

Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Independent Auditor's Reports, Financial Statements
and Required Supplementary Information
September 30, 2016

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TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor's Report.....	1
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 <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis (MD&A).....	5
Basic Financial Statements:	
Governmental Fund Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Fund	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	13
Statement of Net Position - Business-type Activities - Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Notes to Basic Financial Statements	17
Combining Single Family Bond Programs Fund Statements:	
Combining Statement of Net Position – Single Family Bond Programs Fund	38
Combining Statement of Revenues, Expenses and Changes in Net Position – Single Family Bond Programs Fund	39
Combining Statement of Cash Flows – Single Family Bond Programs Fund	40
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	41
Schedule of Contributions – Florida Retirement System Pension Plan	42
Schedule of Proportionate Share of the Net Pension Liability – Florida Retirement System Health Insurance Subsidy	43
Schedule of Contributions – Florida Retirement System Health Insurance Subsidy	44
ADDITIONAL SUPPLEMENTARY INFORMATION	
Investment Agreement Providers by Bond Issue Series and Summary of Bond Programs Fund Investment Income	45
Schedule of Bonded Indebtedness	46
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL	
Management Letter	47

FINANCIAL SECTION

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March 1, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Housing Finance Authority of Pinellas County
Clearwater, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Finance Authority of Pinellas County, Florida (Authority), a component unit of Pinellas 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 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 governmental activities, 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, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 1, 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.

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March 1, 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 Housing Finance Authority of Pinellas County
Clearwater, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Housing Finance Authority of Pinellas County, FL (Authority), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 1, 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 Housing Finance Authority of Pinellas County (Authority) financial statements presents management's analysis of the Authority's financial performance during the fiscal year that ended September 30, 2016. Please read it in conjunction with the Authority's financial statements that follow this section.

Financial Highlights

The Authority has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and related GASB pronouncements. In addition, the Authority implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosure*. All investments for the bond programs are classified long-term and restricted.

The Authority, by County ordinance and Interlocal Agreement, administers Community Housing Programs, including a Housing Trust Fund and a Land Assembly Fund, on behalf of the Board of County Commissioners (Board). The Housing Trust Fund has its own separate bank account. The Authority also assists Pinellas County (County) in the administration of the Federal Neighborhood Stabilization Programs (NSP) I and III and is a member of a consortium that received NSPII funds. Transactions for all Federal programs are appropriately segregated within the General Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Authority include the activities for the Housing Trust Fund and the Land Assembly Fund. The business-type activities of the Authority include the general government and the Single Family Bond Programs. The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable *resources* available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements; it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities which can be found on pages 12 and 13.

The Authority maintains one individual governmental funds; the Housing Trust Fund. Information is presented separately in the governmental fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds. The basic governmental fund financial statements can be found in this report on pages 12 and 13.

Proprietary funds. The Authority maintains two types of proprietary funds, Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Authority uses proprietary funds to account for its General Fund and Single Family Bond Program Fund activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the General Fund and Single Family Bond Programs Fund, which are considered major funds. The basic proprietary fund financial statements can be found in this report on pages 14 through 16.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found within this report on pages 17 through 37.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for the Authority's proportionate share of the Florida Retirement System Pension Plan.

Government-wide Financial Analysis

As noted earlier, net position might serve over time as a useful indicator of an Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$38,788,333 at the close of the most recent fiscal year.

Housing Finance Authority of Pinellas County's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 3,270,564	\$ 643,505	\$ 145,970,910	\$ 134,500,630	\$ 149,241,474	\$ 135,144,135
Capital assets	6,918,044	-	11,782	-	6,929,826	-
Total assets	10,188,608	643,505	145,982,692	134,500,630	156,171,300	135,144,135
Deferred outflows of resources	-	-	205,473	140,940	205,473	140,940
Long-term liabilities outstanding	-	299,316	117,249,291	98,039,538	117,249,291	98,338,854
Other liabilities	5,759	-	1,271,785	11,502,226	1,277,544	11,502,226
Total liabilities	5,759	299,316	118,521,076	109,541,764	118,526,835	109,841,080
Deferred inflows of resources	-	-	1,694	17,739	1,694	17,739
Net position:						
Net investment in capital assets	6,918,044	-	11,782	-	6,929,826	-
Restricted	3,264,805	344,189	20,904,990	15,897,043	24,169,795	16,241,232
Unrestricted	-	-	6,748,623	9,185,024	6,748,623	9,185,024
Total net position	\$ 10,182,849	\$ 344,189	\$ 27,665,395	\$ 25,082,067	\$ 37,848,244	\$ 25,426,256

A portion of the Authority's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Housing Finance Authority of Pinellas County's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 167,640	\$ 999,663	\$ 167,640	\$ 999,663
Operating grants and contributions	2,792,568	183,735	662,221	149,998	3,454,789	333,733
Capital grants and contributions	7,654,648	-	-	-	7,654,648	-
General revenues:						
Investment income	-	-	5,640,350	6,354,435	5,640,350	6,354,435
Total revenues	10,447,216	183,735	6,470,211	7,504,096	16,917,427	7,687,831
Expenses:						
Program expenses	597,937	-	63,704	109,934	661,641	109,934
Interest expenses	-	-	2,632,264	3,167,224	2,632,264	3,167,224
Administrative and other expenses	10,619	229,462	3,098,399	1,405,392	3,109,018	1,634,854
Total expenses	608,556	229,462	5,794,367	4,682,550	6,402,923	4,912,012
Increase (decrease) in net position	9,838,660	(45,727)	675,844	2,821,546	10,514,504	2,775,819
Net position-beginning of year, as previously reported	344,189	389,916	25,082,067	23,830,218	25,426,256	24,220,134
Prior period adjustment	-	-	1,907,474	(1,569,697)	1,907,474	(1,569,697)
Net position - beginning of year, as restated	344,189	389,916	26,989,541	22,260,521	27,333,730	22,650,437
Net position - end of year	\$ 10,182,849	\$ 344,189	\$ 27,665,385	\$ 25,082,067	\$ 37,848,234	\$ 25,426,256

Governmental activities. Governmental current year activities increased the Authority's net position by \$9,838,660 or 94% of the total increase in the net position of the Authority and was a result of the County providing funding for the Program for the first time since fiscal year 2010, as well as a change in the accounting estimate related to the allowance for uncollectible mortgage loans receivable. Governmental activities including the impact of prior period adjustments increased the Authority's net position by \$9,838,660 accounting for 79% of the total increase in the Authority's net position when compared to last fiscal year.

Overall, revenues in Governmental activities increased by \$10,263,481 or 5,586%; expenses increased by \$379,094 or 165% when compared to last year's balances without the impact of any prior period adjustments. The increase in revenues was due to the Land Assembly Fund monies that were used to acquire the capital asset properties that are in the Land Trust being administered by the Authority on behalf of the County, as well as a change in the accounting estimate related to the calculation of the allowance for uncollectible mortgage loans receivable.

Business-type activities. Business-type current year activities increased the Authority's net position by \$675,854 accounting for 6% of the total increase in the Authority's net position when compared to last fiscal year without including the impact of the prior period adjustment. Business-type activities including the impact of the prior period adjustment increased the Authority's net position by \$2,583,328 accounting for 21% of the total increase in the Authority's net position when compared to last fiscal year.

Overall the revenues in business-type activities decreased by \$1,033,875 or 14%. The expenses increased by \$1,111,817 or 24%.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$3,264,805 an increase of \$2,920,616 in comparison with prior year. \$2,330,251 of the fund balance has been designated as *Unspendable* for long-term receivables and the rest of the fund balance, \$934,554, in the Housing Trust Fund is not available for new spending because it has already been designated *Restricted* for housing programs.

Proprietary funds. The Authority's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the General Fund and Single Family Bond Programs Fund at the end of the year amounted to \$18,063,295 and \$9,602,100, respectively. The total increase in net position was \$1,271,966 and \$1,311,362, respectively.

Capital assets. The Authority's investment in capital assets for its governmental and business-type assets as of September 30, 2016, amounts to \$6,929,826. This investment in capital assets includes land, buildings and equipment. The total increase in the Authority's investment in capital assets for the current fiscal year was 100%.

Major capital asset events during the current fiscal year included the properties acquired with Land Assembly Fund monies that are being administered by the Authority on behalf of the County. The properties are held in the Land Trust to maintain affordability for 99 years and the Authority is the trustee of these properties. The properties are then to be leased back to the developer or beneficial owner through a Ground Lease and Land Use Restriction Agreement.

Housing Finance Authority of Pinellas County's Capital Assets

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,867,115	\$ -	\$ -	\$ -	\$ 2,867,115	\$ -
Buildings	4,187,526	-	-	-	4,187,526	-
Equipment	-	-	12,402	-	12,402	-
Less accumulated depreciation	(136,597)	-	(620)	-	(137,217)	-
Total	\$ 6,918,044	\$ -	\$ 11,782	\$ -	\$ 6,929,826	\$ -

Additional information on the Authority's capital assets can be found within this report.

Long-term liabilities. At the end of the fiscal year, the Authority had long-term liabilities in the business-type funds. The long-term liabilities amount to \$118,186,771, of which \$937,480 is due within one year, and include amounts due to other governments, unearned revenue, Single Family Bonds payable, the NLP obligation, a capital lease for equipment and the net pension liability for the Authority's proportionate share of the Florida Retirement System Pension Plan.

Economic Factors and Next Year's Budget

Fiscal year 2016 was the second full year of independence from the County for the Housing Finance Authority. The Authority remains a dependent special district of the County and continues to maintain a working relationship with the County to leverage resources and to jointly work on various affordable housing programs as well as the NSP programs.

The Authority is well positioned to meet its operating budget and revenue projections for fiscal year 2017. Approximately \$1.8 million of revenue is budgeted for fiscal year 2017. This is a 10% decrease from the 2016 budget.

During 2016, the 2015B and 2016A first-time homebuyer bond programs fully originated. The Authority expects to continue originating mortgages to first time homebuyers. These mortgages will be pooled into mortgage-backed securities and sold on the secondary market through a TBA program in conjunction with the Hillsborough County Housing Finance Authority. The Authority is projecting that two new construction multi-family bond transactions will be completed in fiscal year 2017. These transactions generate fee income and a fairly steady flow of management income.

The County has started providing additional funding for the Housing Trust Fund Program in the fiscal year 2016. The Authority continues to administer the Housing Trust Fund on behalf of the County and expects to utilize the new funding and program income to continue to fund affordable housing.

The Authority has entered into an Interlocal Agreement with the County to administer its Penny for Pinellas Land Assembly Fund. There will be approximately \$15,000,000 available over a three year period to provide funds to purchase land to provide affordable, workforce housing for the residents of Pinellas County. In the fiscal year 2016, over \$6.9 million was used to acquire property to be used for affordable housing under this program

The Authority will continue to trim administrative and other expenses, seek new sources of funding, and explore business opportunities that are consistent with its mission and statutory purpose. The Authority is also exploring opportunities for regional cooperation with other local affordable housing providers in the County as well as other local housing finance authorities. The Authority is confident that fiscal year 2017 will be a very productive year. As the only County-wide housing agency in Pinellas, the Authority is poised to provide housing leadership to our community, our providers, and residents.

Request 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 government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Housing Finance Authority of Pinellas County, 26750 US Highway 19 North, Suite 110, Clearwater, Florida 33761.

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

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 895,438	\$ 6,660,955	\$ 7,556,393
Accounts receivable:			
Due from other governments	-	3,316	3,316
Fees and other receivables	-	12,299	12,299
Internal balances	44,875	(44,875)	-
Interest receivable	-	347,059	347,059
Prepaid expenses	-	102,405	102,405
Total current assets	940,313	7,081,159	8,021,472
Noncurrent assets:			
Restricted cash and cash equivalents	-	7,724,614	7,724,614
Restricted investments	-	334,104	334,104
Whole loan mortgages receivable	-	911,155	911,155
Loans receivable - other	-	118,625,454	118,625,454
Mortgage loans receivable - net	1,806,724	6,109,851	7,916,575
Notes receivable - net	292,590	5,084,210	5,376,800
Other receivables	230,937	-	230,937
Real estate owned - net	-	100,363	100,363
Capital assets - net	6,918,044	11,782	6,929,826
Total noncurrent assets	9,248,295	138,901,533	148,149,828
Total assets	10,188,608	145,982,692	156,171,300
DEFERRED OUTFLOWS OF RESOURCES			
Contributions	-	205,473	205,473
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	5,759	27,990	33,749
Accrued interest payable	-	299,229	299,229
Arbitrage rebate payable	-	7,086	7,086
Capital lease - current portion	-	2,480	2,480
Bonds payable - current portion	-	935,000	935,000
Total current liabilities	5,759	1,271,785	1,277,544
Noncurrent liabilities:			
Due to other governments	-	827,310	827,310
Unearned revenues	-	1,836,640	1,836,640
Capital leases	-	9,295	9,295
Bonds payable - net	-	110,491,513	110,491,513
Other long-term liabilities	-	3,824,855	3,824,855
Net pension liability	-	259,678	259,678
Total noncurrent liabilities	-	117,249,291	117,249,291
Total liabilities	5,759	118,521,076	118,526,835
DEFERRED INFLOWS OF RESOURCES			
Contributions	-	1,694	1,694
NET POSITION			
Net investment in capital assets	6,918,044	11,782	6,929,826
Restricted for:			
Bond programs fund	-	9,602,100	9,602,100
Special programs	3,264,805	11,302,890	14,567,695
Unrestricted	-	6,748,623	6,748,623
Total net position	\$ 10,182,849	\$ 27,665,395	\$ 37,848,244

The accompanying notes are an integral part of these statements.

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

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
Housing trust fund	\$ 608,556	\$ -	\$ 7,654,648	\$ 2,792,568	\$ 9,838,660	\$ -	\$ 9,838,660
Total governmental activities	608,556	-	7,654,648	2,792,568	9,838,660	-	9,838,660
Business-type activities:							
General Fund	1,483,071	167,640	-	114,421	-	(1,201,010)	(1,201,010)
Single Family Bond Program	4,311,286	-	-	547,800	-	(3,763,486)	(3,763,486)
Total business-type activities	5,794,357	167,640	-	662,221	-	(4,964,496)	(4,964,496)
Total primary government	<u>\$ 6,402,913</u>	<u>\$ 167,640</u>	<u>\$ 7,654,648</u>	<u>\$ 3,454,789</u>	<u>9,838,660</u>	<u>(4,964,496)</u>	<u>4,874,164</u>
General revenues:							
Investment income					-	5,640,350	5,640,350
Total general revenues					-	5,640,350	5,640,350
Changes in net position					9,838,660	675,854	10,514,514
Net position - beginning, as previously reported					344,189	25,082,067	25,426,256
Prior period adjustment					-	1,907,474	1,907,474
Net position - beginning, as restated					344,189	26,989,541	27,333,730
Net position - ending					<u>\$ 10,182,849</u>	<u>\$ 27,665,395</u>	<u>\$ 37,848,244</u>

The accompanying notes are an integral part of these statements.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Balance Sheet
Governmental Fund
September 30, 2016**

	Housing Trust Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 895,438
Due from other funds	44,875
Total current assets	<u>940,313</u>
Noncurrent assets:	
Mortgage loans receivable - net	1,806,724
Notes receivable - net	292,590
Other receivables	230,937
Total noncurrent assets	<u>2,330,251</u>
Total assets	<u><u>\$ 3,270,564</u></u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Due to other governments	\$ 5,759
Total liabilities	<u>5,759</u>
Fund balances:	
Unspendable	
Long-term mortgage loans receivable	1,806,724
Long-term notes receivable	292,590
Long-term portion of other receivables	230,937
Unassigned	934,554
Total fund balances	<u>3,264,805</u>
Total liabilities and fund balances	<u><u>\$ 3,270,564</u></u>
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position:	
Total fund balances - governmental funds	\$ 3,264,805
Amounts reported for governmental activities in the Statement of Net Position are	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	6,918,044
Change in net position of governmental activities	<u><u>\$ 10,182,849</u></u>

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended September 30, 2016

	Housing Trust Fund
Revenues:	
Program income	\$ 2,792,568
Total revenues	<u>2,792,568</u>
Expenditures:	
General and administrative	10,619
Capital outlay	7,054,648
Program expenditures	461,333
Total expenditures	<u>7,526,600</u>
Operating loss	(4,734,032)
Other financing sources:	
Capital contributions	7,654,648
Total other financing sources	<u>7,654,648</u>
Net changes in fund balance	2,920,616
Total fund balance - beginning	<u>344,189</u>
Total fund balance - ending	<u><u>\$ 3,264,805</u></u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:	
Net change in fund balances - governmental funds	\$ 2,920,616
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	7,054,648
Depreciation expense	<u>(136,604)</u>
Total	6,918,044
Change in net position of governmental activities	<u><u>\$ 9,838,660</u></u>

The accompanying notes are an integral part of these statements.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Statement of Net Position - Business-type Activities
Proprietary Funds
September 30, 2016**

	General Fund	Single Family Bond Programs Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,660,955	\$ -	\$ 6,660,955
Accounts receivable:			
Due from other governments	3,316	-	3,316
Fees and other receivables	12,299	-	12,299
Interest receivable	-	347,059	347,059
Prepaid expenses	102,405	-	102,405
Total current assets	6,778,975	347,059	7,126,034
Noncurrent assets:			
Restricted cash and cash equivalents	-	7,724,614	7,724,614
Whole loan mortgages receivable	-	911,155	911,155
Restricted investments	-	334,104	334,104
Due from other funds	3,603,143	-	3,603,143
Loans receivable - other	3,004,315	115,621,139	118,625,454
Mortgage loans receivable - net	6,109,851	-	6,109,851
Notes receivable	5,084,210	-	5,084,210
Real estate owned - net	100,363	-	100,363
Capital assets - net	11,782	-	11,782
Total noncurrent assets	17,913,664	124,591,012	142,504,676
Total assets	24,692,639	124,938,071	149,630,710
DEFERRED OUTFLOWS OF RESOURCES			
Contributions	205,473	-	205,473
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	27,990	-	27,990
Accrued interest payable	-	299,229	299,229
Arbitrage rebate payable	-	7,086	7,086
Capital lease - current	2,480	-	2,480
Bonds payable - current	-	935,000	935,000
Total current liabilities	30,470	1,241,315	1,271,785
Noncurrent liabilities:			
Due to other funds	44,875	3,603,143	3,648,018
Due to other governments	827,310	-	827,310
Unearned revenues	1,836,640	-	1,836,640
Capital leases	9,295	-	9,295
Bonds payable - net:			
Other bonds payable	-	110,491,513	110,491,513
NLP obligation	3,824,855	-	3,824,855
Net pension liability	259,678	-	259,678
Total noncurrent liabilities	6,802,653	114,094,656	120,897,309
Total liabilities	6,833,123	115,335,971	122,169,094
DEFERRED INFLOWS OF RESOURCES			
Contributions	1,694	-	1,694
NET POSITION			
Net investment in capital assets	11,782	-	11,782
Restricted for:			
Bond programs	-	9,602,100	9,602,100
Special programs	11,302,890	-	11,302,890
Unrestricted	6,748,623	-	6,748,623
Total net position	\$ 18,063,295	\$ 9,602,100	\$ 27,665,395

The accompanying notes are an integral part of these statements.

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

	<u>General Fund</u>	<u>Single Family Bond Programs Fund</u>	<u>Total</u>
Operating revenues:			
Investment income, including unrealized gains on financial instruments	\$ 390,577	\$ 5,935,558	\$ 6,326,135
Fee income and other revenue	167,640	-	167,640
Grants and contributions	114,421	547,800	662,221
Total operating revenues	<u>672,638</u>	<u>6,483,358</u>	<u>7,155,996</u>
Operating expenses:			
Interest	-	3,318,039	3,318,039
General and administrative	1,419,367	444,366	1,863,733
Other expenses	685,785	548,881	1,234,666
Program expenses	63,704	-	63,704
Total operating expenses	<u>2,168,856</u>	<u>4,311,286</u>	<u>6,480,142</u>
Operating income	<u>(1,496,218)</u>	<u>2,172,072</u>	<u>675,854</u>
Transfers in	860,710	4,278,577	5,139,287
Transfers out	-	(5,139,287)	(5,139,287)
Total transfers	<u>860,710</u>	<u>(860,710)</u>	<u>-</u>
Changes in net position	<u>(635,508)</u>	<u>1,311,362</u>	<u>675,854</u>
Total net position - beginning, as previously reported	16,791,329	8,290,738	25,082,067
Prior period adjustment	1,907,474	-	1,907,474
Total net position - beginning, as restated	<u>18,698,803</u>	<u>8,290,738</u>	<u>26,989,541</u>
Total net position - ending	<u>\$ 18,063,295</u>	<u>\$ 9,602,100</u>	<u>\$ 27,665,395</u>

The accompanying notes are an integral part of these statements.

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

	General Fund	Single Family Bond Programs Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from fees	\$ 68,102	\$ -	\$ 68,102
Cash received from other governments	1,351,734	-	1,351,734
Cash received from issuer	-	547,800	547,800
Cash received from housing loans	-	18,669	18,669
Cash received from (paid to) other funds	(73,528)	70,655	(2,873)
Cash paid for cost of issuance	-	(549,105)	(549,105)
Cash paid for housing programs	(63,704)	-	(63,704)
Cash payments for general and administrative expenses	(1,228,417)	(444,142)	(1,672,559)
Net cash used in operating activities	54,187	(356,123)	(301,936)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	-	30,580,000	30,580,000
Principal repayments on bonds payable	-	(12,020,508)	(12,020,508)
Interest paid on bonds payable	-	(3,387,439)	(3,387,439)
Payments for capital leases	(627)	-	(627)
Proceeds from premium on bonds payable	-	739,709	739,709
FHLB advance	(10,931,928)	-	(10,931,928)
Transfers from other funds	860,710	-	860,710
Transfers to other funds	-	(860,710)	(860,710)
Payments of housing assistance and grants	(804,688)	-	(804,688)
Net cash provided by (used in) noncapital financing activities	(10,876,533)	15,051,052	4,174,519
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from principal paydowns of MBS	-	11,957,734	11,957,734
Payments for the issuance of MBS	-	(29,275,475)	(29,275,475)
Purchase of investments	(100,363)	(334,000)	(434,363)
Sale of investments	12,338,863	119,000	12,457,863
Interest received on investments	390,577	3,939,174	4,329,751
Net cash provided by (used in) investing activities	12,629,077	(13,593,567)	(964,490)
Net increase in cash and cash equivalents	1,806,731	1,101,362	2,908,093
Cash and cash equivalents, beginning of year (see Note 1G)	4,854,224	6,623,252	11,477,476
Cash and cash equivalents, end of year	\$ 6,660,955	\$ 7,724,614	\$ 14,385,569
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	\$ (1,496,218)	\$ 2,172,072	\$ 675,854
Adjustments to reconcile operating income to net cash used in operating activities:			
Amortization of unearned commitment fees	-	(3,090)	(3,090)
Amortization of MBS premium	-	22,006	22,006
Amortization of bond premium	-	(119,760)	(119,760)
Unrealized loss (gain) on financial instruments	685,775	(1,975,147)	(1,289,372)
Depreciation expense	620	-	620
Interest received on investments	(390,577)	(3,939,174)	(4,329,751)
Interest paid on bonds payable	-	3,387,439	3,387,439
Changes in operating assets and liabilities:			
Notes receivable	1,133,039	-	1,133,039
Whole loan mortgages receivable	-	18,669	18,669
Due from other governments	104,274	-	104,274
Fees and other receivables	(8,138)	-	(8,138)
Accrued interest receivable	-	(40,153)	(40,153)
Prepaid expenses	193,772	-	193,772
Other liabilities	(91,400)	-	(91,400)
Accrued interest payable	-	50,360	50,360
Accounts payable and other liabilities	(42,128)	-	(42,128)
Internal balances	(73,528)	70,655	(2,873)
Deferred outflows of resources	(64,533)	-	(64,533)
Deferred inflows of resources	(16,045)	-	(16,045)
Net pension liability	119,274	-	119,274
Total adjustments	1,550,405	(2,528,195)	(977,790)
Net cash used in operating activities	\$ 54,187	\$ (356,123)	\$ (301,936)

The accompanying notes are an integral part of these statements.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, FL)
Notes to Basic Financial Statements
September 30, 2016**

1. Summary of significant accounting policies

The accounting policies of the Housing Finance Authority (Authority) of Pinellas County, Florida (County) conform to United States Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting entity

The Authority was created as a Florida public corporation in accordance with the Florida Housing Financial Authority Law, Part IV of Chapter 159, *Florida Statutes* (1979), following the adoption of an approving ordinance by the Board of County Commissioners (Board) of the County on October 12, 1982, included as Section 2-389, Pinellas County Code (Authorizing Ordinance). The purpose of the Authority is to encourage the investment of private capital and stimulate the construction of residential housing for low, moderate, or middle income families through the use of public financing. The Authority is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the Board.

Financial oversight and accountability to the citizens of the 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 an Authority member from office without cause. For financial reporting purposes the Authority is considered a component unit of the County.

Bonds and other obligations issued by the Authority are payable, both as 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 County, the State of Florida or of any local government therein. Neither, the full-faith, credit nor revenues, the taxing power of the County, nor the State of Florida or any local government therein, shall be pledged to the payment of the principal and interest on the obligations.

The Authority is a party to agreements with other duly created local housing finance authorities. The agreements provide for the Authority to issue bonds to provide funds to make loans to qualified persons or families of low, moderate or middle income to finance the purchase of qualified owner-occupied single family residences to alleviate the shortage of housing in the jurisdictions of the parties to the respective agreements.

B. Basis of presentation

The accounting records of the Authority are organized on the basis of funds as prescribed by GAAP in the United States applicable to governments as established by the 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 accompanying financial statements present the financial position, changes in financial position and cash flows of the general fund, which reports all of the funds controlled by the Authority, the bond programs fund, which accounts for all of the single-family bond programs of the Authority, and the housing trust fund, which accounts for funds used to finance housing projects and developments. The Single Family Bond Programs Fund, GSE Program Fund and the Housing Trust Fund are each considered major funds under GASB Statement No. 34 because of their importance to financial statement users.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are reported separately from *business-type* activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Fund accounting

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Authority's funds are classified into two categories - governmental and proprietary.

Governmental funds

Governmental funds finance the Authority's governmental functions including the disbursement of restricted monies. The Authority's governmental fund type is a special revenue fund. Expendable assets are assigned to the applicable governmental fund according to the purpose for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between assets and liabilities is fund balance.

The Special Revenue fund accounts for the Housing Trust Fund, which was established in December 2006 consistent with the interlocal agreement between the Authority and the Board. Housing Trust Fund proceeds are to be used to provide equity, loans, financing and assistance, including subsidy, for the promotion of housing opportunities. Housing Trust Fund proceeds may be used only for the purposes approved by the County.

In accordance with governmental accounting standards, the portions of fund balances that are not available for appropriation and expenditure and/or are legally segregated for a specified use are presented as restricted.

Proprietary funds

The proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. An enterprise fund accounts for activities that are self-sustaining, primarily through user charges or are used when management wants control or measure costs of services. The Authority's proprietary fund category includes the following enterprise funds:

General fund. The Authority's general fund collects program fees from various bond issues. Expenses are those incurred in operating the Authority which are determined by budgetary restrictions imposed by the Authority. The general fund also makes second mortgage loans used for down-payment assistance as well as loans to various agencies that assist in providing affordable housing in specifically designated areas of the County. These loans are typically non-interest bearing or have interest rates substantially below the prevailing market rate and include other favorable terms of repayment.

Single-family bond programs fund. Various single-family programs have been financed through the issuance by the Authority of tax-exempt and taxable bonds. The proceeds of the bonds are used primarily to purchase Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) 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 Pinellas, Hillsborough, Pasco, Polk, Charlotte, Collier, Monroe and Sarasota Counties, Florida.

E. Basis of accounting

All governmental funds are accounted for using a current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases in net current assets.

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues and other fund financial resources are recognized in the accounting period in which they become both measurable and available to finance expenditures. For this purpose, the Authority considers funds to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The government-wide financial statements and proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases in net total assets.

The Authority recognizes revenues and expenses for the governmental and enterprise fund-types using the accrual basis of accounting. Revenues and federal reimbursement type grants are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

The Authority has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. GASB Statement No. 20 requires enterprise funds to apply all applicable GASB pronouncements as well as those statements and interpretations of the FASB, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The Authority has elected not to adopt any FASB statements and interpretations issued after November 30, 1989, unless implementation is required by a GASB pronouncement.

F. Budgets and budgetary accounting

The Authority adopts its budget annually for the general fund in accordance with the Authorizing Ordinance. Appropriations are controlled at the object level within each activity and may be amended by resolution at any Authority meeting within sixty days after the fiscal year end. Budgets are prepared using the same accrual basis as is used to account for enterprise funds.

G. Cash and cash equivalents

Cash and cash equivalents of the general fund and bond programs, which consist of highly liquid financial instruments with an original maturity of three months or less, are carried at cost which approximates their fair value. All bank balances as of September 30, 2016, are covered by federal depository insurance or the State of Florida's Collateral Pool.

The Authority considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. In prior years the Authority treated some highly liquid financial instruments as investments. For the fiscal year 2016, the Authority has determined that, going forward, when not restricted, it will treat these short-term, highly liquid investments as cash equivalents. As a result, beginning cash and cash equivalents on the Statement of Cash Flows for the Single Family Bond Programs Fund has been increased by \$187,700 as follows:

	1998 Master Indenture Single Family Bond Program Fund	2009 Master Indenture Single Family Bond Program Fund	Single Family Bond Programs Fund Total
Cash and cash equivalents, September 30, 2015, as previously recorded on the Combining Statement of Cash Flows	\$ 1,126,616	\$ 5,308,936	\$ 6,435,552
Increase as a result of reclassification	187,700	-	187,700
	<u>\$ 1,314,316</u>	<u>\$ 5,308,936</u>	<u>\$ 6,623,252</u>

H. Investments

The Authority is authorized to invest in federal instrumentalities and direct obligations of the United States of America or any agency thereof, interest bearing time or demand deposits with any qualified depository institution, Certificates of Deposits in state certified qualified public depositories, Securities and Exchange Commission registered money market funds, contracts for the purchase and sale of government obligations as described in the Florida Housing Act, the State Board of Administration (SBA) Investment Pool (SBA Investment Pool), created by Section 218.405, *Florida Statutes* and those made locally.

I. Loans receivable, other

The Authority has entered into various investment agreements with the bond trustees (financial institutions) (Bond Trustees) who are custodians of GNMA and 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.

J. Mortgage loans receivable

Mortgage loans receivable are carried at original cost, less principal collections. Servicing of these loans is provided by various approved and qualified private lending institutions and servicing organizations on behalf of the Authority.

K. Allowance for losses on loans and mortgage loan receivable

The Authority makes loans through its Operating Fund for down payment assistance and to various agencies. An allowance has been established based upon management's evaluation of the balances therein.

L. Interfund transfers

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

M. Bond discounts and premiums

Discounts and premiums on the sale of bonds are capitalized and amortized over the life of the bonds using the effective interest method.

N. Real estate owned, net

Real estate acquired through foreclosure is recorded at the lower of the investment in the loan or estimated fair market value less estimated selling costs.

O. Capital assets

Capital assets are carried at cost and depreciated based on various useful lives ranging from 5 to 31.5 years. Depreciation is recognized on the straight-line basis over the expected useful lives of the assets. The Authority has established a capitalization threshold for fixed assets of \$2,500.

P. Fee income

In connection with the financing of single-family mortgage loans, the Authority historically charged a nonrefundable fee to participating lenders for the purpose of securing a commitment for permanent mortgage loans for single-family units equal to 1.0% to 1.125% of the principal balance of loan participation commitments. Such fees, net of allowable direct costs, were reported as unearned commitment fees and amortized over the life of the mortgage loans or the related GNMA, FNMA and FHLMC certificates using the straight-line method, which approximates the effective interest method. Investments are presented net of unearned fee income in accordance with FASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*.

In connection with the administration of its bond programs, the Authority receives a fee from each of the bond issues administered. This fee is based on either a percentage of bonds, mortgage loans, or GNMA/FNMA/FHLMC certificates outstanding or a certain dollar amount, as provided for in the bond issue documents.

Q. 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.

R. Deferred inflows and outflows of resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. The Authority recognizes deferred inflows of resources related to pensions. Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. The Authority recognizes deferred outflows of resources related to pensions.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the Florida Retirement System (FRS or the System) and additions to/deductions from FRS' plan net position has been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

T. Net Position

Net investments in capital assets represents the balance of capital assets, net of accumulated depreciation and less the outstanding balances of any debt or other forms of borrowing used to finance 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 and regulations. All net position of the bond programs fund is considered to be restricted. Unrestricted net position relates to that portion of net position not restricted for the purposed defined above. Upon satisfaction of all bondholder indebtedness and payment of all unauthorized expenses, any remaining funds are disbursed to the Authority or the respective entity as described in the trust indenture or loan agreement.

U. 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.

V. 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.

2. Recently issued accounting standards

GASB Statement No. 72, *Fair Value Measurement and Application* – 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 Statement No. 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* – supersedes GASB Statement No. 55. GASB Statement No. 76 has been implemented for the year ended September 30, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – 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. 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 Statement No. 79 has been implemented for the year ended September 30, 2016.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 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 Statement No. 39. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

3. Prior period adjustment

During 2016, the Authority determined that U.S. Bank had second mortgages on their trial balance that the Authority did not have recorded. These loans closed prior to fiscal year 2016.

	General Fund
Beginning net position, as previously reported	\$ 16,791,329
Corrections to receivables	1,907,474
Beginning net position, as restated	<u>\$ 18,698,803</u>

4. Cash, cash equivalents and investments

The Authority's Investment Policy is designed to ensure the prudent management of funds, and the availability of operating and capital funds when required, while earning a competitive return within the policy framework. The primary objectives, in order of priority, of investment activity shall be safety, liquidity, and yield.

Investments of the Authority include: direct obligations of, and mortgage-backed securities guaranteed by the U.S. Government or certain of its agencies and; deposits and guaranteed contracts with banks or other financial institutions which meet standards for deposits stipulated in investment agreements; and money market funds.

A. General Fund

	Total	Investment Maturities (in Years) Less Than 1
Bank Deposits	\$ 4,435,464	\$ 4,435,464
Money Market Funds	2,225,491	2,225,491
Total cash equivalents	<u>\$ 6,660,955</u>	<u>\$ 6,660,955</u>

B. Housing Trust Fund

	Total	Investment Maturities (in Years) Less Than 1 Year
Bank Deposits	\$ 843,824	\$ 843,824
Money Market Funds	51,614	51,614
Total cash equivalents	<u>\$ 895,438</u>	<u>\$ 895,438</u>

C. Single Family Bond Programs Fund

		Investment Maturities (in Years)
	Total	Less Than 1 Year
Cash	\$ 527	\$ 527
Money Market Funds	7,425,156	7,425,156
Investment agreements	298,931	298,931
U.S. Government Agency Securities	334,104	334,104
Total cash equivalents and investments	8,058,718	\$ 8,058,718
Less cash and cash equivalents	(7,724,614)	
Total investments	<u>\$ 334,104</u>	

D. Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. Interest rate risk, credit risk, custodial credit risk, and concentration of credit risk are discussed in the following paragraphs.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy to minimize interest rate risk is by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit risk

The Authority also mitigates credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are held in the possession of an outside party.

Funds that are held under a bond resolution or other security agreement shall be invested with investment agreement providers that have a rating of at least "AAA" to "AA-" from Standard and Poor's Rating Services, or at least "Aaa" to "Aa3" from Moody's Investor Services, Inc., and that otherwise satisfy any additional requirements imposed by the applicable bond resolution credit risk by limiting investments to securities listed by the Authority as permitted investments and by ensuring that financial institutions are considered authorized by the Authority. Authorized financial institutions are defined in the investment policy as financial institutions that have a rating of 150 or better and trustees that have a reported capital and surplus of not less than \$50,000,000 or such greater amount as may be provided in the applicable bond resolution or other security agreement.

In August of 2011, S&P downgraded all long term U.S. Government debt to AA+ which resulted in the Authority's the U.S. Government Agency Securities now being rated AA+. Moody's did not downgrade the U.S. Government debt and has rated the U.S. Government Agency Securities as Aaa. The Authority's ratings from Moody's are also Aaa.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority diversifies its General Fund investment portfolio to minimize the impact of potential losses from one type of security or individual issuer.

Credit quality ratings, weighted average maturities and concentration of credit risk permitted for Single Family Bond Programs Fund 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.

5. Reserve fund requirements

The single family bond programs do not have a reserve requirement.

6. 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 U.S. Treasury note classified as Level 1 of the fair value hierarchy is valued using quoted active market prices for the identified note security. The loans receivable classified as Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
General Fund			
Loans receivable, other	\$ 3,004,315	\$ -	\$ 3,004,315
Total General Fund	<u>3,004,315</u>	<u>-</u>	<u>3,004,315</u>
Single Family Bond Programs Fund			
U.S. Treasury Note	334,104	334,104	-
Loans receivable, other	<u>115,621,139</u>	<u>-</u>	<u>115,621,139</u>
Total Single Family Bond Programs Fund	<u>115,955,243</u>	<u>334,104</u>	<u>115,621,139</u>
Total Financial Instruments by Fair Value Level	<u>\$ 118,959,558</u>	<u>\$ 334,104</u>	<u>\$ 118,625,454</u>

7. Receivables

A. Mortgage loans receivable

The Authority implemented second mortgage loan programs, which provide financing for qualifying individuals in connection with the purchase of a personal residence. The loans are available to reduce the amount of down payment and closing funds needed. The second mortgage loans are non-interest bearing, 30-year term loans payable in full upon sale, transfer or refinancing of the single family residence upon payment of the remaining balance of the mortgage loan, and are evidenced by a promissory note and secured by a mortgage. Each second mortgage is recorded in the official land records of the County such that it constitutes a valid second lien upon the single family residence.

Mortgage loans receivable consisted of the following at September 30, 2016:

	Governmental Funds	Proprietary Funds	Total
Mortgage loans receivable:			
DPA loans receivable	\$ 474,995	\$ 1,485,076	\$ 1,960,071
Second mortgages receivable	1,578,100	5,458,638	7,036,738
Gross mortgage loans receivable	2,053,095	6,943,714	8,996,809
Less: allowance for uncollectible accounts	(246,371)	(833,863)	(1,080,234)
Mortgage loans receivable, net	<u>\$ 1,806,724</u>	<u>\$ 6,109,851</u>	<u>\$ 7,916,575</u>

B. Notes receivable

At September 30, 2016 the Authority holds the following notes receivable:

	Governmental Funds	Proprietary Funds	Total
Notes receivable:			
Redwood Apartment	\$ 292,590	\$ -	\$ 292,590
Bayside Court	400,000	270,104	670,104
CHAF Properties LLC	1,100,000	-	1,100,000
Greenwood Apartments	-	265,946	265,946
Tampa Bay CDC	-	100,000	100,000
Norton Apartments	-	590,454	590,454
VOA	-	3,061,518	3,061,518
SunTrust Multifinancial	-	1,736,277	1,736,277
Gross notes receivable	1,792,590	6,024,299	7,816,889
Less: allowance for uncollectible accounts	(1,500,000)	(940,089)	(2,440,089)
Notes receivable, net	<u>\$ 292,590</u>	<u>\$ 5,084,210</u>	<u>\$ 5,376,800</u>

Funded by the Housing Trust Fund

A promissory note, dated April 12, 2011, from Pinellas County Housing Authority secured by a mortgage in the of amount of \$307,958. The note was given for the acquisition and preservation of residential rental housing of property, known as Redwood Apartments, located at 7524 41st Avenue North, St. Petersburg, Florida. Loan repayment is deferred for 3 years. No interest will accrue during the deferral period. Payments are based on the loan amount with interest at 3% per annum for a thirty year term. Payments on this note are due and payable commencing with a payment of \$1,298.37 due on May 1, 2014 consisting of principal and interest and \$1,298.37 on the first day of each month for the remaining 359 months. As of September 30, 2016, the outstanding principal on the note was \$292,590.

A promissory note, dated April 12, 2011, from BPA II, Ltd., a Florida limited partnership (Borrower), secured by a leasehold mortgage in the of amount of \$670,104. The note was given for the development of new residential rental housing on property known as Bayside Court, located at 1760 Clearwater-Largo Road, Largo, Florida through the Neighborhood Stabilization Program II (NSPII). This note is due and payable, on or before April 1, 2051. Loan payment is deferred, and there will be no payments of principal or interest due, so long as Borrower remains leasehold owner of the property, develops and operates said property as residential housing, including affordable rental housing, and complies with the terms of this note

and the accompanying leasehold mortgage, as well as the Land Use Restriction Agreement and the Agency Agreement, and any other security instrument associated with the leasehold mortgage. During the deferral period, no interest will accrue. As of September 30, 2016, the outstanding principal balance on the promissory note was \$670,104, of which \$400,000 is the Housing Trust Fund portion.

A promissory note from CHAF Properties, LLC secured by a mortgage in the amount of \$1,100,000 with maturity date April 1, 2042 and 1% interest. The first payment on this note was due on April 1, 2012. The note is restricted for the development of new residential rental housing. The Authority does not intend to collect on the note; therefore the allowance for uncollectible accounts and program expenditure was recorded in 2011. As of September 30, 2016 the outstanding principal on the note was \$1,100,000.

Funded by the Operating Fund

A note receivable from Greenwood Apartments, LLC in the amount of \$300,000 that is secured by a mortgage. The principal and 3% annual interest are paid monthly, contingent on cash flow, beginning May 1, 2010 and ending May 1, 2042. As of September 30, 2016, the outstanding principal balance on the note was \$265,946.

A promissory note from Tampa Bay Community Development Corporation (TBCDC) in the amount of \$200,000. The money was advanced to TBCDC to fund down payment assistance loans to first time home buyers. The entire outstanding balance and unpaid interest is due and payable in full on December 31, 2017, unless extended. As of September 30, 2016, the outstanding principal balance on the promissory note was \$100,000. The interest rate on the note was reduced from 3% to 2% per annum on November 3, 2010.

A promissory note, dated March 15, 2011, from Pinellas County Housing Authority (Borrower) secured by a leasehold mortgage in the amount of \$607,490. The note was given for the acquisition and preservation of residential rental housing of property, known as Norton Apartments, located at 1450 S Martin Luther King Jr. Avenue, Clearwater, Florida through NSPII. The original terms of the note required the Borrower to pay, when due, the principal sum of the indebtedness upon the earlier of the Borrower's sale of the property or April 1, 2012. During fiscal 2013, the note was modified to reflect payments to begin June 1, 2014. As of September 30, 2016, the outstanding principal balance on the note was \$590,454.

A promissory note from Volunteers of America of Florida, Inc. (VOA) in the amount of \$3,675,036 secured by a mortgage dated June 29, 2012 in the amount of \$3,245,036 which is provided by the Authority through the Neighborhood Stabilization Program I (NSPI) and NSPII. The purpose of the note is for the development of affordable rental housing units located at 802 Mango Street, Tarpon Springs, Florida to be known as Sunrise Place Apartments. The note is due and payable on or before July 1, 2054, at which time the remaining principal balance together with any interest accrued thereon shall be due and payable without demand. If the property is leased, sold or title of any interest therein is otherwise transferred to any third party before July 1, 2054, then the full principal sum plus interest shall be immediately due and payable. Repayment of \$940,089 of the original principal balance of the note will be forgiven (Contingent Forgiveness Amount) 40 years from the date of the note, provided that VOA has utilized the property to provide affordable rental housing in compliance with the Authority's conditions, the Agency Agreement and the Land Use Restriction Agreement. Interest will neither be paid nor accrue on the Contingent Forgiveness Amount. Loan repayment was deferred for 2 years from June 29, 2012, and there were to be no payments of principal and no interest to accrue, so long as the VOA remained leasehold owner of the property. Payments due under the note are based upon a loan amount of \$2,304,947, with interest thereon at the rate of 1.5% per annum amortized over forty years. Payments on the note began on July 1, 2014 and continue on the first day of each month for the remaining 479 calendar months. As of September 30, 2016, the outstanding principal balance on the note was \$3,061,518. The Contingent Forgiveness Amount has been recorded as an allowance that reduces the receivable.

The SunTrust Multifinancial loans were made to purchase properties to be rehabilitated and resold as part of the Neighborhood Stabilization Project (NSP). As of September 30, 2016, the outstanding principle on the SunTrust Multifinancial NSP notes receivable was \$1,736,277.

The Authority and Bright Community Trust (BCT) entered into a \$2,000,000 Revolving Affordable Housing Funding Agreement effective May 1, 2013, which provided that the Authority shall have the right to determine required closing documents to protect its interest, including but not limited to mortgages, promissory notes, indemnification agreements, certifications, surveys, title insurance, property insurance, flood insurance and other matters customarily required in connection with the real estate closing and in form and substance satisfactory to the Authority prior to honoring any funding request. On June 4, 2014, the Authority approved an advance to BCT of up to \$501,000 to complete 6 new single family homes under NSPI and Neighborhood Stabilization Program III (NSPIII). As security for the advance, BCT provided a promissory note secured by a first mortgage for proceeds that are allocated to each of the above mentioned six new single family homes. The promissory note is 3% simple interest and payable upon the earlier of the sale of the homes or one year. BCT is entitled to an \$11,000 developer fee for each house payable upon the sale of each house. As of September 30, 2016, the Note was satisfied.

C. Other receivables

Other receivables consisted of the following at September 30, 2016:

	Governmental Funds
Other receivables:	
Due from Pinellas County Land Trust	\$ 303,865
Less: allowance for uncollectible accounts	(72,928)
Other receivables, net	<u>\$ 230,937</u>

Other receivables represent amounts to be repaid that were advanced for the purpose of funding property improvements and operational expenses related to properties located in the Lealman area of Pinellas County, Florida.

8. Interfund balances

	Due To Other Funds	Due From Other Funds
Governmental funds:		
Housing Trust Fund	\$ -	\$ 44,875
Total governmental funds	-	<u>44,875</u>
Proprietary funds:		
General Fund	44,875	3,603,143
1998 Master Indenture Single Family Bond Program Fund	2,373,982	-
2009 Master Indenture Single Family Bond Program Fund	<u>1,229,161</u>	-
Total enterprise funds	<u>3,648,018</u>	<u>3,603,143</u>
Total Due To/Due From	<u>\$ 3,648,018</u>	<u>\$ 3,648,018</u>

Amounts due to or from other funds reported in the current asset or liability section of the accompanying fund financial statements relate to the time lag between dates that reimbursable expenditures occur and payments between funds are made.

Amounts due to or from other funds reported in the noncurrent asset or liability section of the accompanying fund financial statements are not expected to be repaid within a year. This activity relates to transactions between the general fund and the bond programs fund.

9. Interfund transfers

Transfers of \$851,882 from the 1998 Master Indenture Single Family Bond Fund were as a result of mortgage-backed securities pools being transferred into the General Fund's investment account. Transfers of \$8,828 from the 2009 Master Indenture Single Family Bond Fund were as a result of residuals returned to the Authority from the 2012A Bond Program.

	Transfers To Other Funds	Transfers From Other Funds
Proprietary funds:		
General Fund	\$ -	\$ 860,710
1998 Master Indenture Single Family Bond Program Fund	851,882	-
2009 Master Indenture Single Family Bond Program Fund	8,828	-
Total transfers	<u>\$ 860,710</u>	<u>\$ 860,710</u>

10. Capital assets

A summary of the changes in the Authority's capital assets for the year ended September 30, 2016 is as follows:

	Balance 10-1-2015	Additions	Disposals	Balance 9-30-16
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 2,867,115	\$ -	\$ 2,867,115
Total capital assets, not being depreciated	-	2,867,115	-	2,867,115
Capital assets, being depreciated:				
Buildings	-	4,187,526	-	4,187,526
Total capital assets, being depreciated	-	4,187,526	-	4,187,526
Accumulated depreciation for:				
Buildings	-	(136,597)	-	(136,597)
Total accumulated depreciation	-	(136,597)	-	(136,597)
Total capital assets, being depreciated, net	-	4,050,929	-	4,050,929
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 6,918,044</u>	<u>\$ -</u>	<u>\$ 6,918,044</u>
	Balance 10-1-2015	Additions	Disposals	Balance 9-30-16
Business-type activities:				
Capital assets, being depreciated:				
Equipment	\$ -	\$ 12,402	\$ -	\$ 12,402
Total capital assets, being depreciated	-	12,402	-	12,402
Accumulated depreciation for:				
Equipment	-	(620)	-	(620)
Total accumulated depreciation	-	(620)	-	(620)
Total capital assets, being depreciated, net	-	11,782	-	11,782
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 11,782</u>	<u>\$ -</u>	<u>\$ 11,782</u>

11. Bonds payable

Bonds are issued in the form of serial, term, and capital appreciation bonds. The annual percentage rate, maturity, principal balance outstanding, and other information relating to bond indebtedness at September 30, 2016, are as follows:

Series	Type	Annual Percentage Rate	Principal Maturity	Principal Balance Outstanding
1998 Master Indenture Single-Family Issues:				
2006B	Term	4.875-5.50	2032-2048	\$ 2,545,000
2007A	Term	4.85-5.45	2017-2048	3,770,000
2009 Master Indenture Single-Family Issues:				
2009A-1 & 2010A	Serial	2.65-3.60	2017-2021	505,000
	Term	3.01-4.25	2027-2041	7,010,000
2009A-2 & 2011A	Serial	2.55-4.00	2017-2022	1,060,000
	Term	2.77-4.70	2026-2041	9,660,000
2009A-3 & 2011B	Serial	2.45-3.65	2017-2022	1,385,000
	Term	2.32-4.375	2027-2041	9,135,000
2009A-4 & 2012A	Serial	1.25-2.625	2017-2023	2,145,000
	Term	2.71	2041	8,630,000
2014A	Term	2.90-3.40	2036-2045	15,867,744
2015A	Term	2.90-3.35	2037-2045	18,381,570
2015B	Term	3.35	2045	14,677,215
2016A	Serial	0.65-2.65	2017-2026	1,430,000
	Term	3.20-3.80	2031-2046	13,570,000
				<u>\$ 109,771,529</u>

Scheduled principal and interest payments commencing October 1, 2016, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2017	\$ 935,000	\$ 3,616,425	\$ 4,551,425
2018	935,000	3,597,841	4,532,841
2019	955,000	3,576,892	4,531,892
2020	965,000	3,553,208	4,518,208
2021	965,000	3,527,073	4,492,073
2022-2026	2,585,000	17,347,822	19,932,822
2027-2031	7,700,000	16,099,714	23,799,714
2032-2036	8,050,386	15,084,822	23,135,208
2037-2041	5,035,519	13,492,130	18,527,649
2042-2046	78,195,624	8,948,669	87,144,293
2047-2048	3,450,000	311,220	3,761,220
Total Bonds Outstanding	109,771,529	89,155,816	198,927,345
Unamortized bond premium	1,654,984	-	1,654,984
Total	<u>\$ 111,426,513</u>	<u>\$ 89,155,816</u>	<u>\$ 200,582,329</u>

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 repayments of mortgage loans securing issues, from unexpended bond proceeds and excess program revenues. Bonds are generally redeemable at the option of the Authority at premiums ranging up to 5%. Certain term bonds require mandatory sinking fund payments for their redemption.

12. Changes in long-term liabilities

	Balance at Beginning of Year 10/1/15	Additions	Deletions	Balance at End of Year 9/30/16	Due Within One Year
Business-type activities:					
Due to other governments	\$ 829,167	\$ -	\$ (1,857)	\$ 827,310	\$ -
Unearned revenue	1,881,341	-	(44,701)	1,836,640	-
Bonds payable	92,247,072	31,319,709	(12,140,268)	111,426,513	935,000
NLP obligation	3,871,554	-	(46,699)	3,824,855	-
Capital lease	-	12,402	(627)	11,775	2,480
Net pension liability	140,404	119,274	-	259,678	-
Business-type activities long-term liabilities	<u>\$ 98,969,538</u>	<u>\$ 31,451,385</u>	<u>\$ (12,234,152)</u>	<u>\$ 118,186,771</u>	<u>\$ 937,480</u>

13. Pension Plans

Florida Retirement System Pension Plan (FRSPP)

Plan description. Substantially all permanent full-time and part-time employees of the Authority are provided with pensions through the Florida Retirement System (FRS) Public Employment Retirement System (PERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Florida Department of Management Services' Division of Retirement. Chapter 121 of the State Statutes grants the authority to establish and amend the benefit terms to the Florida Legislature. FRS issues a publicly available financial report that can be obtained at <http://dms.myflorida.com>.

Benefits provided. FRSPP provides retirement, death, and disability benefits to plan members and beneficiaries. Plan benefits are computed on the basis of age, average final compensation and service credits. For employees initially enrolled in the Pension Plan on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of earnings compared with the average of the five highest years of earnings for those enrolled prior to July 1, 2011. The Pension Plan provides vesting of benefits after eight years of creditable service for employees initially enrolled in the Pension Plan on or after July 1, 2011, compared with a vesting period of six years for those enrolled prior to July 1, 2011. Members initially enrolled in the Pension Plan on or after July 1, 2011, are eligible for normal retirement if they are vested and age 65 or if they have 33 years of service, regardless of age. Members initially enrolled in the Pension Plan prior to July 1, 2011, are eligible for normal retirement if they are vested and age 62 or have 30 years of creditable service, regardless of age. Early retirement may be taken any time after vesting, however, there is a 5% benefit reduction for each year prior to normal retirement age or date.

The Deferred Retirement Option Program (DROP) is available under the Pension Plan when a member first reaches eligibility for normal retirement. The DROP allows members to retire while continuing employment for up to 60 months. While in DROP, the member's retirement benefits accumulate in the FRS Trust Fund (increased by a cost of living adjustment each July 1) and earn monthly interest equivalent to an annual rate of 1.30% if the effective DROP commencement date is on or after July 1, 2011, or an annual rate of 6.5% if the DROP commencement date is before July 1, 2011.

Contributions. Employer and employee contribution rates are established in section 121.71, Florida Statutes. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Employees participating in the Pension Plan are required to contribute 3.00 % of their annual pay. Employees who are enrolled in the DROP before July 1, 2011, are not subject to the contribution. The Authority's contractually required contribution rate for the period July 1, 2015 through June 30, 2016 was 5.60% of covered payroll based on employee risk groups. Effective July 1, 2016, rates changed to 5.86% of covered payroll based on employee risk groups. These Contribution rates include an administration fee of 0.04% and 0.06%, respectively. Contributions to the pension plan from the Authority were \$15,781 for the year ended September 30, 2016.

Florida Retiree Health Insurance Subsidy (HIS) Program

Plan description. Substantially all permanent full-time and part-time employees of the Authority are provided with pensions through the FRS Retiree Health Insurance Subsidy (HIS) Program—a cost-sharing multiple-employer defined benefit pension plan administered by the Florida Department of Management Services' Division of Retirement. Chapter 121 of the State Statutes grants the authority to establish and amend the benefit terms to the Florida Legislature. FRS issues a publicly available financial report that can be obtained at <http://dms.myflorida.com>.

Benefits provided. HIS provides a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can be Medicare.

Contributions. Employer contribution rates are set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The Authority's contractually required contribution rate from July 1, 2015 through June 30, 2017 is 1.66% of covered payroll. Contributions to the pension plan from the Authority were \$4,263 for the year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer Proportionate Share of Net Pension Liability. At September 30, 2016, the Authority reported a liability of \$156,840 and \$102,838, respectively, for its proportionate share of the net pension liability for FRSP and HIS. 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 that date. The Authority's proportion of the net pension liability was based on the Authority's historical employer contributions to the pension plan relative to the historical contributions of all participating employers. At June 30, 2016, the Authority's proportion was 0.000621147% and 0.000882380%, respectively, for FRSP and HIS, which was an increase of 0.000097968% and 0.000168273% respectively, for FRSP and HIS from its proportion measured as of June 30, 2015.

Pension Expense. For the year ended September 30, 2016, the Authority recognized pension expense of \$39,395 and \$19,583, respectively for FRSP and HIS.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Florida Retirement System Pension Plan

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,009	\$ 1,460
Change of assumptions	9,488	-
Net difference between projected and actual earnings on FRSP investments	40,541	-
Changes in proportion and differences between Authority FRSP contributions and proportionate share of contributions	65,004	-
Authority FRSP contributions subsequent to the measurement date	4,151	-
Total	<u>\$ 131,193</u>	<u>\$ 1,460</u>

Health Insurance Subsidy

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 234
Change of assumptions	16,138	-
Net difference between projected and actual earnings on HIS pension plan investments	52	-
Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions	56,901	-
Authority HIS contributions subsequent to the measurement date	1,189	-
Total	<u>\$ 74,280</u>	<u>\$ 234</u>

\$4,151 and \$1,189, respectively, reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date for FRSP and HIS will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	FRSP	HIS
2017	\$ 22,775	\$ 11,340
2018	22,775	11,340
2019	22,775	11,340
2020	25,706	11,338
2021	24,163	14,567
Thereafter	7,388	12,932
Total	<u>\$ 125,582</u>	<u>\$ 72,857</u>

Assumptions and Other Inputs

Actuarial assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRSP	HIS
Inflation	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%
Investment of return, net pension plan investment, including inflation	7.60%	2.85%

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 – June 30, 2013.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by capital markets teams from both Milliman and Aon Hewitt Consulting investment consultants to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	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	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%			

Discount rate. The discount rate used to measure the total pension liability was 7.60% for FRSP a decrease of 0.05%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, 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 calculating the total pension liability which is equal to the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 2.85% for HIS, a decrease of 0.95%. In general, the discount rate for calculating the total pension liability under GASB Statement No. 67 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 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 plan sponsor.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the current discount rate, 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 1-percentage-point lower or 1-percentage-point higher than the current rate:

Authority Proportionate Share of the FRSP Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
6.60%	7.60%	8.60%
\$288,753	\$156,840	\$47,040

Authority Proportionate Share of the HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
1.85%	2.85%	3.85%
\$117,978	\$102,838	\$90,272

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FRSP and HIS financial report.

As of September 30, 2016, the Authority has \$259,678 net pension liability to the pension plan.

Florida Retirement System Investment Plan (FRSIP)

The Authority contributes to the FRSIP, a defined contribution pension plan, for its eligible employees in lieu of participation in the defined benefit option of FRS. The Investment Plan is administered by the State Board of Administration.

Benefits are accrued in individual accounts that are participant directed, portable, and funded by employer/employee contributions. The Investment Plan offers a diversified mix of investment options that span the risk-return spectrum and give participants opportunity to accumulate retirement benefits. The Authority's required contribution rate to the Investment Plan is established by State Statute. The Authority has no participants in the FRSIP at this time.

14. Risk management

The Authority makes decisions regarding matters that come before it with respect to investment of private capital and the use of public financing. The Authority retains the risk of loss for these decisions.

The Authority's claims liability was \$0 at September 30, 2016, based on the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

15. Conduit debt obligations

From time to time, the Authority has issued revenue bonds to finance the construction or acquisition of multi-family housing developments which are intended for occupancy in part by persons of low, moderate, or middle income. Neither the Authority, nor the County, or the State, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2016, there were 7 series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$48,253,152.

16. Related party transactions

The Authority is a component unit of the County. Payments to the County also included repayment of loans from the County to the Authority for contributions to single family programs. Total payments to the County for fiscal year ended September 30, 2016 were \$67,000.

On April 8, 2009, the Authority entered into a specific performance agreement with the County for the utilization of NSPI. According to this agreement, the Authority provides certain NSPI services such as purchases and rehabilitation of foreclosed and abandoned properties for resale to qualified buyers. Pursuant to the agreement, the County pays the Authority for eligible cost and services. Total expenditures by the Authority for NSPI for the fiscal year ended September 30, 2016 were \$9,949. As of September 30, 2016, the County owed the Authority \$12,561 for NSPI eligible costs and reimbursable charges.

In July, 2009, the Authority entered into a Consortium Agreement with Neighborhood Lending Partners of West Florida, Inc. (Lead Applicant), Pasco County and Pinellas County (Consortium) to undertake neighborhood stabilization activities permitted under the American Recovery and Reinvestment Act of 2009 (Recovery Act) NSPII. The Lead Applicant assumes all responsibility for ensuring that the Consortium's Neighborhood Stabilization Program is carried out in compliance with the requirements of the Recovery Act and other requirements, including HUD regulations. Each member of the Consortium was entitled to a portion of NSPII funding received by the Consortium for eligible uses under the Recovery Act based on their respective foreclosure related needs scores. Total expenditures by the Authority for NSPII for the fiscal year ended September 30, 2016 were \$50,863.

On April 13, 2011, the Authority entered into a specific performance agreement with the County for the utilization of NSPIII. According to this agreement, the principal objective of the Authority is the acquisition of foreclosed and abandoned properties for rehabilitation, demolition and/or construction and resale to qualified buyers at affordable prices. Total expenditures by the Authority for NSPIII for the fiscal year ended September 30, 2016 were \$1,601. As of September 30, 2016, the County owed the Authority \$389 for NSPIII eligible costs and reimbursable charges.

17. Subsequent Events

On October 1, 2016, the following were redeemed:

- \$23,982 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$120,560 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$22,672 principal amount of Single Family Housing Revenue Bonds, Series 2015B

On October 5, 2016, the Authority approved an inter-local agreement with the Housing Finance Authority of Hillsborough County, Florida authorizing participation by the Authority in the Hillsborough TBA Program in which the pooling of single family mortgage loans originated under the Pinellas HFA Single Family Program with those originated by the Hillsborough Authority and other participating local housing finance authorities will result in a shared allocation of fixed expenses, expedited pooling of mortgage loans, and certain other economies of scale that will have the effect of reducing the interest rate on mortgage loans originated under the Pinellas HFA Single Family Program that otherwise would have to be charged.

On October 5, 2016, the Authority voted to terminate the LOC Agreement with BCT. As stated in Note 8, there were no monies owed to the Authority as of September 30, 2016.

On October 12, 2016, the Single Family Housing Revenue Bonds (Multi-County Program), Series 2006B-1, were fully redeemed in the amount of \$2,545,000.

On November 1, 2016, the following were redeemed:

- \$24,448 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$11,527 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$24,050 principal amount of Single Family Housing Revenue Bonds, Series 2015B

On November 2, 2016, the Authority approved a revolving affordable housing funding agreement in an amount not to exceed \$750,000 to Graceful Solutions Community Development, LLC, the proceeds of which will be used to fund loans in furtherance of the Authority's affordable multifamily rental development loan procedures and affordable single family/owner occupied housing development loan program procedures and the Pinellas County Community Housing Program objectives and other affordable housing programs of the Authority.

November 2, 2016, the Authority entered into a promissory note modification agreement for extension of due date with the Tampa Bay Community Development Corporation extending that the time of payment of principal indebtedness and unpaid interest to be paid under the Note be extended from December 31, 2016 until December 31, 2017.

On December 1, 2016, the following were redeemed:

- \$480,000 principal amount of Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2009 Series A-1 and 2010 Series A-2.
- \$865,000 principal amount of Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2011 Series A and 2009 Series A-2
- \$25,103 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$44,197 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$157,546 principal amount of Single Family Housing Revenue Bonds, Series 2015B

On January 1, 2017, the following were redeemed:

- \$120,000 principal amount of MultiFamily Housing Revenue Bonds, Series 1999A (Tuscany Apartments Project)
- \$286,076 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$10,687 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$22,654 principal amount of Single Family Housing Revenue Bonds, Series 2015B

On February 1, 2017, the following were redeemed:

- \$350,000 principal amount of Single Family Housing Revenue Bonds, 2009 Series A-4
- \$260,000 principal amount of Single Family Housing Revenue Bonds (GSE Program – Multi-County), 2010 Series A-2 and 2009 Series A-1
- \$615,000 principal amount of Single Family Housing Revenue Bonds (GSE Program – Multi-County), 2011 Series A and 2009 Series A-2
- \$620,000 principal amount of Single Family Housing Revenue Bonds (GSE Program – Multi-County), 2011 Series B and 2009 Series A-3
- \$24,231 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$10,908 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$359,486 principal amount of Single Family Housing Revenue Bonds, Series 2015B

On March 1, 2017, the following were redeemed:

- \$475,000 principal amount of Single Family Housing Revenue Bonds, Series 2007A-1 and A-2
- \$170,000 principal amount of Single Family Housing Revenue Bonds (GSE Program – Multi-County), 2011 Series A and 2009 Series A-2
- \$125,000 principal amount of Single Family Housing Revenue Bonds (GSE Program – Multi-County), 2011 Series B and 2009 Series A-3
- \$210,000 principal amount of Single Family Housing Revenue Bonds (GSE Program – Multi-County), 2009 Series A-1 and 2010 Series A-2
- \$250,000 principal amount of Single Family Housing Revenue Bonds, Series 2009A-4 and Series 2012A
- \$100,000 principal amount of Single Family Housing Revenue Bonds, Series 2016A

On March 6, 2017, principal amount of Single Family Housing Revenue Bonds, Series 2007A-1 and A-2, were scheduled to be fully redeemed in the amount of \$3,295,000.

Management has evaluated subsequent events through March 1, 2017, the date on which the financial statements were available to be issued.

COMBINING SINGLE FAMILY BOND PROGRAMS FUND STATEMENTS

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

	1998 Master Indenture Single Family Bond Program Fund	2009 Master Indenture Single Family Bond Program Fund	Single Family Bond Programs Fund Total
ASSETS			
Current assets:			
Investments interest receivable	\$ 39,879	\$ 307,180	\$ 347,059
Total current assets	39,879	307,180	347,059
Noncurrent assets:			
Restricted cash and cash equivalents	2,048,691	5,675,923	7,724,614
Whole loan mortgages receivable	911,155	-	911,155
Loans receivable - other	9,104,627	106,516,512	115,621,139
Restricted investments	-	334,104	334,104
Total noncurrent assets	12,064,473	112,526,539	124,591,012
Total assets	12,104,352	112,833,719	124,938,071
LIABILITIES			
Current liabilities:			
Accrued interest payable	27,555	271,674	299,229
Arbitrage rebate payable	7,086	-	7,086
Bonds payable - current	25,000	910,000	935,000
Total current liabilities	59,641	1,181,674	1,241,315
Noncurrent liabilities:			
Due to other funds	2,373,982	1,229,161	3,603,143
Bonds payable - net	6,447,978	104,043,535	110,491,513
Total noncurrent liabilities	8,821,960	105,272,696	114,094,656
Total liabilities	8,881,601	106,454,370	115,335,971
NET POSITION			
Restricted for:			
Bond programs	3,222,751	6,379,349	9,602,100
Total net position	\$ 3,222,751	\$ 6,379,349	\$ 9,602,100

The accompanying notes are an integral part of this statement.

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

	1998 Master Indenture Single Family Bond Program Fund	2009 Master Indenture Single Family Bond Program Fund	Single Family Bond Programs Fund Total
Operating revenues:			
Investment income, including unrealized gains on financial instruments	\$ 74,082	\$ 5,861,476	\$ 5,935,558
Grants and contributions	-	547,800	547,800
Total operating revenues	<u>74,082</u>	<u>6,409,276</u>	<u>6,483,358</u>
Operating expenses:			
Interest	330,613	2,987,426	3,318,039
General and administrative	20,387	423,979	444,366
Other expenses	(224)	549,105	548,881
Total operating expenses	<u>350,776</u>	<u>3,960,510</u>	<u>4,311,286</u>
Operating income	<u>(276,694)</u>	<u>2,448,766</u>	<u>2,172,072</u>
Transfers in	-	4,278,577	4,278,577
Transfers out	(851,882)	(4,287,405)	(5,139,287)
Total transfers	<u>(851,882)</u>	<u>(8,828)</u>	<u>(860,710)</u>
Changes in net position	<u>(1,128,576)</u>	<u>2,439,938</u>	<u>1,311,362</u>
Total net position - beginning	<u>4,351,327</u>	<u>3,939,411</u>	<u>8,290,738</u>
Total net position - ending	<u><u>\$ 3,222,751</u></u>	<u><u>\$ 6,379,349</u></u>	<u><u>\$ 9,602,100</u></u>

The accompanying notes are an integral part of this statement.

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

	1998 Master Indenture Single Family Bond Program Fund	2009 Master Indenture Single Family Bond Program Fund	Single Family Bond Programs Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from housing loans	\$ 18,669	\$ -	\$ 18,669
Cash paid for costs of issuance	-	(549,105)	(549,105)
Cash received from (paid to) other funds	72,365	(1,710)	70,655
Cash received from issuer	-	547,800	547,800
Cash payments for general and administrative expenses	(20,163)	(423,979)	(444,142)
Net cash provided by (used in) operating activities	<u>70,871</u>	<u>(426,994)</u>	<u>(356,123)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	-	30,580,000	30,580,000
Principal repayments on bonds payable	(1,220,000)	(10,800,508)	(12,020,508)
Interest paid on bonds payable	(370,298)	(3,017,141)	(3,387,439)
Proceeds from premium on bonds payable	-	739,709	739,709
Transfer to other funds	(851,882)	(8,828)	(860,710)
Net cash provided by (used in) noncapital financing activities	<u>(2,442,180)</u>	<u>17,493,232</u>	<u>15,051,052</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from principal paydowns of MBS	2,471,078	9,486,656	11,957,734
Payments for the issuance of MBS	-	(29,275,475)	(29,275,475)
Purchase of investments	-	(334,000)	(334,000)
Sale of investments	119,000	-	119,000
Interest received on investments	515,606	3,423,568	3,939,174
Net cash provided by (used in) investing activities	<u>3,105,684</u>	<u>(16,699,251)</u>	<u>(13,593,567)</u>
Net increase (decrease) in cash and cash equivalents	734,375	366,987	1,101,362
Cash and cash equivalents, beginning of year (see Note 1G)	1,314,316	5,308,936	6,623,252
Cash and cash equivalents, end of year	<u>\$ 2,048,691</u>	<u>\$ 5,675,923</u>	<u>\$ 7,724,614</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES			
Operating income (loss)	\$ (276,694)	\$ 2,448,766	\$ 2,172,072
Adjustments to reconcile operating income to net cash (provided by) used in operating activities:			
Amortization of unearned commitment fees	(3,090)	-	(3,090)
Amortization of MBS premium	-	22,006	22,006
Amortization of bond premium	(34,225)	(85,535)	(119,760)
Unrealized loss (gain) on financial instruments	433,070	(2,408,217)	(1,975,147)
Interest received on investments	(515,606)	(3,423,568)	(3,939,174)
Interest paid on bonds payable	370,298	3,017,141	3,387,439
Changes in operating assets and liabilities:			
Whole loan mortgages receivables	18,669	-	18,669
Accrued interest receivable	11,544	(51,697)	(40,153)
Internal balances	72,365	(1,710)	70,655
Accrued interest payable	(5,460)	55,820	50,360
Total adjustments	<u>347,565</u>	<u>(2,875,760)</u>	<u>(2,528,195)</u>
Net cash provided by (used in) operating activities	<u>\$ 70,871</u>	<u>\$ (426,994)</u>	<u>\$ (356,123)</u>

The accompanying notes are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Authority's proportion of the net pension liability (asset)	0.000621147%	0.000523179%	0.000143982%							
Authority's proportionate share of the net pension liability (asset)	\$ 156,840	\$ 67,576	\$ 8,785							
Authority's covered-employee payroll	\$ 272,398	\$ 216,648	\$ 66,247							
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.58%	31.19%	13.26%							
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%							

PRIOR INFORMATION NOT AVAILABLE

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

The accompanying notes are an integral part of this statement.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 15,254	\$ 13,237	\$ 3,809							
										PRIOR INFORMATION NOT AVAILABLE
Contributions in relation to the contractually required contribution	<u>(15,254)</u>	<u>(13,237)</u>	<u>(3,809)</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Authority's covered-employee payroll	\$ 272,398	\$ 216,648	\$ 66,247							
Contributions as a percentage of covered-employee payroll	5.60%	6.11%	5.75%							

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

The accompanying notes are an integral part of this statement.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Authority's proportion of the net pension liability (asset)	0.000882380%	0.000714107%	0.000222966%							
										PRIOR INFORMATION NOT AVAILABLE
Authority's proportionate share of the net pension liability (asset)	\$ 102,838	\$ 72,828	\$ 20,848							
Authority's covered-employee payroll	\$ 272,398	\$ 216,648	\$ 66,247							
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.75%	33.62%	31.47%							
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.

The accompanying notes are an integral part of this statement.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 4,522	\$ 2,730	\$ 795							
										PRIOR INFORMATION NOT AVAILABLE
Contributions in relation to the contractually required contribution	<u>(4,522)</u>	<u>(2,730)</u>	<u>(795)</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Authority's covered-employee payroll	\$ 272,398	\$ 216,648	\$ 66,247							
Contributions as a percentage of covered-employee payroll	1.66%	1.26%	1.20%							

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

The accompanying notes are an integral part of this statement.

ADDITIONAL SUPPLEMENTARY INFORMATION

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Investment Agreement Providers by Bond Issue Series
and Summary of Bond Programs Fund Investment Income
September 30, 2016**

Investment Agreement Providers by Bond Issue Series

<u>Bond Issue Series</u>	<u>Investment Agreement Provider</u>
2007A	Transamerica Life Insurance Co.

Summary of Bond Programs Fund Investment Income

	<u>Year Ended</u>	
	<u>9/30/2016</u>	<u>9/30/2015</u>
Interest and realized gains on investments - net	\$ 3,960,411	\$ 3,934,456
Net change in the fair value	1,975,147	1,693,583
Total Investment Income	<u>\$ 5,935,558</u>	<u>\$ 5,628,039</u>

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Schedule of Bonded Indebtedness
September 30, 2016**

	Principal Balance on October 1, 2015	Amount (Matured)/(Retired) or Issued During Fiscal Year 2016	Principal Balance on September 30, 2016
1998 Master Indenture Bonds:			
Series 2006B	\$ 3,320,000	\$ (775,000)	\$ 2,545,000
Series 2007A	4,215,000	(445,000)	3,770,000
	<u>7,535,000</u>	<u>(1,220,000)</u>	<u>6,315,000</u>
2009 Master Indenture Bonds:			
Series 2009A-1 & 2010A	9,740,000	(2,225,000)	7,515,000
Series 2009A-2 & 2011A	13,300,000	(2,580,000)	10,720,000
Series 2009A-3 & 2011B	12,115,000	(1,595,000)	10,520,000
Series 2009A-4 & 2012A	11,420,000	(645,000)	10,775,000
Series 2014A	17,299,313	(1,431,569)	15,867,744
Series 2015A	19,802,724	(1,421,154)	18,381,570
Series 2005A	-	14,677,215	14,677,215
Series 2005B	-	15,000,000	15,000,000
	<u>-</u>	<u>15,000,000</u>	<u>15,000,000</u>
TOTAL SINGLE FAMILY	<u>91,212,037</u>	<u>18,559,492</u>	<u>109,771,529</u>
James Park	3,240,000	(90,000)	3,150,000
Tuscany	6,385,000	(125,000)	6,260,000
Columbian Apartments	4,765,000	-	4,765,000
Booker Creek	9,850,000	100,000	9,950,000
Bayside Court	8,545,000	-	8,545,000
Pinellas Heights	5,683,152	-	5,683,152
Boca Ciega	9,900,000	-	9,900,000
	<u>48,368,152</u>	<u>(115,000)</u>	<u>48,253,152</u>
TOTAL MULTI-FAMILY	<u>48,368,152</u>	<u>(115,000)</u>	<u>48,253,152</u>
TOTAL	<u>\$ 139,580,189</u>	<u>\$ 18,444,492</u>	<u>\$ 158,024,681</u>

**ADDITIONAL ELEMENTS REQUIRED BY THE
RULES OF THE AUDITOR GENERAL**

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March 1, 2017

MANAGEMENT LETTER

To the Board Members of the Housing Finance Authority of Pinellas County
Clearwater, Florida

Report on the Financial Statements

We have audited the financial statements of the Housing Finance Authority of Pinellas County (Authority), a component unit of Pinellas County, Florida (County), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 1, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated March 1, 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, requires 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

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