Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Independent Auditor's Reports and
Basic Financial Statements

For The Year Ended September 30, 2016

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For The Year Ended September 30, 2016

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FINANCIAL SECTION

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March 13, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Orange County Housing Finance Authority
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Housing Finance Authority (Authority), a component unit of Orange County, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of September 30, 2016, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dufresne & Associates, CPA, PA

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March 13, 2017

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

To the Board Members of the Orange County Housing Finance Authority
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Orange County Housing Finance Authority (Authority), a component unit of Orange County, Florida (County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA

Management's Discussion and Analysis
(Unaudited)

This section of the Orange County Housing Finance Authority's (Authority) financial statements presents management's analysis of the Authority's financial performance during the fiscal year that ended on September 30, 2016. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- In the current year, the Authority issued $15,291,014 of Multifamily Draw Down Bonds, 2016 Series A/B and $6,600,000 of Multifamily Housing Revenue Bonds, 2016 Series C.
- The following bonds were redeemed in the current year: Multifamily Series 1999 A (Park Avenue Villas), 2001 E (Heather Glenn) and 1997 F (Post Lake); and the Single Family 2006 Series A-1 and A-2.

Overview of the Financial Statements

The financial statements consist of two parts: management's discussion and analysis (MD&A) and the basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Basic Financial Statements

The Authority utilizes enterprise funds for financial reporting purposes. These funds include the activities of the operating fund of the Authority (Operating Fund) and the single family and multifamily bond programs, which are administered by the Authority and are included as one fund as they essentially fulfill the same purpose (Bond Programs Fund). As the Authority only presents its financial information using enterprise funds, under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* (GASB 34), it is considered to be a "special purpose government engaged only in business-type activities." Accordingly, the Authority only presents fund financial statements as defined in GASB 34. Additionally, under GASB 34 the Operating Fund and the Bond Programs Fund are each considered major funds.

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

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

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

Financial Analysis

Our analysis of the financial statements of the Authority begins below. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority and changes in them. You can think of the Authority's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations and new or changed government legislation.

Net position

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table A-1.

Table A-1
Condensed Statement of Net Position
(In millions of dollars)

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change	Percentage Change
Cash and cash equivalents	$ 31.0	$ 120.6	$ (89.6)	-74.3%
Loans receivable	414.9	347.7	67.2	19.3%
Fees and other receivables, net	10.3	10.5	(0.2)	-1.9%
Capital assets, net	0.3	0.3	-	0.0%
Total assets	$ 456.5	$ 479.1	$ (22.6)	-4.7%
Deferred outflow of resources	$ 0.4	$ 0.3	$ 0.1	33.3%
Current liabilities	$ 5.3	$ 6.7	$ (1.4)	-20.9%
Long-term liabilities	399.5	423.0	(23.5)	-5.6%
Total liabilities	$ 404.8	$ 429.7	$ (24.9)	-5.8%
Net position				
Invested in capital assets	$ 0.3	$ 0.3	$ -	0.0%
Restricted	1.4	5.2	(3.8)	-73.1%
Unrestricted	50.0	44.0	6.0	13.6%
Total net position	$ 51.7	$ 49.5	$ 2.2	4.4%

Total changes in assets and liabilities reflect changes due to bond issues and redemptions in fiscal year 2016. As shown in Table A-1 above, net position increased during 2016.

Table A-2
Condensed Statement of Revenues, Expenses and Changes in Net Position
(In millions of dollars)

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change	Percentage Change
Loan interest and fee income	$ 16.1	$ 18.4	$ (2.3)	-12.5%
Investment Income	6.8	5.4	1.4	25.9%
Bond Residual	-	0.4	(0.4)	100.0%
Total operating revenues	22.9	24.2	(1.3)	-5.4%
General and administrative expenses	13.0	10.6	2.4	22.6%
Interest and other expenses	7.7	8.7	(1.0)	-11.5%
Total operating expenses	20.7	19.3	1.4	7.3%
Change in net position	2.2	4.9	(2.7)	-55.1%
Beginning net position, as previously reported	49.5	45.0	4.5	10.0%
Prior period adjustment	-	(0.4)	(0.4)	100.0%
Beginning net position	49.5	44.6	4.1	9.2%
Ending net position	$ 51.7	$ 49.5	$ 2.2	4.4%

While the Statement of Net Position shows the change in net position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen in Table A-2 above, the decrease in operating revenues resulted primarily from a decrease in loan interest and fee income. The operating expenses increased primarily as a result of an increase in general and administrative expenses.

Individual Major Fund Analysis

Operating Fund

Table A-3
Condensed Statement of Revenues, Expenses and Changes in Net Position – Operating Fund
(In millions of dollars)

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change	Percentage Change
Investment Income	$ 4.3	$ 1.2	$ 3.1	258.3%
Bond Residual	-	0.4	(0.4)	-100.0%
Fee income and other	2.0	1.3	0.7	53.8%
Total operating revenues	6.3	2.9	3.4	117.2%
Bond issuance cost	-	0.7	(0.7)	-100.0%
General and administrative expenses	1.8	1.9	(0.1)	-5.3%
Total operating expenses	1.8	2.6	(0.8)	-30.8%
Net transfers	(0.9)	(0.2)	(0.7)	350.0%
Change in net position	3.6	0.1	3.5	3500.0%
Beginning net position, as previously reported	46.7	46.9	(0.2)	-0.4%
Prior period adjustment	-	(0.3)	0.3	-100.0%
Beginning net position	46.7	46.6	0.1	0.2%
Ending net position	$ 50.3	$ 46.7	$ 3.6	7.7%

During the current fiscal year, the Operating Fund statement of revenues, expenses and changes in net position reflects that net position increased by approximately $3.6 million as compared to an increase in fiscal year 2015 of approximately $0.1 million. The increase in net position was primarily due to an increase in investment income.

Bond Programs Fund

Table A-4
Condensed Statement of Revenues, Expenses and Changes in Net Position – Bond Programs Fund
(In millions of dollars)

	Fiscal Year 2016	Fiscal Year 2015	Dollar Change	Percentage Change
Investment Income	13.9	17.4	(3.5)	-20.1%
Fee income and other revenue	2.8	3.7	(0.9)	-24.3%
Total operating revenues	16.7	21.1	(4.4)	-20.9%
General and administrative expenses	11.2	8.6	2.6	30.2%
Interest and other expenses	7.4	7.4	-	0.0%
Bond issuance cost expense	0.4	0.6	(0.2)	-33.3%
Total operating expenses	19.0	16.6	2.4	14.5%
Net transfers	0.9	0.3	0.6	200.0%
Changes in net position	(1.4)	4.8	(6.2)	-129.2%
Beginning net position	2.8	(2.0)	(2.8)	140.0%
Ending net position	$ 1.4	$ 2.8	$ (1.4)	-50.0%

During the current fiscal year, the Bond Programs Fund net position decreased by $1.4 million, consisting of an decrease in multifamily net position of $0.5 million and an decrease in single family net position of $0.9 million.

Fiscal year 2015 Bond Programs Fund net position increased by $4.8 million, consisting of an increase in multifamily net position of $2.8 million and an increase in single family net position of $2 million.

Capital Assets and Long-Term Debt

Capital Assets

As of September 30, 2016, the Authority had approximately $0.3 million invested in a variety of capital assets, net of accumulated depreciation. As shown in Table A-5, this represents a net decrease (additions, deductions and depreciation) from the end of last year.

Table A-5
Capital Assets
(In thousands of dollars)

	Fiscal Year 2016	Fiscal Year 2015
Land	$ 112	$ 112
Building	411	411
Furniture and fixtures	78	71
Total capital assets	601	594
Less: accumulated depreciation	(292)	(273)
Net capital assets	$ 309	$ 321

Long-Term Debt

As of September 30, 2016, the Authority had $398.2 million in outstanding long-term debt, net of the current portion of $1.3 million. This represents a net decrease of $24.7 million from the prior fiscal year, resulting from bond redemptions and scheduled bond principal payments. A summary of long-term debt is included in Table A-6.

Table A-6
Long-Term Debt
(In millions of dollars)

	Fiscal Year 2016	Fiscal Year 2015
Operating fund	$ 0.8	$ 0.5
Bond programs funds:		
Multifamily	344.6	358.8
Single family	54.1	65.0
Total debt outstanding	399.5	424.3
Current portion of long-term debt	1.3	1.4
Total long-term debt, noncurrent	$ 398.2	$ 422.9

For more detailed information regarding the Authority's capital assets and long-term debt, please refer to the notes to the financial statements.

Economic Factors and Next Year's Budget

The Authority's Board of Directors and management considered many factors when setting the fiscal year 2017 budget. These factors include the expected operating costs of the Authority, as well as projected issuance costs for single family projects, which in turn consider such factors as anticipated population growth of the participating counties and the economy of the region as a whole.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 2211 East Hillcrest Street, Orlando, Florida 32803.

BASIC FINANCIAL STATEMENTS

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Statement of Net Position
September 30, 2016

	Operating Fund	Bond Programs Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 8,563,086	$ -	$ 8,563,086
Program fees receivable	336,866	-	336,866
Accrued loan interest	214,645	132,604	347,249
Accrued investment interest	-	575,568	575,568
Prepaid expenses	33,262	-	33,262
Total current assets	9,147,859	708,172	9,856,031
Noncurrent assets:			
Restricted cash and cash equivalents	-	22,036,656	22,036,656
Internal balances	7,418,649	(7,418,649)	-
Loans receivable - other	24,541,971	56,988,519	81,530,490
Loans receivable - net	636,753	332,771,218	333,407,971
Notes receivable - net	9,028,807	-	9,028,807
Capital assets - net	309,358	-	309,358
Total noncurrent assets	41,935,538	404,377,744	446,313,282
Total assets	51,083,397	405,085,916	456,169,313
DEFERRED OUTFLOWS OF RESOURCES			
Contributions	423,432	-	423,432
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	321,285	3,479,970	3,801,255
Accrued interest payable	-	1,518,883	1,518,883
Bonds payable	-	1,320,000	1,320,000
Total current liabilities	321,285	6,318,853	6,640,138
Noncurrent liabilities:			
Bonds payable - net:	-	397,363,986	397,363,986
Net pension liability	843,364	-	843,364
Total noncurrent liabilities	843,364	397,363,986	398,207,350
Total liabilities	1,164,649	403,682,839	404,847,488
DEFERRED INFLOWS OF RESOURCES			
Contributions	32,514	-	32,514
NET POSITION			
Net investment in capital assets	309,358	-	309,358
Restricted	-	1,403,077	1,403,077
Unrestricted	50,000,308	-	50,000,308
Total net position	$ 50,309,666	$ 1,403,077	$ 51,712,743

The accompanying notes are an integral part of these statements.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2016

	Operating Fund	Bond Programs Fund	Total
Operating revenues:			
Investment income, including unrealized losses on investments	$ 4,239,940	$ 2,521,500	$ 6,761,440
Interest on loans	69,250	11,345,758	11,415,008
Fee income and other	1,949,271	2,762,652	4,711,923
Total operating revenues	6,258,461	16,629,910	22,888,371
Operating expenses:			
Interest	-	7,392,261	7,392,261
Bond issuance cost	-	354,871	354,871
General and administrative	1,729,069	11,177,559	12,906,628
Pension	92,570	-	92,570
Total operating expenses	1,821,639	18,924,691	20,746,330
Operating income	4,436,822	(2,294,781)	2,142,041
Transfers, net	(859,539)	859,539	-
Changes in net position	3,577,283	(1,435,242)	2,142,041
Net position, beginning	46,732,383	2,838,319	49,570,702
Net position, end of year	$ 50,309,666	$ 1,403,077	$ 51,712,743

The accompanying notes are an integral part of these statements.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Statement of Cash Flows
For the Year Ended September 30, 2016

	Operating Fund	Bond Programs Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from developers and homeowners	$ 2,223,432	$ 14,064,874	$ 16,288,306
Cash received from housing programs	-	46,562,592	46,562,592
Cash paid for housing programs	(636,753)	(31,666,260)	(32,303,013)
Receipts (payments) for internal balances	4,319,342	(4,319,342)	-
Cash payments for operating and administrative expenses	(1,725,002)	(11,308,702)	(13,033,704)
Net cash provided by operating activities	4,181,019	13,333,162	17,514,181
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	-	21,891,014	21,891,014
Principal repayments on bonds payable	-	(46,589,535)	(46,589,535)
Interest paid on bonds payable	-	(7,706,503)	(7,706,503)
Payments for bond issuance costs	-	(354,871)	(354,871)
Net cash used in noncapital financing activities	-	(32,759,895)	(32,759,895)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(7,134)	-	(7,134)
Net cash used in capital financing activities	(7,134)	-	(7,134)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from principal paydowns of MBS	-	12,268,589	12,268,589
Payments for the issuance of MBS	(12,195,822)	-	(12,195,822)
Purchase of investments	-	(61,698,874)	(61,698,874)
Sale of investments	-	67,104,807	67,104,807
Interest received	4,143,895	2,547,910	6,691,805
Net cash provided by (used in) investing activities	(8,051,927)	20,222,432	12,170,505
Net change in cash and cash equivalents	(3,878,042)	795,699	(3,082,343)
Cash and cash equivalents, beginning of year	12,441,128	21,240,957	33,682,085
Cash and cash equivalents, end of year	$ 8,563,086	$ 22,036,656	$ 30,599,742
RECONCILIATION OF CHANGES IN OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 4,436,822	$ (2,294,781)	$ 2,142,041
Adjustments to reconcile changes in operating income to net cash provided by (used in) operating activities:			
Depreciation	19,739	-	19,739
Interest expense	-	7,392,261	7,392,261
Investment interest income	(4,239,940)	(2,521,500)	(6,761,440)
Cost of issuance expense	-	354,871	354,871
Transfers	(859,539)	859,539	-
Change in operating assets and liabilities:			
Loans receivable	(636,753)	14,896,332	14,259,579
Accrued loan interest receivable	(130,517)	(43,536)	(174,053)
Program fees receivable	7,303	-	7,303
Notes receivable	328,125	-	328,125
Prepaid expenses	(4,792)	-	(4,792)
Internal balances	5,178,881	(5,178,881)	-
Accounts payable and other liabilities	9,440	(131,143)	(121,703)
Deferred outflows of resources for pensions	(157,867)	-	(157,867)
Deferred inflows of resources for pensions	(47,467)	-	(47,467)
Net pension liability	277,584	-	277,584
Total adjustments	(255,803)	15,627,943	15,372,140
Net cash provided by operating activities	$ 4,181,019	$ 13,333,162	$ 17,514,181

The accompanying notes are an integral part of these statements.

1. Reporting entity

The Orange County Housing Finance Authority (Authority), a public body corporate and politic with no taxing power, was established on October 13, 1978, by the Board of County Commissioners of Orange County, Florida (Board) in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, *Florida Statutes*. The Authority was created to finance dwelling accommodations for low, moderate and middle-income persons. The Authority is authorized to borrow money through the issuance of bonds, notes or other obligations to finance multifamily housing developments and single family residential housing.

Financial oversight and accountability to the citizens of Orange County is provided by the Board. The Board appoints the Authority members, who serve a term of four years. The Board has the power to remove a member of the Authority from office without cause.

The Authority is a component unit of Orange County, Florida (County) for financial reporting purposes; the Authority has no component units that meet the criteria for inclusion in the Authority's basic financial statements.

Bonds and other obligations issued by the Authority are conduit debt and are payable, both as to principal and interest, solely from the assets of the various programs which are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or special, of the Authority, the state of Florida or of any local government therein. Neither the full-faith, credit and revenues, nor the taxing power of Orange County, the state of Florida or any local government therein, shall be pledged to the payment of the principal or interest on the obligations.

Pursuant to interlocal agreements with the surrounding Florida counties of Seminole, Osceola and Lake, the Authority is also authorized to issue bonds to fund projects located within those counties and to provide mortgage loans under its programs to the residents of those counties.

2. Summary of significant accounting policies

A. Measurement focus, basis of accounting and financial statement presentation

The accounting records of the Authority are organized on the basis of funds as prescribed by accounting principles generally accepted in the United States of America (GAAP) applicable to governments as established by the Governmental Accounting Standards Board (GASB); and when applicable to governmental entities, statements of the Financial Accounting Standards Board (FASB). The operations of each fund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues and expenses.

The Authority accounts for its activities through the use of enterprise funds. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of a change in financial position is necessary or useful for sound financial administration (business-type activities). Because the Authority has only business-type activities, it is considered to be a special purpose government for financial reporting purposes. As such, the Authority presents its fund activity separately with a total column to denote the financial position, changes in financial position and cash flows at the reporting unit level (the Authority as a whole). All activities are considered to be operating in nature.

The accompanying financial statements present the financial position, changes in financial position and cash flows of the Operating Fund, which reports all of the funds controlled by the Authority, and the Bond Programs Fund, which accounts for all of the multifamily and single family bond programs of the Authority. The Operating Fund and Bond Programs Fund are each considered major funds.

The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred. Pursuant to the election option made available by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting* (GASB 20), pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 are not applied in the preparation of the financial statements.

B. Cash and cash equivalents

The Authority considers all highly liquid financial instruments with an original maturity of 90 days or less at the time of purchase to be cash equivalents.

C. Investments

Investments in direct obligations of the United States of America or any agency thereof, federal instrumentalities and mutual funds are carried at fair value as determined in an active market. Investments in certificates of deposit are carried at amortized cost.

D. Loans receivable

Loans receivable are carried at original cost, including unamortized discount, less principal collections. Servicing of loans is provided by various approved and qualified private lending institutions and servicing organizations on behalf of the Authority. Servicing costs on single family issues are recorded as a reduction of interest income.

E. Loans receivable, other

The Authority has entered into various investment agreements with the bond trustees (financial institutions) (Bond Trustees) who are custodians of Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) securities which are collateral on the majority of single-family bonds. These agreements require the Bond Trustees to hold these securities to maturity, thus requiring the GNMA and FNMA securities to be redeemed at their face value. GASB Statement No. 72, *Fair Value Measurement and Application*, requires these loans receivable, other to be recorded at fair value, which will reflect current period fluctuations in their value.

F. Allowance for losses on loans and notes receivable

No allowance has been established in the Bond Programs Fund for loans receivable based upon management's evaluation of the loan portfolio and the ratings of the insurance companies, financial institutions and developers, which guarantee payment of loan principal and interest.

As described in Note 7, the Authority makes loans through its Operating Fund for down payment assistance and to various agencies. These loans have very favorable interest rates and repayment terms. An allowance has been established based upon management's evaluation of the balances therein. These loans are included as notes receivable in the accompanying financial statements.

G. Internal balances

Down payment assistance and bond issuance costs paid for by the Operating Fund on behalf of the single family bond program are presented as internal balances on the Statement of Net Position. Bond Program Fund reimbursements of these balances to the Operating Fund are anticipated to result from residual proceeds upon retirement of bonds payable.

H. Interfund transfers

Transfers of resources between funds when the custody of the mortgage-backed securities changes due to the retirement of bond issues.

I. Bond discounts and premiums

Discounts and premiums on the sale of bonds are capitalized and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Costs relating to issuing bonds that were paid for through the use of other funding sources are expensed when incurred.

J. Capital assets

Capital assets are stated at historical cost and are depreciated based on various useful lives ranging from 3 to 39 years using the straight-line method. The Authority has established a capitalization threshold for capital assets of $1,000.

K. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Authority only has one item that qualifies for reporting in this category. It is the contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority only has one item that qualifies for reporting in this category. It is the deferrals of pension expense that result from the implementation of GASB Statement No. 68 (GASB 68)*, Accounting and Financial Reporting for Pensions* – an amendment of GASB 27.

L. Fee Income

In connection with the administration of its bond programs, the Authority receives various fees from developers for each of the bond issues administered. These fees are based on either a percentage of bonds, mortgage loans or GNMA certificates outstanding or a certain dollar amount, as provided for in the bond issue documents and recognized as income in the year for which they are assessed. The portion of these fees assessed for the Authority's operating costs is recognized in the Operating Fund. The portion of these fees assessed for bond and trustee fees is recognized in the Bond Programs Fund. In addition to these fees, the Authority receives the residual, if any, of single family project funds upon full payment of the bonds. The Authority received residual income for the year ended September 30, 2016, for single family projects paid off during the year.

M. Interest Income

Interest on mortgage loans and investments is recognized as income when earned. Interest on mortgage loans is recorded net of service fees.

N. General and Administrative Expenses

The Bond Programs Fund recognizes various trustee costs, bond issue costs, and project operating expenses, as defined in trust indentures, as general and administrative expenses. Operating Fund general and administrative expenses represent the Authority's operating costs.

O. Income taxes

The Authority is exempt from income taxes; therefore, no provision for tax liability has been included in the Authority's financial statements.

The Authority's Forms 8038 filed in connection with its bond issues, and payroll tax returns, are subject to examination by the IRS, generally for three years after they were filed.

P. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Q. Net Position

Net investment in capital assets includes the Authority's capital assets, net of the accumulated depreciation on those assets.

Restricted net position is used to indicate a segregation of a portion of net position equal to the assets restricted for meeting various covenants as defined in the bond indentures or other laws or regulations. Unrestricted net position relates to that portion of net position not restricted for the purposes defined above.

R. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Recently issued account standards

GASB Statement No. 72*, Fair Value Measurement and Application* (GASB 72) – addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 has been implemented for the year ended September 30, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* – clarifies the application of certain provisions of Statement No. 68. GASB Statement No. 73 has been implemented for the year ended September 30, 2016.

GASB Statement No. 76*, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76) – supersedes GASB 55. GASB 76 has been implemented for the year ended September 30, 2016.

GASB Statement No. 79*, Certain External Investment Pools and Pool Participants* (GASB 79) – addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. A Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. GASB 79 has been implemented for the year ended September 30, 2016.

GASB Statement No. 80*, Blending Requirements for Certain Component Units* (GASB 80) – an amendment of GASB 14 – amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB 39. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

4. Description of programs

The various bond programs of the Authority, since its establishment, are as follows:

	Total Bonds Issued
Certificate of deposit	$ 20,040,000
Multifamily	1,176,332,410
Single family	2,365,206,523
	$ 3,561,578,933

A. Certificate of deposit program

The certificate of deposit program issued Multifamily Housing Revenue Bonds 1983 Series A, B, C and D. All bonds issued under this program were retired in prior years.

B. Multifamily programs

The multifamily programs have issued the following:

- Collateralized Loan-to-Lender Revenue Bonds, 1982 Series A
- First Mortgage Housing Revenue Bonds, 1982 Series A
- Housing Development Revenue Bonds, 1983 Series A, C; and 1984 Series B
- Multifamily Guaranteed Mortgage Revenue Bonds, 1983 Series A and B
- Multifamily Guaranteed Mortgage Revenue Refunding Bonds, 1988 Series B; and 1989 Series A
- Multifamily Housing Revenue Bonds, 1983 Series C; 1985 Series B, D, E, G, H, J, K, L, M, N; 1988 Series A, C; 1994 Series A; 1995 Series A; 1997 Series A, B, D; 1998 Series A, C, D, G, K; 1999 Series A, B, E, G, I, L; 2000 Series A, E, F; 2001 Series A, C, F, G; 2002 Series A, C, E, G; 2003 Series A; 2004 Series A; 2005 Series A, B, C, D; 2006 Series A, B; 2007 Series A, B, C, D, E, F, G, H, I, J, K, L, M, N, 0, P; and 2008 Series A
- Multifamily Housing Revenue Refunding Bonds, 1990 Series B; 1991 Series A, B; 1992 Series A; 1993 Series A, B; 1994 Series B; 1995 Series B; 1997 Series C, E, F; 1999 Series K; and 2001 Series E

- Multifamily Mortgage Revenue Bonds, 1983 Series A; 1984 Series A; 1985 Series A and 2009 Series A
- Multifamily Mortgage Revenue Refunding Bonds, 1989 Series B; and 1995
- Multifamily Rental Housing Revenue Bonds, 1990 Series A
- Subordinated Multifamily Housing Revenue Bonds, 1994 Series B; 1998 Series I, M; 1999 Series D; and 2000 Series C, D
- Taxable Multifamily Housing Revenue Bonds, 1998 Series B, E, 1999 Series F, H, J, M; 2000 Series G; 2001 Series B, D, H; 2002 Series B, D, F; 2002 Series H; and 2003 Series B
- Variable Rate Demand Multifamily Housing Revenue Bonds, 1985 Series F and I
- Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, 1998 Series F
- Variable Rate Housing Revenue Refunding Bonds, 1998 Series J
- Variable Rate Multifamily Housing Revenue Bonds, 2000 Series H
- Taxable Multifamily Mortgage Revenue Bonds, NIBP Series 2009A
- Multifamily Mortgage Revenue Bonds, NIBP 2009 Series A-1 & A-2
- Multifamily Mortgage Revenue Bonds, NIBP 2011 Series A-1 & A-2
- Multifamily Mortgage Revenue Bonds, NIBP 2009 Series A-3
- Multifamily Mortgage Revenue Bonds, NIBP 2009 Series A-4, 2011 Series B
- Multifamily Mortgage Revenue Bonds, NIBP 2009 Series A-5, 2011 Series C
- Multifamily Housing Revenue Bonds, 2013 Series A&B
- Multifamily Housing Revenue Bonds, 2014 Series A,B&C
- Multifamily Housing Revenue Bonds, 2015 Series A
- Multifamily Housing Revenue Note, 2016 Series A
- Taxable Multifamily Housing Revenue Note, 2016 Series B
- Multifamily Housing Revenue Bonds, 2016 Series C

Proceeds from the sale of the bonds were used to finance the construction or acquisition of multifamily housing developments located in Orange and Seminole Counties, Florida which are intended for occupancy in part by persons of low, moderate, and middle-income.

C. Single family programs

The single family programs have issued the following:

- Single Family Bond Issues 1980; 1982 Series A; 1983 Series A; 1984 Series A; and 1985 Series A

The proceeds of the bonds were used primarily to purchase mortgage loans from certain qualified lending institutions on single-family residences for persons of low to moderate income in Orange County, Florida.

The program also issued the following:

- Single Family Housing Revenue Bonds 1987 Series A, B, C, D, E, F; 1988 Series A; 1989 Series A, B, C, D, E; 1990 Series A; 1991 Series A; 1992 Series A, B; 1994 Series A; Series 1994; Series 1995; 1996 Series A, B; 1997 Series A, B; 2001 Series A-1 (AMT), A-2 (ST AMT), A-3 (Taxable); and 2002 Series A (AMT)
- Homeowner Revenue Bonds 1998 Series A-1 (AMT), A-2 (Taxable); 1999 Series A-1 (AMT), A-2 (Non-AMT), A-3 (Short-term AMT), A-4 (Taxable); 2000 Series A-1 (AMT), A-2 (Short-term AMT), A-3 (Taxable), B-1 (AMT), B-2 (Short-term AMT), B-3 (Taxable); 2001 Series A-1 (AMT), A-2 (Short-term AMT), A-3 (Taxable); 2002 Series A (AMT); 2002 Series B (AMT); 2003 Series A (AMT); and 2004 Series A (AMT)
- Homeowner Revenue Bonds 2001 Series C-1 (AMT), Series C-2 (Variable Rate AMT), Series C-3 (Non-AMT), and Series C-4 (Taxable)
- Homeowner Revenue Bonds 2006 Series A-1 (AMT), and Series A-2 (AMT)
- Homeowner Revenue Bonds 2007 Series A (AMT), and Series B (AMT)
- Homeowner Mortgage Revenue Bonds, NIBP 2009 Series (Multi-County Program)

- Homeowner Mortgage Revenue Bonds, NIBP 2009 Series A & 2010 A (Non-AMT) (Multi-County Program)
- Homeowner Mortgage Revenue Bonds, NIBP 2009 Series B (Non-AMT) and 2011 A (Non-AMT) (Multi-County Program)
- Homeowner Mortgage Revenue Bonds, NIBP 2009 Series C (Non-AMT) and 2011 B (Non-AMT) (Multi-County Program)
- Homeowner Revenue Bonds 2013 Series A Taxable (Multi-County Program) Refunding Bonds
- Homeowner Revenue Bonds 2014 Series A (Non-AMT)(Multi-County Program)

The proceeds of the bonds are used primarily to purchase GNMA certificates to the extent mortgage loans are originated by participating lenders. The mortgage loans are intended for single family residences for persons of low to moderate income in Orange, Seminole, Lake and Osceola Counties, Florida.

D. Operating Fund

The Authority's Operating Fund collects program fees from the various bond issues. Expenses are those incurred in operating the Authority, which are determined by budgetary restrictions imposed by Board of Directors. The Operating Fund also makes second and third mortgage loans used for down payment assistance as well as loans to various agencies that assist in providing housing for handicapped, homeless and low-income people in the area served by the Authority. These loans are typically non-interest bearing or have interest rates substantially below the prevailing market rate and include other favorable terms of repayment.

5. Cash and cash equivalents

At September 30, 2016, the Authority had the following deposits and cash equivalents:

	Fair Value
Operating fund	
Bank Deposits	$ 3,740,360
Money Market	4,203,612
Money Market Mutual Funds	619,114
Total operating fund cash equivalents	$ 8,563,086
Bond Programs fund	
Single family	
Guaranteed Investment Contracts	$ 58,042
Money Market Mutual Funds	7,881,808
Total Single Family cash equivalents	7,939,850
Multifamily	
Bank Deposits	281,086
Guaranteed Investment Contracts	1,679,442
Money Market Mutual Funds	12,136,278
Total Multifamily cash equivalents	14,096,806
Total Bond Programs Fund cash equivalents	$ 22,036,656

Bank deposits are secured as provided by Chapter 280, *Florida Statutes*. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2016, all of the Authority's bank deposits were in qualified public depositories.

Certain of the Authority's investments are subject to credit risk, interest rate risk and concentration of credit risk considerations, as defined by GASB 40. Cash equivalents are not exposed to credit risk, as defined by GASB 40.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 requires the disclosure of investments in any one issuer that represent 5% or more of total investments. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from this requirement. As of September 30, 2016, the Authority's Operating Fund had no investments which are subject to concentration of credit risk disclosure requirements.

Fair value measurements

The Authority's financial instruments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access at the measurement date.

Level 2 – Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The categorization of financial instruments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The loans receivable classified as Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

	Level 2
Operating Fund	
Loans receivable, other	$ 24,541,971
Total General Fund	24,541,971
Bond Programs Funds	
Single Family Bond Programs Fund	
Loans receivable, other	56,988,519
Total Single Family Bond Programs Fund	56,988,519
Total Bond Programs Funds	56,988,519
Total Financial Instruments by Fair Value Level	$ 81,530,490

Operating Fund Investment Risk Mitigation Policies

The Operating Fund investment policy limits maturities of direct obligations of the United States of America, any agency thereof, and federal instrumentalities to two years from the date of purchase, limits investments in money market mutual funds to those with weighted average maturities of 90 days or less, and limits maturities of certificates of deposit to one year.

The Authority manages credit risk in its Operating Fund by limiting investments authorized to direct obligations of the United States of America or any agency thereof, federal instrumentalities, interest-bearing time or demand deposits with any qualified depository institution and money market mutual funds registered under the Federal Investment Company Act of 1940 and with credit quality ratings equivalent to or better than Standard & Poor's rating of AAAm or the equivalent by another rating agency.

In the Operating Fund, the Authority manages concentration of credit risk by diversification of its investment portfolio to minimize the impact of potential losses from one type of security or individual issuer. In addition, the Authority invests in investments issued by or explicitly guaranteed by the U.S. Government.

Bond Program Funds

Credit quality ratings, weighted average maturities and concentration of credit risk permitted for multifamily and single family investments are based on policies provided in respective trust indentures, which vary among projects. Such investments are made at the direction of trustees based on the underlying trust indenture policies.

6. Loans receivable, other

Operating fund	$	24,541,971
Single family bond programs fund		56,988,519
	$	81,530,490

7. Loans receivable

Loans receivable at September 30, 2016 were as follows:

Federal Home Loan Bank - collateral	$	636,753
Single family mortgage loans		846,904
Multifamily mortgage loans		331,924,314
	$	333,407,971

Single family mortgage loans receivable relate to down payment assistance loans issued during 2006 and 2007 in amounts up to $35,000 per household and down payment assistance loans issued during 2007 through 2011 in amounts up to $10,000 per household. These loans are secured by second mortgages and, in the opinion of management do not have a material exposure to loss.

Multifamily mortgage loans are collateralized by a first mortgage deed and, with the exception of 13 privately placed issues, either an insurance policy or an irrevocable letter of credit. The related insurance company or financial institution must have a rating greater than or equal to the rating on the bonds. Due to the nature of these notes and the repayment terms, all are considered to be long-term for financial reporting purposes. Multifamily mortgage loans receivable are pledged as collateral for the payment of principal and interest on the related indebtedness.

8. Notes receivable

$78,929 fifth mortgage loan, secured by property, $254 due monthly	$	59,934
$2,000,000 non-revolving promissory note with Habitat for Humanity of Greater Orlando, Inc., simultaneously with the closing of each home prepayment of principal of $40,000 is made, maturity date is September 30, 2018		1,040,000
Down payment assistance notes receivable, secured by property, issued from 1991 through 1997		358,892

Down payment assistance notes receivable, secured by property, issued from 2006 through 2011	3,735,422
Down payment assistance notes receivable, secured by property, issued in 2014	2,396,001
Other notes receivable, secured by property, primarily due 2030	2,727,631
	10,317,880
Less allowance for losses on notes receivable	(1,289,073)
	$ 9,028,807

Due to the nature of these notes and the repayment terms, substantially all are considered to be long term receivables for financial reporting purposes.

Down payment assistance ("DPA") notes issued from 1991 through 1997 were in amounts up to $2,500 per household and are due after the first mortgage has been paid in full. An allowance has been established for approximately $361,392 of these DPA notes. DPA notes issued from 2006 through 2011 were in amounts up to $10,000 per household with varying repayment terms allowing for repayments on some notes to be deferred up to 5 years from the date of issuance. An allowance has been established for approximately $919,288 of these DPA notes, which equates to the amount of loans for which foreclosure notices have been received. It is reasonably possible that a change in this estimated allowance may occur in the near term; however, an estimate of possible additional valuation allowance for these notes, if any, cannot be made. All of the DPA notes are secured by second or third mortgages.

Other notes receivable consist of seven notes, three of which require quarterly principal and interest payments and one which requires monthly principal and interest payments. Three of the notes require an annual interest payment with repayment of principal due 30 years after issuance. All seven notes were made to entities associated with multifamily housing projects, are secured by property and are expected to be fully collectable.

9. Interfund transfers

The Authority reports interfund transfers between the Operating Fund and Bond Programs Fund. In 2016, the $859,539 in interfund transfers was the result of retiring the 2006A-1 and 2006A-2 bonds.

	Transfers in	Transfers out
Operating Fund	$ -	$ (859,539)
Bond Programs Fund	859,539	-
Total transfers	$ 859,539	$ (859,539)

10. Capital assets

Capital assets of the Operating Fund are summarized as follows at September 30, 2016:

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
Land	$ 112,000	$ -	$ -	$ 112,000
Building	411,671	-	-	411,671
Furniture and fixtures	70,977	7,134	-	78,111
Less accumulated depreciation	(272,685)	(19,739)	-	(292,424)
Total capital assets, net	$ 321,963	$ (12,605)	$ -	$ 309,358

11. Accounts payable and other liabilities

	Operating Fund	Bond Programs Fund	Total
Reserve payables	$ 14,862	$ 1,676,971	$ 1,691,833
Program fee payable	-	269,760	269,760
Trustee fee payable	-	54,687	54,687
Tax credit equity payable	-	353,060	353,060
Due to developers	-	2,000	2,000
Unearned revenue	75,211	-	75,211
Replacement reserve payable	-	1,123,492	1,123,492
Payroll and related liabilities	192,252	-	192,252
Other	38,960	-	38,960
	$ 321,285	$ 3,479,970	$ 3,801,255

Reserve payables represent amounts due to developers and other third parties for tax credits and other costs associated with bond programs.

12. Bonds payable

Bonds are issued in the form of serial, term and capital appreciation bonds and are both taxable and tax-exempt depending on the particular terms of the issue. The annual percentage rate, maturity, principal balance outstanding and other information relating to bond indebtedness at September 30, 2016 were as follows:

Series	Type	Annual Percentage Rate		Principal Maturity	Principal Balance Outstanding	Current Portion
Multifamily:						
1995 A	Term	7.000		2026	$ 3,900,000	$ -
1997 E	Term	0.776	(*)	2025	18,635,000	-
1998 C	Term	7.000		2028	1,565,000	-
2000 F	Term	0.835	(*)	2033	10,290,000	-
2000 H	Term	0.835	(*)	2033	6,660,000	-
2001 A	Term	0.815	(*)	2034	10,530,000	-
2001 C	Term	0.815	(*)	2034	6,710,000	-
2001 D	Term	0.818	(*)	2034	600,000	-
2001 F	Term	7.250		2032	5,145,000	-
2002 A	Term	0.862	(*)	2035	11,750,000	-
2002 B	Term	0.830	(*)	2035	2,420,000	-
2002 E	Term	0.862	(*)	2035	7,930,000	-
2002 G	Serial	5.150 - 5.250		2017 - 2028	2,355,000	145,000
2004 A	Term	0.862	(*)	2037	13,200,000	-
2005 A	Term	0.862	(*)	2038	8,485,000	-
2005 B	Term	0.862	(*)	2038	6,330,000	-
2005 C	Term	0.822	(*)	2038	12,010,000	-
2005 D	Term	1.867	(*)	2039	8,430,000	-
2006 B	Term	1.114	(*)	2040	4,540,000	-
2007 A	Term	0.829	(*)	2040	7,650,000	-
2007 B	Term	0.862	(*)	2042	4,185,000	-
2007 C	Term	1.058	(*)	2042	5,645,000	-
2007 D	Term	1.058	(*)	2042	1,750,000	-
2007 E	Term	1.058	(*)	2042	3,000,000	-
2007 F	Term	1.058	(*)	2042	1,550,000	-
2007 G	Term	0.829	(*)	2042	7,940,000	-
2007 H	Term	0.829	(*)	2042	7,330,000	-
2007 I	Term	1.375	(*)	2043	4,315,000	-
2007 J	Term	1.375	(*)	2043	1,315,000	-
2007 K	Term	1.375	(*)	2043	2,110,000	-
2007 L	Term	1.375	(*)	2043	4,215,000	-
2007 M	Term	1.375	(*)	2043	4,760,000	-
2007 N	Term	1.176	(*)	2043	4,595,000	-
2007 O	Term	1.176	(*)	2043	2,300,000	-
2007 P	Term	1.256	(*)	2043	6,750,000	-
2009 A-1 NIBP	Term	3.880		2040	6,580,000	-
2009 A-2 NIBP	Term	2.480		2044	5,500,000	-

Series	Type	Annual Percentage Rate		Principal Maturity	Principal Balance Outstanding		Current Portion
2009 A-3 NIBP	Term	2.320		2044	7,700,000		-
2009 A-4 NIBP	Term	2.320		2044	10,030,000		-
2009 A-5 NIBP	Term	2.320		2044	6,790,000		-
2011 A-1 NIBP	Term	2.250		2017	125,000		125,000
2013 A	Term	5.650		2030	15,500,909		-
2013 B	Term	2.470		2048	20,700,000		-
2014 A	Term	3.500		2049	2,190,000		-
2014 B	Term	5.250		2042	14,680,000		-
2014 C	Term	5.250		2054	8,000,000		-
2015 A	Term	4.750		2050	14,000,000		-
2016 A	Term	2.735	(*)	2033	15,024,518		-
2016 B	Term	3.185	(*)	2033	266,496		-
2016 C	Term	4.9		2051	6,600,000		-
Total Multifamily					344,581,923		270,000

Series	Type	Annual Percentage Rate	Principal Maturity	Principal Balance Outstanding		Current Portion
Single Family:						
2007 A	Serial	4.350 - 4.450	2016 - 2018	75,000		40,000
	Term	4.750 - 5.125	2027 - 2038	3,472,347	(1)	-
2007 B	Serial	4.500 - 4.600	2016 - 2017	35,000		35,000
	Term	5.100 - 5.500	2025 - 2039	2,126,414	(2)	-
2009 A NIBP	Term	3.010	2042	4,545,000		-
2010 A NIBP	Serial	2.350 - 3.600	2016-2021	435,000		85,000
	Term	4.125 - 4.250	2027 - 2028	1,705,969	(3)	-
2011 A NIBP	Serial	2.000 - 4.000	2016 - 2022	505,000		90,000
	Term	4.500 - 4.875	2026 - 2031	2,988,031	(4)	-
2009 C NIBP	Term	2.320	2042	8,405,000		-
2011 B NIBP	Serial	2.125-3.600	2016-2022	1,875,000		305,000
	Term	3.950-4.450	2026-2031	5,106,394	(5)	-
2013 A	Term	2.625	2042	4,145,000		-
2014 A	Serial	0.450-3.000	2016-2024	4,420,000		495,000
	Term	3.550-4.000	2030-2040	14,262,908	(6)	-
Total Single Family				54,102,063		1,050,000
Grand Total				$ 398,683,986		$ 1,320,000

(1) Net of unamortized premium of	$ 322,347
(2) Net of unamortized premium of	441,414
(3) Net of unamortized premium of	95,969
(4) Net of unamortized premium of	198,031
(5) Net of unamortized premium of	156,394
(6) Net of unamortized premium of	687,908
	$ 1,902,063

*This bond issue has a variable interest rate. The rate shown is the rate in effect at year end. Other interest rates are fixed and have not changed from the prior year.

Scheduled principal and interest payments commencing October 1, 2016, are as follows (variable rate debt interest payments are based on rates applicable at September 30, 2016):

Fiscal Year Ending September 30,	Principal	Interest	Total
2017	$ 1,320,000	$ 8,115,012	$ 9,435,012
2018	1,180,000	8,100,136	9,280,136
2019	1,170,000	8,084,949	9,254,949
2020	1,195,000	8,067,012	9,262,012
2021	1,215,000	8,045,750	9,260,750
2022-2026	28,150,000	39,387,166	67,537,166
2027-2031	27,270,909	35,595,671	62,866,580
2032-2036	80,566,014	27,570,666	108,136,680
2037-2041	79,670,000	22,597,328	102,267,328
2042-2046	123,555,000	10,958,225	134,513,225
2047-2051	43,490,000	5,751,930	49,241,930
2052-2054	8,000,000	1,131,123	9,131,123
Total Bonds Outstanding	396,781,923	183,404,968	580,186,891
Unamortized bond premium, net	1,902,063	-	1,902,063
Total	$ 398,683,986	$ 183,404,968	$ 582,088,954

Assets of the various programs are pledged for payment of principal and interest on the applicable bonds. Each issue is collateralized by a separate collateral package. In addition, certain assets are further restricted for payment of interest and principal in the event that the related debt service and other available funds are insufficient.

Provisions of the bond resolutions provide for various methods of redemption. Bonds are to be redeemed at par, primarily from prepayments of mortgage loans securing the issues, from unexpended bond proceeds and excess program revenues. Bonds are generally redeemable at the option of the Authority at premiums ranging up to 6%. Certain term bonds require mandatory sinking fund payments for their redemption.

The interest rate on the Authority's variable rate multifamily bonds is computed weekly by a remarketing agent at a rate that will price the bonds at a market value of approximately 100% of the principal balance outstanding, plus accrued interest.

13. Changes in long-term debt

Long-term debt is summarized as follows at September 30, 2016:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Current Portion
Operating Fund					
Net pension liability	$ 565,782	$ 277,584	$ -	$ 843,366	$ -
Bond Programs Fund					
Bonds payable	423,781,249	21,891,014	(46,988,277)	398,683,986	1,320,000
Total long-term debt	$ 424,347,031	$ 22,168,598	$ (46,988,277)	$ 399,527,352	$ 1,320,000

14. Net position

Restricted net position

Pursuant to various trust indentures and loan agreements, upon satisfaction of all bondholder indebtness and payment of all authorized expenses, any remaining funds are disbursed to the Authority or the respective developer as described in each trust indenture or loan agreement. The following is a summary of restricted assets, liabilities, and net position as of September 30, 2016:

Total restricted cash & cash equivalents	$ 22,036,656
Total restricted current assets	708,172
Total restricted noncurrent assets	389,759,737
Total restricted assets	412,504,565
Total current liabilities payable from restricted assets	6,318,853
Total noncurrent liabilities payable from restricted assets	404,782,635
Total restricted liabilities payable from restricted assets	411,101,488
Total restricted net position	$ 1,403,077

Unrestricted net position

Unrestricted net position represents all resources not included in the other components of net position. At September 30, 2016, $34,862 of the Authority’s Operating Fund unrestricted net position has been designated in the amount of $14,862 for replacement of property and $20,000 as a general contingency account.

15. Retirement plans

Florida Retirement System:

General Information - All of the Authority's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Pension Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

<u>Contributions</u> - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular—7.26% and 7.52%; Special Risk Administrative Support—32.95% and 28.06%; Special Risk—22.04% and 22.57%; Senior Management Service—21.43% and 21.77%; Elected Officers'—42.27% and 42.47%; and DROP participants—12.88% and 12.99%. These employer contribution rates include 1.66% HIS Plan subsidy for the entire fiscal year.

The Authority's contributions, including employee contributions, to the Pension Plan totaled $41,653 for the fiscal year ended September 30, 2016.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At September 30, 2016, the Authority reported a liability of $538,693 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Authority's proportionate share was 0.002133429%, which was a decrease of 0.000225529% from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the Authority recognized Pension Plan pension expense of $72,965. In addition the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 41,246	$ 5,016
Change of assumptions	32,589	-
Net difference between projected and actual earnings on Pension Plan investments	139,245	-
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	120,185	26,804
Authority Pension Plan contributions subsequent to the measurement date	17,025	-
Total	$ 350,290	$ 31,820

The deferred outflows of resources related to the Pension Plan, totaling $17,025 resulting from Authority contributions to the Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2017	$ 50,182
2018	50,182
2019	50,182
2020	91,244
2021	56,470
Thereafter	3,185
Total	$ 301,445

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.60 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.60%, or one percentage point higher, 8.60%, than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Authority's proportionate share of the net pension liability	$ 991,770	$ 538,693	$ 161,566

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS Plan payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS Plan payment of $30 and a maximum HIS Plan payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS Plan contribution for the fiscal year was 1.66%. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Authority's contributions to the HIS Plan totaled $13,281 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the Authority reported a liability of $304,671 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Authority's proportionate share was 0.002614177%, which was an increase of 0.000054086% from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the Authority recognized HIS Plan pension expense of $19,605. In addition the Authority reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 694
Change of assumptions	47,811	-
Net difference between projected and actual earnings on HIS Plan investments	154	-
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	21,880	-
Authority HIS Plan contributions subsequent to the measurement date	3,297	-
Total	$ 73,142	$ 694

The deferred outflows of resources related to the HIS Plan, totaling $3,297 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	**Amount**
2017	$ 10,743
2018	10,743
2019	10,743
2020	10,736
2021	10,708
Thereafter	15,478
Total	$ 69,151

Actuarial Assumptions - The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.85 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 1.85%, or one percentage point higher, 3.85%, than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Authority's proportionate share of the net pension liability	$ 349,527	$ 304,671	$ 267,444

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's contributions, including employee contributions, to the Investment Plan totaled $63,287 for the fiscal year ended September 30, 2016.

16. Commitments and contingencies

In 1995, as part of the Single Family Housing Revenue Bond Series 1994 (1994 Bonds), the trustee for the 1994 Bonds received $675,000 in exchange for an agreement whereby the trustee for the 1994 Bonds will remit an amount equal to 6.0689655% of each interest payment received by the trustee on GNMA certificates to a third party. During the year ended September 30, 2016, the Authority remitted $1,160 under such agreement.

In 1995, as part of the Single Family Housing Revenue Bond Series 1995 (1995 Bonds), the trustee for the 1995 Bonds received $261,000 in exchange for an agreement whereby the trustee for the 1995 Bonds will remit an amount equal to 3.67647% of each interest payment received by the trustee on GNMA certificates to a third party. During the year ended September 30, 2016, the Authority remitted $596 under such agreement.

17. Other bondholder information

The Authority has currently financed 50 separately collateralized multifamily housing projects, certain of which have required debt service payments to be made by the provider of credit enhancement due to developer payment defaults. No debt service payment default has ever occurred on any publicly offered Authority indebtedness. Developer payment defaults may result in:

- Prepayments by the provider of credit enhancement guaranteeing the obligations of the defaulting developer with respect to such bonds in whole or in part.

- The refunding and early redemption of bonds prior to their stated maturities at their original principal amount plus accrued interest.

The guarantor or provider of other credit enhancement may also be a partner or hold other ownership interests in the developer. Under such circumstances, it may be advantageous for the provider of credit enhancement to prepay the program loan upon developer payment default and eliminate the project from participation in the housing programs of the Authority.

The public policy goal of the Authority is to provide affordable housing to persons of low, moderate and middle income. The Authority realizes that in certain instances, the financial difficulties of the developers may result, in part, from the deed restrictions and other covenants required by the Authority in furtherance of this public policy and which are required by federal income tax law. The Authority intends to make every effort to preserve the participation of troubled projects in providing affordable housing to persons of low, moderate and middle income without impairing the security for bonds issued by the Authority.

18. Risk management

The Authority is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. No settlements in excess of claims have been incurred in the past three fiscal years.

The Authority's health insurance is covered by Orange County, Florida's Self-Insurance Fund, a risk management pool to which risk is transferred in exchange for annual premium payments.

19. Subsequent events

On October 1, 2016, the following were redeemed:

- $10,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series M
- $5,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series I
- $60,000 principal amount of Multifamily Housing Revenue Bonds 2001 Series F-4
- $5,000 principal amount of Multifamily Housing Revenue Bonds 2001 Series F-5

On November 1, 2016, the following were redeemed:

- $60,000 principal amount of Multifamily Mortgage Revenue Bonds NIBP Series 2009 A-3
- $15,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series M
- $10,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series I

On November 2, 2016, the following were redeemed:

- $205,000 principal amount of Multifamily Mortgage Revenue Bonds 2007 Series N and O

On November 15, 2016, the following were redeemed:

- $120,000 principal amount of Multifamily Housing Revenue Bonds Series 2005C
- $100,000 principal amount of Taxable Multifamily Housing Revenue Bonds Series 2002 B

On December 1, 2016, the following were redeemed:

- $50,000 principal amount of Multifamily Mortgage Revenue Bonds 2011 Series C
- $10,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series M
- $5,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series I

On December 15, 2016, the following were redeemed:

- $100,000 principal amount of Multifamily Housing Revenue Bonds Series 2004 A
- $100,000 principal amount of Multifamily Housing Revenue Bonds 2001 Series A

On January 1, 2017, the following were redeemed:

- $170,000 principal amount of Homeowner Revenue Bonds, Series 2014A
- $110,000 principal amount of Homeowner Mortgage Revenue Bonds Refunding Bonds, Series 2013A
- $80,000 principal amount of Multifamily Mortgage Revenue Bonds 2011 Series B
- $220,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2011B
- $60,000 principal amount of Multifamily Mortgage Revenue Bonds 2011 Series A-2
- $75,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2011A
- $90,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2010A
- $50,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2009 A-1
- $130,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2009
- $265,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2009C
- $15,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series M
- $5,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series I
- $50,000 principal amount of Multifamily Housing Revenue Bonds 2005 Series D
- $70,000 principal amount of Multifamily Housing Revenue Bonds 2002 Series G

On January 15, 2017, the following were redeemed:

- $100,000 principal amount of Multifamily Housing Revenue Bonds 2005 Series A
- $100,000 principal amount of Taxable Multifamily Housing Revenue Bonds Series 2002 B
- $100,000 principal amount of Taxable Multifamily Housing Revenue Bonds 2001 Series D
- $100,000 principal amount of Variable Rate Multifamily Housing Revenue Bonds 2000 Series H

On February 1, 2017, the following were redeemed:

- $5,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series M
- $10,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series I
- 105,000 principal amount of Multifamily Housing Revenue Bonds Series 2007

On February 15, 2017, the following were redeemed:

- 100,000 principal amount of Tax-Exempt Multifamily Housing Revenue Bonds 2002 Series E

On March 1, 2017, the following were redeemed:

- $690,000 principal amount of Homeowner Revenue Bonds, Series 2014A
- $440,000 principal amount of Homeowner Mortgage Revenue Bonds Refunding Bonds, Series 2013A
- $775,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2011B
- $415,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2011A
- $360,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2010A
- $490,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2009
- $890,000 principal amount of Homeowner Mortgage Revenue Bonds, NIBP Series 2009C
- $10,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series M
- $5,000 principal amount of Multifamily Housing Revenue Bonds 2007 Series I
- $190,000 principal amount of Homeowner Mortgage Revenue Bonds 2007 Series B
- $210,000 principal amount of Homeowner Mortgage Revenue Bonds 2007 Series A

On March 3, 2017, notice was given that the following will be redeemed on April 3, 2017:

- $2,995,000 principal amount of Homeowner Revenue Bond Series 2007A

Management has evaluated subsequent events through March 13, 2017, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Schedule of Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Authority's proportion of the net pension liability (asset)	0.002133429%	0.002358959%	0.002017176%			PRIOR INFORMATION NOT AVAILABLE				
Authority's proportionate share of the net pension liability (asset)	$ 538,693	$ 304,691	$ 123,077							
Authority's covered-employee payroll	$ 800,090	$ 796,811	$ 731,037							
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.33%	38.24%	16.84%							
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%							

*The amounts presented for each fiscal year were determined as of June 30.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Schedule of Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 52,027	$ 57,513	$ 44,185		PRIOR INFORMATION NOT AVAILABLE					
Contributions in relation to the contractually required contribution	(52,027)	(57,513)	(44,185)							
Contribution deficiency (excess)	$ -	$ -	$ -							
Authority's covered-employee payroll	$ 800,090	$ 796,811	$ 731,037							
Contributions as a percentage of covered-employee payroll	6.50%	7.22%	6.04%							

*The amounts presented for each fiscal year were determined as of June 30.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Schedule of Proportionate Share of the Net Pension Liability
Florida Retirement System Health Insurance Subsidy
Last Ten Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Authority's proportion of the net pension liability (asset)	0.002614177%	0.002560091%	0.002360065%	PRIOR INFORMATION NOT AVAILABLE						
Authority's proportionate share of the net pension liability (asset)	$ 304,671	$ 261,089	$ 220,672							
Authority's covered-employee payroll	$ 800,090	$ 796,811	$ 731,037							
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.08%	32.77%	30.19%							
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%							

*The amounts presented for each fiscal year were determined as of June 30.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Schedule of Contributions
Florida Retirement System Health Insurance Subsidy
Last Ten Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 13,399	$ 9,786	$ 8,085	PRIOR INFORMATION NOT AVAILABLE						
Contributions in relation to the contractually required contribution	(13,399)	(9,786)	(8,085)							
Contribution deficiency (excess)	$ -	$ -	$ -							
Authority's covered-employee payroll	$ 800,090	$ 796,811	$ 731,037							
Contributions as a percentage of covered-employee payroll	1.67%	1.23%	1.11%							

*The amounts presented for each fiscal year were determined as of June 30.

COMBINING BOND PROGRAMS FUND STATEMENTS

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Combining Statement of Net Position
Bond Programs Fund
September 30, 2016

	Multi-Family	Single Family	Bond Programs Fund Total
Assets			
Current assets:			
Accrued loan interest	$ 132,604	$ -	$ 132,604
Accrued investment interest	343,579	231,989	575,568
Total current assets	476,183	231,989	708,172
Noncurrent assets:			
Restricted cash and cash equivalents	14,096,806	7,939,850	22,036,656
Loans receivable - other	-	56,988,519	56,988,519
Loans receivable - net	331,924,314	846,904	332,771,218
Total noncurrent assets	346,021,120	65,775,273	411,796,393
Total assets	346,497,303	66,007,262	412,504,565
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	3,465,406	14,564	3,479,970
Accrued interest payable	1,367,880	151,003	1,518,883
Bonds payable	270,000	1,050,000	1,320,000
Total current liabilities	5,103,286	1,215,567	6,318,853
Noncurrent liabilities:			
Due to other funds	-	7,418,649	7,418,649
Bonds payable - net	344,311,923	53,052,063	397,363,986
Total noncurrent liabilities	344,311,923	60,470,712	404,782,635
Total liabilities	349,415,209	61,686,279	411,101,488
NET POSITION			
Restricted	-	4,320,983	4,320,983
Unrestricted	(2,917,906)	-	(2,917,906)
Total Net Position	$ (2,917,906)	$ 4,320,983	$ 1,403,077

The accompanying notes are an integral part of this statement.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Combining Statement of Revenues, Expenses and Changes in Net Position
Bond Programs Fund
For the Year Ended September 30, 2016

	Multi-Family	Single Family	Bond Programs Fund Total
Operating revenues:			
Investment income, including unrealized losses on investments	$ 93,428	$ 2,428,072	$ 2,521,500
Interest on loans	11,345,758	-	11,345,758
Fee income and other	2,760,896	1,756	2,762,652
Total operating revenues	14,200,082	2,429,828	16,629,910
Operating expenses:			
Interest	5,678,155	1,714,106	7,392,261
Bond issuance costs	354,871	-	354,871
General and administrative	8,699,992	2,477,567	11,177,559
Total operating expenses	14,733,018	4,191,673	18,924,691
Operating income	(532,936)	(1,761,845)	(2,294,781)
Transfers in	-	859,539	859,539
Changes in net position	(532,936)	(902,306)	(1,435,242)
Net position, beginning	(2,384,970)	5,223,289	2,838,319
Net position, end of year	$ (2,917,906)	$ 4,320,983	$ 1,403,077

The accompanying notes are an integral part of this statement.

Orange County Housing Finance Authority
(A Component Unit of Orange County, Florida)
Combining Statement of Cash Flows
Bond Programs Fund
For the Year Ended September 30, 2016

	Multi-Family	Single Family	Bond Programs Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from developers and homeowners	$ 14,063,118	$ 1,756	$ 14,064,874
Cash received from housing programs	46,539,243	23,349	46,562,592
Receipts for internal balances	-	(4,319,342)	(4,319,342)
Cash paid for housing programs	(31,666,260)	-	(31,666,260)
Cash payments for operating and administrative expenses	(8,829,880)	(2,478,822)	(11,308,702)
Net cash provided by (used in) operating activities	20,106,221	(6,773,059)	13,333,162
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	21,891,014	-	21,891,014
Principal repayments on bonds payable	(36,084,535)	(10,505,000)	(46,589,535)
Interest paid on bonds payable	(5,560,356)	(2,146,147)	(7,706,503)
Payments for bond issuance costs	(354,871)	-	(354,871)
Net cash used in noncapital financing activities	(20,108,748)	(12,651,147)	(32,759,895)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from principal paydowns of MBS	-	12,268,589	12,268,589
Purchase of investments	(45,811,091)	(15,887,783)	(61,698,874)
Sale of investments	50,620,909	16,483,898	67,104,807
Interest received	53,722	2,494,188	2,547,910
Net cash provided by investing activities	4,863,540	15,358,892	20,222,432
Net change in cash and cash equivalents	4,861,013	(4,065,314)	795,699
Cash and cash equivalents, beginning of year	9,235,793	12,005,164	21,240,957
Cash and cash equivalents, end of year	$ 14,096,806	$ 7,939,850	$ 22,036,656
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	$ (532,936)	$ (1,761,845)	$ (2,294,781)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Interest expense	5,678,155	1,714,106	7,392,261
Investment interest income	(93,428)	(2,428,072)	(2,521,500)
Cost of issuance expense	354,871	-	354,871
Transfers	-	859,539	859,539
Changes in operating assets and liabilities:			
Loans receivable	14,872,983	23,349	14,896,332
Accrued loan interest receivable	(43,536)	-	(43,536)
Internal balances	-	(5,178,881)	(5,178,881)
Accounts payable and other liabilities	(129,888)	(1,255)	(131,143)
Total adjustments	20,639,157	(5,011,214)	15,627,943
Net cash provided by (used in) operating activities	$ 20,106,221	$ (6,773,059)	$ 13,333,162

The accompanying notes are an integral part of this statement.

DUFRESNE & ASSOCIATES, CPA, PA
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March 13, 2017

MANAGEMENT LETTER

To the Board Members of the Orange County Housing Finance Authority, Orlando, Florida.

Report on the Financial Statements

We have audited the financial statements of the Orange County Housing Finance Authority (Authority), a component unit of Orange County, Florida (County), which collectively comprise the basic financial statements of the Authority and the combining Bond Program Fund financial statements as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 13, 2017.

Auditor's Responsibility

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

Other Report

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 13, 2017 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority has no component units. This information is disclosed in Note 1 of the basic financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with our audit we determined that the Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services (Department) pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. The County's Annual Financial Report (AFR) includes the Authority's audited financial information. We were unable to make this determination because the AFR was not filed with the Department at the time of the Authority's report date.

Other Matters

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

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

Purpose of this Letter

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

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA