/(to) other entities	-	-	-	-	(50,075)	50,075	-	-	-	-
<b>Change in Net Position</b>	<b>(224,869)</b>	<b>(128,915)</b>	<b>(111,439)</b>	<b>16,262</b>	<b>927,543</b>	<b>2,419,185</b>	<b>2,869,101</b>	<b>12,150</b>	<b>-</b>	<b>5,779,018</b>
Net Position, beginning of year	(711,272)	(687,771)	73,121	98,056	(963,559)	1,059,787	627,535	-	-	(504,103)
<b>Net Position, end of year</b>	<b>\$ (936,141)</b>	<b>\$ (816,686)</b>	<b>\$ (38,318)</b>	<b>\$ 114,318</b>	<b>\$ (36,016)</b>	<b>\$ 3,478,972</b>	<b>\$ 3,496,636</b>	<b>\$ 12,150</b>	<b>\$ -</b>	<b>\$ 5,274,915</b>

	North Central Heights I	North Central Heights II	Cornell Colony	Avon Park Housing Development Corporation	Lakeside Park I, LLC	Lakeside Park II, LLC	Delaney Heights, LLC	Highland County Long Term Recovery	Elimination	Total
<b>Condensed Statement of Cash Flows</b>										
Net Cash Flows from (used) by										
Operating Activities	\$ 46,951	\$ 51,694	\$ 107,155	\$ 15,790	\$ 28,956	\$ (59,077)	\$ (40,947)	\$ 12,450	\$ -	\$ 162,972
Net Cash provided (used) by										
Capital and Related Financing	(45,735)	(41,374)	22,222	-	(37,998)	(85,003)	2	-	-	(187,886)
Net Cash provided (used) by										
Investing Activities	103	88	74	10	174	182	22	-	-	653
Net increase in Cash and Cash										
Equivalents	1,319	10,408	129,451	15,800	(8,868)	(143,898)	(40,923)	12,450	-	(24,261)
Cash - Beginning of year	189,113	142,872	325,795	21,076	58,997	386,517	104,258	-	-	1,228,628
<b>Cash-End of year</b>	<b>\$ 190,432</b>	<b>\$ 153,280</b>	<b>\$ 455,246</b>	<b>\$ 36,876</b>	<b>\$ 50,129</b>	<b>\$ 242,619</b>	<b>\$ 63,335</b>	<b>\$ 12,450</b>	<b>\$ -</b>	<b>\$ 1,204,367</b>

**HOUSING AUTHORITY OF AVON PARK**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**  
**(Continued)**

- T - Subsequent Events:** Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through the Date of the Independent Auditors Report and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

## **SUPPLEMENTAL INFORMATION**

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

**COMBINING SCHEDULE OF NET POSITION**  
**PRIMARY GOVERNMENT**  
**DECEMBER 31, 2018**

	Section 8 New Construction	COCC	Primary Government
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents, unrestricted	\$ 26,219	\$ 58,482	\$ 84,701
Cash and cash equivalents, restricted	93,884	2,498	96,382
Accounts receivable, net of allowance	282	-	282
Prepaid expense	4,635	3,037	7,672
<b>Total current assets</b>	<b>125,020</b>	<b>64,017</b>	<b>189,037</b>
<b>Noncurrent assets</b>			
<b>Capital assets</b>			
Not being depreciated	100,000	500,000	600,000
Depreciable, net	938,841	127,452	1,066,293
<b>Total capital assets, net</b>	<b>1,038,841</b>	<b>627,452</b>	<b>1,666,293</b>
<b>Other noncurrent assets</b>			
<b>Total assets</b>	<b>1,163,861</b>	<b>691,469</b>	<b>1,855,330</b>
<b>Deferred Outflow of Resources</b>	-	-	-
<b>Total Assets and Deferred Outflow of Resources</b>	<b>1,163,861</b>	<b>691,469</b>	<b>1,855,330</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Vendors and contractors payable	9,550	18,430	27,980
Accrued wages/taxes payable	2,669	2,661	5,330
Accrued compensated absences	7,415	9,809	17,224
Due to other governments	2,972	12,250	15,222
Unearned revenue	188	-	188
Notes and bonds payable	31,536	-	31,536
Resident security deposits	6,494	-	6,494
<b>Total current liabilities</b>	<b>60,824</b>	<b>43,150</b>	<b>103,974</b>
<b>Noncurrent liabilities</b>			
Notes and bonds payable	1,364,946	-	1,364,946
Accrued compensated absences	1,618	-	1,618
Other accrued liabilities	-	2,498	2,498
<b>Total noncurrent liabilities</b>	<b>1,366,564</b>	<b>2,498</b>	<b>1,369,062</b>
<b>Total liabilities</b>	-	-	-
<b>Deferred Inflow of Resources</b>	-	-	-
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>1,427,388</b>	<b>45,648</b>	<b>1,473,036</b>
<b>NET POSITION</b>			
Net investment in capital assets	(357,641)	627,452	269,811
Restricted	87,390	2,498	89,888
Unrestricted	6,724	15,871	22,595
<b>Total net position</b>	<b>\$ (263,527)</b>	<b>\$ 645,821</b>	<b>\$ 382,294</b>

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

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Section 8 New Construction	COCC	Eliminations	Primary Government
<b>Operating revenues</b>				
Rental revenue	\$ 19,287	\$ -	\$ -	\$ 19,287
Fee revenue	-	115,578	(35,682)	79,896
HUD grants	358,262	-	-	358,262
Other revenue	6,432	132,500	-	138,932
<b>Total operating revenues</b>	<b>383,981</b>	<b>248,078</b>	<b>(35,682)</b>	<b>596,377</b>
<b>Operating expenses</b>				
Administrative	64,558	294,666	(35,682)	323,542
Tenant services	3,991	-	-	3,991
Utilities	24,803	5,334	-	30,137
Ordinary maintenance & operation	136,445	35,611	-	172,056
Insurance	12,723	2,213	-	14,936
General expenses	14,591	27,439	-	42,030
Depreciation	39,578	61,066	-	100,644
<b>Total operating expenses</b>	<b>296,689</b>	<b>426,329</b>	<b>(35,682)</b>	<b>687,336</b>
<b>Operating income (loss)</b>	<b>87,292</b>	<b>(178,251)</b>	<b>-</b>	<b>(90,959)</b>
<b>Nonoperating revenues (expenses)</b>				
Interest revenue, unrestricted	39	-	-	39
Interest revenue, restricted	71	-	-	71
Interest expense	(36,064)	-	-	(36,064)
Gain/(loss) on disposition of capital assets	-	-	-	-
<b>Total nonoperating revenues</b>	<b>(35,954)</b>	<b>-</b>	<b>-</b>	<b>(35,954)</b>
<b>Increase (decrease) in net position</b>	<b>51,338</b>	<b>(178,251)</b>	<b>-</b>	<b>(126,913)</b>
<b>Net position, beginning of year</b>	<b>(314,865)</b>	<b>824,072</b>	<b>-</b>	<b>509,207</b>
<b>Net position, end of year</b>	<b>\$ (263,527)</b>	<b>\$ 645,821</b>	<b>\$ -</b>	<b>\$ 382,294</b>

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

**COMBINING STATEMENT OF CASH FLOWS**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Section 8 New Construction	COCC	Primary Government
<b>Cash Flows From Operating Activities</b>			
Receipts from dwelling rentals	\$ 23,685	\$ -	\$ 23,685
Operating grants	358,262	-	358,262
Receipts from fees	(35,682)	115,578	79,896
Other receipts	1,127	132,500	133,627
Payments to employee, suppliers and employee benefits	(236,437)	(359,496)	(595,933)
Payments to landlords and residents	(3,991)	-	(3,991)
<b>Net cash provided (used) by operating activities</b>	<b>106,964</b>	<b>(111,418)</b>	<b>(4,454)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchases of capital assets	(66,350)	(1,111)	(67,461)
Gain or loss on disposition of capital assets	-	13,085	13,085
Proceeds from capital debt	(30,316)	-	(30,316)
Interest paid on capital debt	(36,064)	-	(36,064)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(132,730)</b>	<b>11,974</b>	<b>(120,756)</b>
<b>Cash Flows From Investing Activities</b>			
Interest	111	-	111
<b>Net cash provided (used) by investing activities</b>	<b>111</b>	<b>-</b>	<b>111</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(25,655)</b>	<b>(99,444)</b>	<b>(125,099)</b>
<b>Balance - beginning of the year</b>	<b>145,758</b>	<b>160,424</b>	<b>306,182</b>
<b>Balance - end of the year</b>	<b>\$ 120,103</b>	<b>\$ 60,980</b>	<b>\$ 181,083</b>
<b>Reconciliation of Cash Flows to Statement of Net Position</b>			
Cash and cash equivalents, unrestricted	\$ 26,219	\$ 58,482	\$ 84,701
Cash and cash equivalents, restricted	93,884	2,498	96,382
	<b>\$ 120,103</b>	<b>\$ 60,980</b>	<b>\$ 181,083</b>

There are no non-cash transactions.



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

**COMBINING STATEMENT OF CASH FLOWS**  
**PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

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

	Section 8 New Construction	COCC	Primary Government
<b>Operating income/(loss)</b>	<b>\$ 87,292</b>	<b>\$ (178,251)</b>	<b>\$ (90,959)</b>
Depreciation elimination	39,578	61,066	100,644
Increase in accounts receivable	674	-	674
Increase in due to/from other governments	2,521	12,250	14,771
Decrease in prepaid expenses	281	(1,586)	(1,305)
Decrease in security deposits	505	-	505
Decrease in accounts payable	(32,291)	(2,096)	(34,387)
Increase in accrued wages	1,785	(765)	1,020
Decrease in accrued compensated absences	4,830	(4,534)	296
Increase in unearned revenue	171	-	171
Decrease in accrued liabilities	1,618	2,498	4,116
	<b>\$ 106,964</b>	<b>\$ (111,418)</b>	<b>\$ (4,454)</b>

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

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

**COMBINING SCHEDULE OF NET POSITION**  
**DISCRETE COMPONENT UNIT**  
**DECEMBER 31, 2018**

	North Central Heights I	North Central Heights II	Cornell Colony, LLC	Avon Park Housing Development Corporation	Lakeside Park I, LLC	Lakeside Park II, LLC	Delaney Heights, LLC	Highland County Long Term Recovery	Elimination	Total
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and cash equivalents, unrestricted	\$ 26,869	\$ 9,064	\$ 168,962	\$ 66,876	\$ 14,778	\$ 172,024	\$ 3,712	\$ 12,450	\$ -	\$ 474,735
Cash and cash equivalents, restricted	163,563	144,216	286,284	-	35,351	70,595	59,623	-	-	759,632
Accounts receivable, net of allowance	1,131	745	5,980	31,249	-	547	-	-	-	39,652
Due from other governments	-	-	-	-	-	19,929	-	-	(4,707)	19,929
Notes and mortgages receivable	16,000	-	-	-	-	-	-	-	(16,000)	16,000
Prepaid expense	5,327	4,301	10,151	-	2,306	2,273	3,922	-	-	28,280
<b>Total current assets</b>	<b>212,890</b>	<b>158,326</b>	<b>471,377</b>	<b>98,125</b>	<b>52,435</b>	<b>265,368</b>	<b>67,257</b>	<b>12,450</b>	<b>(20,707)</b>	<b>1,338,228</b>
<b>Noncurrent assets</b>										
<b>Capital assets</b>										
Not being depreciated	496,902	363,500	-	32,591	-	-	-	-	-	892,993
Depreciable, net	5,345,026	4,006,439	6,615,659	-	1,120,560	4,412,203	3,501,748	-	-	25,001,635
<b>Total capital assets, net</b>	<b>5,841,928</b>	<b>4,369,939</b>	<b>6,615,659</b>	<b>32,591</b>	<b>1,120,560</b>	<b>4,412,203</b>	<b>3,501,748</b>	<b>-</b>	<b>-</b>	<b>25,894,628</b>
<b>Total assets</b>	<b>6,054,818</b>	<b>4,528,265</b>	<b>7,087,036</b>	<b>130,716</b>	<b>1,172,995</b>	<b>4,677,571</b>	<b>3,569,005</b>	<b>12,450</b>	<b>(20,707)</b>	<b>27,232,856</b>
<b>Deferred Outflow of Resources</b>										
<b>Total Assets and Deferred Outflow of Resources</b>	<b>6,054,818</b>	<b>4,528,265</b>	<b>7,087,036</b>	<b>130,716</b>	<b>1,172,995</b>	<b>4,677,571</b>	<b>3,569,005</b>	<b>12,450</b>	<b>(20,707)</b>	<b>27,232,856</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Vendors and contractors payable	4,458	4,019	8,693	398	2,659	3,328	4,167	300	-	28,022
Accrued wages/taxes payable	787	627	1,184	-	308	842	1,174	-	-	4,922
Accrued compensated absences	2,558	1,885	3,021	-	900	2,536	3,538	-	-	14,238
Due to other governments	861	1,230	1,236	-	342	-	1,038	-	(4,707)	4,707
Unearned revenue	440	69	243	-	118	720	798	-	-	2,388
Notes and bonds payable	4,553	4,119	16,631	16,000	76,000	10,739	-	-	(16,000)	128,042
Resident security deposits	13,604	10,503	12,602	-	3,967	13,356	9,526	-	-	63,558
<b>Total current liabilities</b>	<b>27,061</b>	<b>22,452</b>	<b>43,610</b>	<b>16,398</b>	<b>84,294</b>	<b>31,521</b>	<b>20,241</b>	<b>300</b>	<b>(20,707)</b>	<b>245,877</b>
<b>Noncurrent liabilities</b>										
Notes and bonds payable	6,963,465	5,322,161	7,080,607	-	1,074,473	1,265,797	-	-	-	21,706,503
Accrued compensated absences	433	338	1,136	-	169	1,431	2,053	-	-	5,560
<b>Total noncurrent liabilities</b>	<b>6,963,898</b>	<b>5,322,499</b>	<b>7,081,743</b>	<b>-</b>	<b>1,074,642</b>	<b>1,267,228</b>	<b>2,053</b>	<b>-</b>	<b>-</b>	<b>21,712,063</b>
<b>Total liabilities</b>										
<b>Deferred Inflow of Resources</b>										
<b>Total Liabilities and Deferred</b>	<b>6,990,959</b>	<b>5,344,951</b>	<b>7,125,353</b>	<b>16,398</b>	<b>1,158,936</b>	<b>1,298,749</b>	<b>22,294</b>	<b>300</b>	<b>(20,707)</b>	<b>21,957,940</b>
<b>NET POSITION</b>										
Net investment in capital assets	(1,126,090)	(956,341)	(481,580)	32,591	(29,912)	3,135,667	3,501,748	-	-	4,076,083
Restricted	149,960	133,713	273,683	-	31,383	50,097	57,238	-	-	696,074
Unrestricted	39,989	5,942	169,580	81,727	12,588	193,058	(12,275)	12,150	-	502,759
<b>Total net position</b>	<b>\$ (936,141)</b>	<b>\$ (816,686)</b>	<b>\$ (38,317)</b>	<b>\$ 114,318</b>	<b>\$ 14,059</b>	<b>\$ 3,378,822</b>	<b>\$ 3,546,711</b>	<b>\$ 12,150</b>	<b>\$ -</b>	<b>\$ 5,274,916</b>

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, 2018

	North Central Heights I	North Central Heights II	Avon Park Housing Development Corporation	Lakeside Park I, LLC	Lakeside Park II, LLC	Delancy Heights, LLC	Highland County Long Term Recovery	Elimination	Total
<b>Operating revenues</b>									
Rental revenue	\$ 206,239	\$ 173,539	\$ 261,515	\$ -	\$ 8,724	\$ 37,054	\$ 41,311	\$ -	\$ 728,382
HUD grants	-	-	-	-	101,653	326,168	164,701	-	592,522
Other revenue	15,469	17,443	23,085	21,311	6,340	9,904	7,261	12,500	113,313
<b>Total operating revenues</b>	<b>221,708</b>	<b>190,982</b>	<b>284,600</b>	<b>21,311</b>	<b>116,717</b>	<b>373,126</b>	<b>213,273</b>	<b>12,500</b>	<b>1,434,217</b>
<b>Operating expenses</b>									
Administrative	38,658	37,848	50,206	2,212	22,718	47,372	39,447	350	238,811
Tenant services	-	637	-	-	1,466	2,761	-	-	4,864
Utilities	5,411	1,503	3,944	-	3,421	3,555	4,405	-	22,239
Ordinary maintenance & operation	86,686	71,894	67,178	2,000	36,670	82,448	177,535	-	524,411
Insurance	14,524	12,638	29,535	847	10,705	14,170	26,767	-	109,186
General expenses	96,223	36,471	29,702	-	6,114	95,077	39,233	-	302,820
Depreciation	163,678	121,452	169,632	-	28,732	113,133	89,788	-	686,415
<b>Total operating expenses</b>	<b>405,180</b>	<b>282,443</b>	<b>350,197</b>	<b>5,059</b>	<b>109,826</b>	<b>358,516</b>	<b>377,175</b>	<b>350</b>	<b>1,888,746</b>
<b>Operating income (loss)</b>	<b>(183,472)</b>	<b>(91,461)</b>	<b>(65,597)</b>	<b>16,252</b>	<b>6,891</b>	<b>14,610</b>	<b>(163,902)</b>	<b>12,150</b>	<b>(454,529)</b>
<b>Nonoperating revenues (expenses)</b>									
Interest revenue, unrestricted	-	5	39	10	174	182	22	-	432
Interest revenue, restricted	103	83	34	-	-	-	-	-	220
Interest expense	(41,500)	(37,542)	(45,914)	-	-	(43,145)	-	-	(168,101)
Gain/(loss) on disposition of capital assets	-	-	(1)	-	970,553	2,397,463	3,032,981	-	6,400,996
<b>Total nonoperating revenues</b>	<b>(41,397)</b>	<b>(37,454)</b>	<b>(45,842)</b>	<b>10</b>	<b>970,727</b>	<b>2,354,500</b>	<b>3,033,003</b>	<b>-</b>	<b>6,233,547</b>
<b>Income (loss) before transfers</b>	<b>(224,869)</b>	<b>(128,915)</b>	<b>(111,439)</b>	<b>16,262</b>	<b>977,618</b>	<b>2,369,110</b>	<b>2,869,101</b>	<b>12,150</b>	<b>5,779,018</b>
<b>Transfers from (to) other programs or entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,075)</b>	<b>50,075</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>(224,869)</b>	<b>(128,915)</b>	<b>(111,439)</b>	<b>16,262</b>	<b>977,618</b>	<b>2,319,035</b>	<b>2,919,176</b>	<b>12,150</b>	<b>5,779,018</b>
<b>Net position, beginning of year</b>	<b>(711,272)</b>	<b>(687,771)</b>	<b>73,121</b>	<b>98,056</b>	<b>(963,559)</b>	<b>1,059,787</b>	<b>627,535</b>	<b>-</b>	<b>(504,103)</b>
<b>Net position, end of year</b>	<b>\$ (936,141)</b>	<b>\$ (816,686)</b>	<b>\$ (38,318)</b>	<b>\$ 114,318</b>	<b>\$ 14,059</b>	<b>\$ 3,378,822</b>	<b>\$ 3,546,711</b>	<b>\$ 12,150</b>	<b>\$ 5,274,915</b>

HOUSING AUTHORITY OF AVON PARK  
Avon Park, Florida

COMBINING SCHEDULE OF CASH FLOWS  
DISCRETE COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2018

	North Central Heights I	North Central Heights II	Avon Park			Lakeside Park I, LLC	Lakeside Park II, LLC	Delaney Heights, LLC	Highland County Long Term Recovery	Elimination	Total
<b>Cash Flows From Operating Activities</b>											
Receipts from dwelling rentals	\$ 206,831	\$ 171,513	\$ 248,510	\$ -	\$ 7,906	\$ 4,757	\$ 34,289	\$ -	\$ -	\$ -	\$ 673,806
Operating grants	-	-	-	-	109,995	359,013	190,769	-	-	-	659,777
Receipts from fees	(10,299)	(13,634)	(15,965)	-	(7,095)	(19,326)	(13,577)	(300)	-	-	(80,196)
Other receipts	12,166	9,848	23,086	21,311	1,809	(13,070)	5,323	12,500	4,707	-	77,680
Payments to employees and suppliers	(161,747)	(115,396)	(148,476)	(5,521)	(82,193)	(337,615)	(307,826)	250	(4,706)	-	(1,163,230)
Payments to landlords, resident, and benefits	-	(637)	-	-	(1,466)	(2,761)	-	-	-	-	(4,864)
Equity Transfers In	-	-	-	-	-	(50,075)	50,075	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>46,951</b>	<b>51,694</b>	<b>107,155</b>	<b>15,790</b>	<b>28,956</b>	<b>(59,077)</b>	<b>(40,947)</b>	<b>12,450</b>	<b>1</b>	<b>162,973</b>	
<b>Cash Flows From Capital and Related Financing Activities</b>											
Purchases of capital assets	-	-	-	-	(424,406)	(1,092,593)	(1,326,270)	-	-	-	(2,843,269)
Gain or loss on disposition of capital assets	1	-	83,999	-	424,406	247,009	1,326,272	-	-	-	2,081,687
Proceeds from capital debt	(4,236)	(3,832)	(15,864)	-	(37,998)	803,726	-	-	-	-	741,796
Interest paid on capital debt	(41,500)	(37,542)	(45,914)	-	-	(43,145)	-	-	-	-	(168,101)
Interprogram transfers	-	-	1	-	-	-	-	-	-	-	1
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(45,735)</b>	<b>(41,374)</b>	<b>22,222</b>	<b>-</b>	<b>(37,998)</b>	<b>(85,003)</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(187,886)</b>	
<b>Cash Flows From Investing Activities</b>											
Interest	103	88	74	10	174	182	22	-	-	-	652
<b>Net cash provided (used) by investing activities</b>	<b>103</b>	<b>88</b>	<b>74</b>	<b>10</b>	<b>174</b>	<b>182</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>652</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,319</b>	<b>10,408</b>	<b>129,451</b>	<b>15,800</b>	<b>(8,868)</b>	<b>(143,898)</b>	<b>(40,923)</b>	<b>12,450</b>	<b>-</b>	<b>(24,261)</b>	
<b>Balance - beginning of the year</b>	<b>189,113</b>	<b>142,872</b>	<b>325,795</b>	<b>51,076</b>	<b>58,997</b>	<b>386,517</b>	<b>104,258</b>	<b>-</b>	<b>-</b>	<b>1,258,628</b>	
<b>Balance - end of the year</b>	<b>\$ 190,432</b>	<b>\$ 153,280</b>	<b>\$ 455,246</b>	<b>\$ 66,876</b>	<b>\$ 50,129</b>	<b>\$ 242,619</b>	<b>\$ 63,335</b>	<b>\$ 12,450</b>	<b>\$ -</b>	<b>\$ 1,234,367</b>	
<b>Reconciliation of Cash Flows to Statement of Net Position</b>											
Cash and cash equivalents, unrestricted	\$ 26,869	\$ 9,064	\$ 168,962	\$ 66,876	\$ 14,778	\$ 172,024	\$ 3,712	\$ 12,450	\$ -	\$ -	\$ 474,735
Cash and cash equivalents, restricted	163,563	144,216	286,284	-	35,351	70,595	59,623	-	-	-	759,632
<b>Balance - end of the year</b>	<b>\$ 190,432</b>	<b>\$ 153,280</b>	<b>\$ 455,246</b>	<b>\$ 66,876</b>	<b>\$ 50,129</b>	<b>\$ 242,619</b>	<b>\$ 63,335</b>	<b>\$ 12,450</b>	<b>\$ -</b>	<b>\$ 1,234,367</b>	

HOUSING AUTHORITY OF AVON PARK  
Avon Park, Florida

COMBINING SCHEDULE OF CASH FLOWS  
DISCRETE COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)

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

	North Central Heights I	North Central Heights II	Cornell Colony, LLC	Avon Park Housing Development Corporation	Lakeside Park I, LLC	Lakeside Park II, LLC	Delaney Heights, LLC	Highland County Long Term Recovery	Elimination	Total
<b>Operating income/(loss)</b>	<b>\$ (183,472)</b>	<b>\$ (91,461)</b>	<b>\$ (65,597)</b>	<b>\$ 16,252</b>	<b>\$ 6,891</b>	<b>\$ 14,610</b>	<b>\$ (163,902)</b>	<b>\$ 12,150</b>	<b>\$ 1</b>	<b>\$ (454,528)</b>
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:										
Depreciation elimination	163,678	121,452	169,632	-	28,732	113,133	89,788	-	-	686,415
Decrease in accounts receivable	(1,092)	(555)	(4,192)	-	745	1,001	201	-	-	(3,892)
Decrease in due to/from other governments	(7,459)	(5,622)	(2,072)	(574)	(2,918)	(73,029)	(8,586)	-	-	(100,260)
Decrease in prepaid expenses	75,323	29,207	5,056	847	(274)	5,103	1,914	-	-	117,176
Increase in security deposits	836	(147)	301	-	(3,061)	(7,364)	(9,204)	-	-	(18,639)
Increase in accounts payable	(1,663)	(1,509)	2,693	398	1,891	(25,624)	2,677	300	-	(20,837)
Increase in accrued wages	431	341	179	-	96	25	519	-	-	1,591
Increase in accrued compensated absences	851	691	3,021	(1,133)	(1,031)	(4,972)	(2,471)	-	-	(5,044)
Increase in unearned revenue	(822)	(968)	57	-	(841)	(27,602)	531	-	-	(29,645)
Increase in accrued liabilities	340	265	(1,923)	-	(1,274)	(4,283)	(2,489)	-	-	(9,364)
Equity transfers in	-	-	-	-	-	(50,075)	50,075	-	-	-
	<b>\$ 46,951</b>	<b>\$ 51,694</b>	<b>\$ 107,155</b>	<b>\$ 15,790</b>	<b>\$ 28,956</b>	<b>\$ (59,077)</b>	<b>\$ (40,947)</b>	<b>\$ 12,450</b>	<b>\$ 1</b>	<b>\$ 162,973</b>

Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:

Depreciation elimination  
Decrease in accounts receivable  
Decrease in due to/from other governments  
Decrease in prepaid expenses  
Increase in security deposits  
Increase in accounts payable  
Increase in accrued wages  
Increase in accrued compensated absences  
Increase in unearned revenue  
Increase in accrued liabilities  
Equity transfers in

## HOUSING AUTHORITY OF AVON PARK (FL012)

## AVON PARK, FL

## Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	6.1 Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$474,735	\$26,219	\$58,482	\$559,436		\$559,436
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		\$696,074	\$87,390	\$2,498	\$785,962		\$785,962
114 Cash - Tenant Security Deposits		\$63,558	\$6,494		\$70,052		\$70,052
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$0	\$1,234,367	\$120,103	\$60,980	\$1,415,450	\$0	\$1,415,450
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government		\$15,222			\$15,222		\$15,222
125 Accounts Receivable - Miscellaneous		\$31,249			\$31,249		\$31,249
126 Accounts Receivable - Tenants		\$11,837	\$1,116		\$12,953		\$12,953
126.1 Allowance for Doubtful Accounts - Tenants		-\$3,434	-\$834		-\$4,268		-\$4,268
126.2 Allowance for Doubtful Accounts - Other		\$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	\$0	\$54,874	\$282	\$0	\$55,156	\$0	\$55,156
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets		\$28,280	\$4,635	\$3,037	\$35,952		\$35,952
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$0	\$1,317,521	\$125,020	\$64,017	\$1,506,558	\$0	\$1,506,558
161 Land		\$892,993	\$100,000	\$500,000	\$1,492,993		\$1,492,993
162 Buildings		\$27,383,666	\$1,246,864	\$43,658	\$28,674,188		\$28,674,188
163 Furniture, Equipment & Machinery - Dwellings							
164 Furniture, Equipment & Machinery - Administration		\$24,970	\$48,213	\$176,236	\$249,419		\$249,419
165 Leasehold Improvements							
166 Accumulated Depreciation		-\$2,407,001	-\$356,236	-\$95,200	-\$2,858,437		-\$2,858,437
167 Construction in Progress							
168 Infrastructure				\$2,758	\$2,758		\$2,758
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$25,894,628	\$1,038,841	\$627,452	\$27,560,921	\$0	\$27,560,921
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	\$0	\$25,894,628	\$1,038,841	\$627,452	\$27,560,921	\$0	\$27,560,921
200 Deferred Outflow of Resources							
290 Total Assets and Deferred Outflow of Resources	\$0	\$27,212,149	\$1,163,861	\$691,469	\$29,067,479	\$0	\$29,067,479
311 Bank Overdraft							
312 Accounts Payable <= 90 Days		\$28,022	\$9,550	\$18,430	\$56,002		\$56,002

313	Accounts Payable >90 Days Past Due							
321	Accrued Wage/Payroll Taxes Payable		\$4,922	\$2,669	\$2,661	\$10,252	\$10,252	
322	Accrued Compensated Absences - Current Portion		\$14,238	\$7,415	\$9,809	\$31,462	\$31,462	
324	Accrued Contingency Liability							
325	Accrued Interest Payable							
331	Accounts Payable - HUD PHA Programs							
332	Account Payable - PHA Projects							
333	Accounts Payable - Other Government			\$2,972	\$12,250	\$15,222	\$15,222	
341	Tenant Security Deposits		\$63,558	\$6,494		\$70,052	\$70,052	
342	Unearned Revenue		\$2,388	\$188		\$2,576	\$2,576	
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$112,042	\$31,536		\$143,578	\$143,578	
344	Current Portion of Long-term Debt - Operating Borrowings							
345	Other Current Liabilities							
346	Accrued Liabilities - Other							
347	Inter Program - Due To							
348	Loan Liability - Current							
310	Total Current Liabilities	\$0	\$225,170	\$60,824	\$43,150	\$329,144	\$0	\$329,144
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$21,706,503	\$1,364,946		\$23,071,449		\$23,071,449
352	Long-term Debt, Net of Current - Operating Borrowings							
353	Non-current Liabilities - Other				\$2,498	\$2,498		\$2,498
354	Accrued Compensated Absences - Non Current		\$5,560	\$1,618		\$7,178		\$7,178
355	Loan Liability - Non Current							
356	FASB 5 Liabilities							
357	Accrued Pension and OPEB Liabilities							
350	Total Non-Current Liabilities	\$0	\$21,712,063	\$1,366,564	\$2,498	\$23,081,125	\$0	\$23,081,125
300	Total Liabilities	\$0	\$21,937,233	\$1,427,388	\$45,648	\$23,410,269	\$0	\$23,410,269
400	Deferred Inflow of Resources							
508.4	Net Investment in Capital Assets	\$0	\$4,076,083	-\$357,641	\$627,452	\$4,345,894		\$4,345,894
511.4	Restricted Net Position		\$696,074	\$87,390	\$2,498	\$785,962		\$785,962
512.4	Unrestricted Net Position	\$0	\$502,759	\$6,724	\$15,871	\$525,354		\$525,354
513	Total Equity - Net Assets / Position	\$0	\$5,274,916	-\$263,527	\$645,821	\$5,657,210	\$0	\$5,657,210
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$27,212,149	\$1,163,861	\$691,469	\$29,067,479	\$0	\$29,067,479

## HOUSING AUTHORITY OF AVON PARK (FL012)

## AVON PARK, FL

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	6.1 Component Unit - Discretely Presented	14.182 N/C S/R Section 8 Programs	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$728,382	\$19,287		\$747,669		\$747,669
70400 Tenant Revenue - Other		\$20,411	\$5,305		\$25,716		\$25,716
70500 Total Tenant Revenue	\$0	\$748,793	\$24,592	\$0	\$773,385	\$0	\$773,385
70600 HUD PHA Operating Grants		\$592,522	\$358,262		\$950,784		\$950,784
70610 Capital Grants							
70710 Management Fee				\$115,578	\$115,578	-\$35,682	\$79,896
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				\$115,578	\$115,578	-\$35,682	\$79,896
70800 Other Government Grants							
71100 Investment Income - Unrestricted		\$432	\$39		\$471		\$471
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		\$92,902	\$1,127	\$132,500	\$226,529		\$226,529
71600 Gain or Loss on Sale of Capital Assets		\$6,400,996			\$6,400,996		\$6,400,996
72000 Investment Income - Restricted		\$220	\$71		\$291		\$291
70000 Total Revenue	\$0	\$7,835,865	\$384,091	\$248,078	\$8,468,034	-\$35,682	\$8,432,352
91100 Administrative Salaries		\$60,598	\$9,455	\$180,328	\$250,381		\$250,381
91200 Auditing Fees		\$17,835	\$2,665		\$20,500		\$20,500
91300 Management Fee		\$79,896	\$35,682		\$115,578	-\$35,682	\$79,896
91310 Book-keeping Fee							
91400 Advertising and Marketing		\$250			\$250		\$250
91500 Employee Benefit contributions - Administrative		\$24,551	\$2,641	\$48,201	\$75,393		\$75,393
91600 Office Expenses		\$51,682	\$13,409		\$65,091		\$65,091
91700 Legal Expense		\$2,467	\$223	\$402	\$3,092		\$3,092
91800 Travel		\$1,531	\$483	\$3,338	\$5,352		\$5,352
91810 Allocated Overhead							
91900 Other				\$62,397	\$62,397		\$62,397
91000 Total Operating - Administrative	\$0	\$238,810	\$64,558	\$294,666	\$598,034	-\$35,682	\$562,352
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other		\$4,864	\$3,991		\$8,855		\$8,855
92500 Total Tenant Services	\$0	\$4,864	\$3,991	\$0	\$8,855	\$0	\$8,855
93100 Water		\$3,359	\$8,628	\$216	\$12,203		\$12,203
93200 Electricity		\$15,359	\$3,769	\$4,566	\$23,694		\$23,694
93300 Gas		\$843		\$196	\$1,039		\$1,039



93400 Fuel							
93500 Labor							
93600 Sewer		\$2,678	\$12,406	\$356	\$15,440		\$15,440
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$0	\$22,239	\$24,803	\$5,334	\$52,376	\$0	\$52,376
94100 Ordinary Maintenance and Operations - Labor		\$136,256	\$30,092	\$10,000	\$176,348		\$176,348
94200 Ordinary Maintenance and Operations - Materials and Other		\$46,233	\$39,230	\$5,315	\$90,778		\$90,778
94300 Ordinary Maintenance and Operations Contracts		\$298,250	\$58,257	\$19,531	\$376,038		\$376,038
94500 Employee Benefit Contributions - Ordinary Maintenance		\$43,672	\$8,866	\$765	\$53,303		\$53,303
94000 Total Maintenance	\$0	\$524,411	\$136,445	\$35,611	\$696,467	\$0	\$696,467
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
96110 Property Insurance		\$109,186	\$12,723	\$1,825	\$123,734		\$123,734
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance				\$388	\$388		\$388
96100 Total Insurance Premiums	\$0	\$109,186	\$12,723	\$2,213	\$124,122	\$0	\$124,122
96200 Other General Expenses		\$262,316	\$4,919	\$17,553	\$284,788		\$284,788
96210 Compensated Absences		\$14,237	\$7,415	\$9,886	\$31,538		\$31,538
96300 Payments in Lieu of Taxes		\$3,456			\$3,456		\$3,456
96400 Bad debt - Tenant Rents		\$22,811	\$2,257		\$25,068		\$25,068
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$0	\$302,820	\$14,591	\$27,439	\$344,850	\$0	\$344,850
96710 Interest of Mortgage (or Bonds) Payable		\$168,101	\$36,064		\$204,165		\$204,165
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$168,101	\$36,064	\$0	\$204,165	\$0	\$204,165
96900 Total Operating Expenses	\$0	\$1,370,431	\$293,175	\$365,263	\$2,028,869	-\$35,682	\$1,993,187
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$6,465,434	\$90,916	-\$117,185	\$6,439,165	\$0	\$6,439,165
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense		\$686,415	\$39,578	\$61,066	\$787,059		\$787,059
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$0	\$2,056,846	\$332,753	\$426,329	\$2,815,928	-\$35,682	\$2,780,246

10010 Operating Transfer In							
10020 Operating transfer Out							
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$5,779,019	\$51,338	-\$178,251	\$5,652,106	\$0	\$5,652,106
11020 Required Annual Debt Principal Payments	\$0	\$74,042	\$31,536	\$0	\$105,578		\$105,578
11030 Beginning Equity	\$0	-\$504,103	-\$314,865	\$824,072	\$5,104		\$5,104
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$0			\$0		\$0
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	0	2940	432		3372		3372
11210 Number of Unit Months Leased	0	2768	407		3175		3175
11270 Excess Cash	\$0				\$0		\$0
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$0			\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0			\$0	\$0		\$0
11660 Infrastructure Purchases	\$0			\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0			\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0	\$0		\$0

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Federal Grantor:**

<u>CFDA Number</u>	<u>Program Title</u>	<u>Pass Through Entity</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
	<b>Section 8 Project Based Cluster</b>		
14.182	Section 8 New Construction and Substantial Rehabilitation	NA	\$ 358,262
14.195	Section 8 Housing Assistance Payments Program	NA	592,522
	<b>Total Section 8 Project Based Cluster</b>	NA	950,784
<b>Total U.S. Department of HUD</b>			<b>950,784</b>
<b>Total Federal Awards Expenditures</b>			<b>\$ 950,784</b>

**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, 2018. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Title 2 CFR, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards". 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. Other Matters - Indirect Costs**

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**D. Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule**

FDS line 706	HUD PHA Grants	\$ 950,784
		<b>\$ 950,784</b>

## **SINGLE AUDIT SECTION**

MALCOLM JOHNSON & COMPANY, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
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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  
Housing Authority of Avon Park  
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 Housing Authority of Avon Park ("the Authority"), which include the statement of net position as of December 31, 2018, 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 April 17, 2019.

**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.

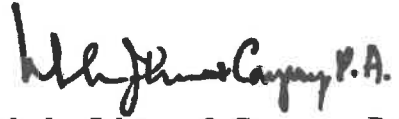
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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  
April 17, 2019

MALCOLM JOHNSON & COMPANY, P.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Commissioners  
Housing Authority of Avon Park  
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 Housing Authority of Avon Park's ("the Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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, 2018.

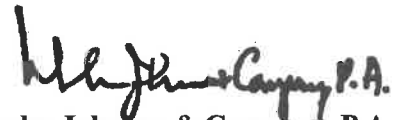
### **Report on Internal Control Over Compliance**

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

DeBary, Florida  
April 17, 2019



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 2 CFR 200.516 (a)?	No
Identification of major programs:	

<b>CFDA Number</b>	<b>Name of Federal Program</b>
14.182	Section 8 New Construction
14.195	Housing Assistance Payments Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(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 and Questioned Costs.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

There were no Prior Audit Findings.