

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, 2015

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(A Component Unit of Pinellas County, Florida)
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FINANCIAL SECTION

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May 5, 2016

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, 2015, 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 remaining fund information of the Authority, as of September 30, 2015, 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 May 5, 2016, 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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May 5, 2016

**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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 5, 2016.

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, 2015. 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, administered Community Housing Programs, including a Housing Trust Fund, on behalf of the Board of County Commissioners (Board). The Board did not fund the Housing Trust Fund for fiscal year 2015. The Authority is exhausting previous distributions and program income. The Housing Trust Fund has its own separate bank account. The Authority 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 annual report consists of a series of financial statements. The combining statement of net position, the combining statement of revenues and expenses, and changes in net position, and the statement of cash flows provide information about the business activities of the Authority. The balance sheet and the statement of revenues, expenditures, and changes in fund balance provide information about governmental activities. The statement of net position and the statement of activities present an overall view of the Authority's finances. The statements include all assets and liabilities using the accrual basis of accounting.

Required Financial Statements

The Authority accounts for its business activities through the use of enterprise funds. These funds include the General Fund and Bond Program Fund. The Bond Program Fund reports activities in connection with the single family Master Indenture bond program and the single family GSE bond program. Operating costs for business activities are accounted for in the General Fund. The Authority accounts for its government activities through a special revenue fund. Operating costs for government activities are also accounted for within the special revenue fund. The Authority is considered to be a "special purpose government engaged in business-type activities" and "governmental activities" and therefore presents its financial information using enterprise funds and a special revenue fund under GASB Statement No. 34. Accordingly, the Authority presents fund financial statements as defined in GASB Statement No. 34.

The financial statements for business activities report the Authority's information using accounting methods similar to those found in the private sector, where the determination of net income is necessary or useful for financial administration. These statements offer short-term and long-term financial information about its activities. The balance sheet includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources and obligations to Authority creditors. The financial statements for governmental activities report the fund balance after the administration of specific housing programs. The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities.

All of the current year's business activity revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through its services provided, as well as its profitability, and credit worthiness. All of the current year's governmental activities are accounted for in the statement of revenues, expenditures, and changes in fund balance. This statement measures the level of activity with respect to special housing programs.

The final required financial statement is the statement of cash flows for the business activities. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provides information on sources of cash, uses for cash, and changes in the cash balance during the reporting period.

In lieu of presentation of combining condensed government-wide statements, the business-type and governmental fund condensed statements are included separately. There are no reconciling differences between the government-wide and fund financial statements.

Table 1
Condensed Statements of Net Position
(Business-type Activities)

	Fiscal Year		Dollar Change	Percentage Change
	2015	2014		
Cash and investments	\$ 124,216,749	\$ 114,657,694	\$ 9,559,055	8%
Mortgages receivable - net	3,397,689	1,673,985	1,723,704	103%
Notes receivable	6,217,249	6,321,131	(103,882)	-2%
Interest and other receivables - net	372,766	1,163,854	(791,088)	-68%
Other assets	296,177	85,464	210,713	247%
Total assets	\$ 134,500,630	\$ 123,902,128	\$ 10,598,502	9%
Deferred outflows of resources	\$ 140,940	\$ -	\$ 140,940	100%
Current liabilities	11,502,226	7,986,517	3,515,709	44%
Long-term liabilities	98,039,538	92,085,393	5,954,145	6%
Total liabilities	109,541,764	100,071,910	9,469,854	9%
Deferred inflows of resources	17,739	-	17,739	100%
Net position				
Restricted	15,897,043	15,624,522	272,521	2%
Unrestricted	9,185,024	8,205,696	979,328	12%
Total net position	25,082,067	23,830,218	1,251,849	5%
Total net position and liabilities	\$ 134,500,630	\$ 123,902,128	\$ 10,598,502	9%

Table 1 is a summary of the Authority's balance sheets that relate to business activities. Cash and investments increased due to issuance of the 2015 bonds. Mortgages receivable rose as the Authority continued financing deferred down payment assistance second mortgage loans to homebuyers participating in its single family bond program. The initial NSP property loans remain outstanding as well. The Authority financed the first mortgage, then sought reimbursement via the NSPI, II or III program. These mortgages are carried on the Authority's books as they are due and payable from the borrower. Mortgage payments are considered program income when received and are remitted back to the appropriate program. Total liabilities increased due to issuance of the 2015 bonds. The net position increased during 2015.

Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Position
(Business-type Activities)

	Fiscal Year		Dollar Change	Percent Change
	2015	2014		
Fee income and other revenue	\$ 999,663	\$ 611,094	\$ 388,569	64%
Grants and contributions	149,998	3,123,010	(2,973,012)	-95%
Investment income with realized gain	6,354,435	4,718,317	1,636,118	35%
Total operating revenues	7,504,096	8,452,421	(948,325)	-11%
Program expenses	109,934	2,924,589	(2,814,655)	-96%
Interest and other expenses	3,167,224	3,517,396	(350,172)	-10%
General and administrative expenses	1,405,392	1,529,249	(123,857)	-8%
Total operating expenses	4,682,550	7,971,234	(3,288,684)	-41%
Operating income	2,821,546	481,187	2,340,359	486%
Change in net position	2,821,546	481,187	2,340,359	486%
Beginning net position, as previously reported	23,830,218	35,654,269	(11,824,051)	-33%
Prior period adjustment	(1,569,697)	-	(1,569,697)	N/A
Restatement	-	(12,305,238)	12,305,238	N/A
Beginning net position, as restated	22,260,521	23,349,031	(13,393,748)	-57%
Ending net position	\$ 25,082,067	\$ 23,830,218	\$ 1,251,849	5%

In Table 2, while the Balance Sheet shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. The decrease in Grants and Contributions is due to the NSP grants meeting their spending thresholds so the 2015 amount represents the final phase of spending under these grants. The increase in investment income with realized gain relates to bond fund investments. Program expenses decreased this year due to phase out of NSPI, NSPII and NSPIII Grant funding.

Table 3
Condensed Statement of Net Position
(Governmental Activities)

	Fiscal Year		Dollar Change	Percent Change
	2015	2014		
Cash and investments	\$ 344,189	\$ 390,678	\$ (46,489)	-12%
Mortgage loans receivable	299,316	704,767	(405,451)	-58%
Note receivable - net	1,100,000	1,100,000	-	0%
Allowance for doubtful accounts	(1,100,000)	(1,100,000)	-	0%
Total assets	\$ 643,505	\$ 1,095,445	\$ (451,940)	-41%
Current liabilities	\$ -	\$ 7,272	\$ (7,272)	-100%
Long-term liabilities	299,316	698,257	(398,941)	-175%
Total liabilities	299,316	705,529	(406,213)	-58%
Fund balance				
Unassigned	344,189	389,916	(45,727)	-12%
Total fund balance	344,189	389,916	(45,727)	-12%
Total fund balance and liabilities	\$ 643,505	\$ 1,095,445	\$ (451,940)	-41%

Table 3 relates to activities under the Housing Trust Fund. The County did not provide new funding in fiscal year 2015. Cash, investments, and assets will continue to be depleted as projects are completed and the fund decreases. The majority of new loans made during fiscal year 2015 were deferred second mortgages for down payment assistance and therefore do not show on the Balance Sheet. As loans were made, the cash balance was depleted and the fund balance decreased proportionately. As loans pay off the Mortgage Loan Receivable decreases.

Table 4
Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances
(Governmental Activities)

	Fiscal Year		Dollar Change	Percent Change
	2015	2014		
Revenues:				
Investment income	\$ -	\$ 171	\$ (171)	-100%
Program income	183,735	113,332	70,403	62%
Total operating revenues	183,735	113,503	70,232	62%
Expenditures:				
Administrative and other expenditures	229,462	138,921	90,541	65%
Total operating expenditures	229,462	138,921	90,541	65%
Net change in fund balance	(45,727)	(25,418)	(20,309)	80%
Beginning fund balances	389,916	415,334	(25,418)	-6%
Ending fund balances	\$ 344,189	\$ 389,916	\$ (45,727)	-12%

Table 4 also relates to the Housing Trust Fund. The County has not provided funding for the program since fiscal year 2010. Projects will continue until the fund is depleted. As final depletion of the fund nears, percentage drops and increases in income and expenditures as well as beginning and end balances are distorted.

Economic Factors and Next Year's Budget

Fiscal year 2015 was the first 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 housing programs as well as the NSP programs.

The Authority is well positioned to meet its operating budget and revenue projections for fiscal year 2016. Approximately \$4.2 million of revenue is budgeted for fiscal year 2016. This is a 36% decrease from the 2015 budget.

Two economic factors continue to be of concern: 1) prepayments of single family mortgages are projected to result in a continuing decline in single family bond revenue, and 2) stagnant interest rates are projected to continue to depress interest income derived from investments, both in the General Fund and the Bond Fund.

During 2015, the \$15.23 million first-time homebuyer bond program fully originated. The Authority expects to issue two first-time homebuyer bond programs during the fiscal year 2016. In 2015 the Authority issued one multi-family bond issue for the acquisition and rehabilitation of an existing affordable rental development. The Authority is also projecting that two new construction multi-family bond transactions will be completed in fiscal year 2016. These transactions generate fee income and a fairly steady flow of management income.

As anticipated, the County did not provide additional funding for the Housing Trust Fund Program in 2015. However, the absence of new funding will not negatively affect the Authority's business activities in fiscal year 2016. There are dollars remaining unspent in the Housing Trust Fund Special Revenue Fund. There is also adequate administrative funding available so that the program can continue without negatively impacting the Authority's General fund.

The Authority 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.

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 2016 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, 2015

	Primary Government		
	Governmental	Business-	
	Activities	type	Total
		Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 296,441	\$ 4,854,224	\$ 5,150,665
Investments	-	15,343,178	15,343,178
Accounts receivable:			
Due from other governments	-	109,447	109,447
Fees and other receivables	-	4,161	4,161
Internal balances	47,748	(47,748)	-
Notes receivable	-	1,899,186	1,899,186
Interest receivable	-	306,906	306,906
Prepaid expenses	-	296,177	296,177
Total current assets	<u>344,189</u>	<u>22,765,531</u>	<u>23,109,720</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	6,435,552	6,435,552
Restricted investments	-	97,583,795	97,583,795
Mortgage loans receivable - net	299,316	4,265,689	4,565,005
Notes receivable	1,100,000	4,318,063	5,418,063
Allowance for doubtful accounts	(1,100,000)	(868,000)	(1,968,000)
Total noncurrent assets	<u>299,316</u>	<u>111,735,099</u>	<u>112,034,415</u>
Total assets	<u>643,505</u>	<u>134,500,630</u>	<u>135,144,135</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions	-	140,940	140,940
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	-	70,118	70,118
FHLB advanced funds	-	10,246,153	10,246,153
Accrued interest payable	-	248,869	248,869
Arbitrage rebate payable	-	7,086	7,086
Bonds payable - current portion	-	930,000	930,000
Total current liabilities	<u>-</u>	<u>11,502,226</u>	<u>11,502,226</u>
Noncurrent liabilities:			
Due to other governments	-	829,167	829,167
Unearned revenues	299,316	1,881,341	2,180,657
Bonds payable - net	-	91,317,072	91,317,072
Other long-term liabilities	-	3,871,554	3,871,554
Net pension liability	-	140,404	140,404
Total noncurrent liabilities	<u>299,316</u>	<u>98,039,538</u>	<u>98,338,854</u>
Total liabilities	<u>299,316</u>	<u>109,541,764</u>	<u>109,841,080</u>
DEFERRED INFLOWS OF RESOURCES			
Contributions	-	17,739	17,739
NET POSITION			
Restricted for:			
Bond programs fund	-	8,290,738	8,290,738
Special programs	-	7,606,305	7,606,305
Unrestricted	344,189	9,185,024	9,529,213
Total net position	<u>\$ 344,189</u>	<u>\$ 25,082,067</u>	<u>\$ 25,426,256</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 Activities
For the Year Ended September 30, 2015

	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	\$ 229,462	\$ -	\$ -	\$ 183,735	\$ (45,727)	\$ -	\$ (45,727)
Total governmental activities	229,462	-	-	183,735	(45,727)	-	(45,727)
Business-type activities:							
General Fund	1,505,008	996,712	149,998	-	-	(358,298)	(358,298)
Single Family Bond Program	3,177,542	-	-	-	-	(3,177,542)	(3,177,542)
Total business-type activities	4,682,550	996,712	149,998	-	-	(3,535,840)	(3,535,840)
Total primary government	<u>\$ 4,912,012</u>	<u>\$ 996,712</u>	<u>\$ 149,998</u>	<u>\$ 183,735</u>	<u>(45,727)</u>	<u>(3,535,840)</u>	<u>(3,581,567)</u>
General revenues:							
Investment income					-	6,357,386	6,357,386
Total general revenues					-	6,357,386	6,357,386
Changes in net position					(45,727)	2,821,546	2,775,819
Net position - beginning, as previously reported					389,916	23,830,218	24,220,134
Prior period adjustment					-	(1,569,697)	(1,569,697)
Net position - beginning, as restated					389,916	22,260,521	22,650,437
Net position - ending					<u>\$ 344,189</u>	<u>\$ 25,082,067</u>	<u>\$ 25,426,256</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, 2015**

	Housing Trust Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 296,441
Due from other funds	47,748
Total current assets	<u>344,189</u>
Noncurrent assets:	
Mortgage loans receivable - net	\$ 299,316
Notes receivable	1,100,000
Allowance for doubtful accounts	<u>(1,100,000)</u>
Total noncurrent assets	<u>299,316</u>
Total assets	<u><u>\$ 643,505</u></u>
LIABILITIES AND FUND BALANCES	
Noncurrent liabilities	
Unearned revenue	\$ 299,316
Total noncurrent liabilities	<u>299,316</u>
Total liabilities	<u>299,316</u>
Fund balances:	
Unassigned	\$ 344,189
Total fund balances	<u>344,189</u>
Total liabilities and fund balances	<u><u>\$ 643,505</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, 2015**

	Housing Trust Fund
Revenues:	
Program income	\$ 183,735
Total revenues	<u>183,735</u>
Expenditures	
General and administrative	962
Program expenditures	<u>228,500</u>
Total expenditures	<u>229,462</u>
Net changes in fund balance	(45,727)
Total fund balance - beginning	<u>389,916</u>
Total fund balance - ending	<u><u>\$ 344,189</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, 2015**

	<u>General Fund</u>	<u>Single Family Bond Programs Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,854,224	\$ -	\$ 4,854,224
Investments	15,343,178	-	15,343,178
Accounts receivable:			
Due from other governments	109,447	-	109,447
Fees and other receivables	4,161	-	4,161
Interest receivable	-	306,906	306,906
Note receivable	1,899,186	-	1,899,186
Prepaid expenses	296,177	-	296,177
Total current assets	<u>22,506,373</u>	<u>306,906</u>	<u>22,813,279</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	6,435,552	6,435,552
Restricted investments	-	97,583,795	97,583,795
Due from other funds	3,532,488	-	3,532,488
Mortgage loans receivable - net	3,397,689	-	3,397,689
Notes receivable	4,318,063	-	4,318,063
Total noncurrent assets	<u>11,248,240</u>	<u>104,019,347</u>	<u>115,267,587</u>
Total assets	<u>33,754,613</u>	<u>104,326,253</u>	<u>138,080,866</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions	140,940	-	140,940
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	70,118	-	70,118
FHLB advanced funds	10,246,153	-	10,246,153
Due to other funds	47,748	-	47,748
Accrued interest payable	-	248,869	248,869
Arbitrage rebate payable	-	7,086	7,086
Bonds payable - current	-	930,000	930,000
Total current liabilities	<u>10,364,019</u>	<u>1,185,955</u>	<u>11,549,974</u>
Noncurrent liabilities:			
Due to other funds	-	3,532,488	3,532,488
Due to other governments	829,167	-	829,167
Unearned revenues	1,881,341	-	1,881,341
Bonds payable - net:			
Other bonds payable	-	91,317,072	91,317,072
NLP obligation	3,871,554	-	3,871,554
Net pension liability	140,404	-	140,404
Total noncurrent liabilities	<u>6,722,466</u>	<u>94,849,560</u>	<u>101,572,026</u>
Total liabilities	<u>17,086,485</u>	<u>96,035,515</u>	<u>113,122,000</u>
DEFERRED INFLOWS OF RESOURCES			
Contributions	17,739	-	17,739
NET POSITION			
Restricted for:			
Bond programs	-	8,290,738	8,290,738
Special programs	7,606,305	-	7,606,305
Unrestricted	9,185,024	-	9,185,024
Total net position	<u>\$ 16,791,329</u>	<u>\$ 8,290,738</u>	<u>\$ 25,082,067</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, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	<u>General Fund</u>	<u>Single Family Bond Programs Fund</u>	<u>Total</u>
Operating revenues:			
Investment income, including unrealized gains on investments	\$ 726,396	\$ 5,628,039	\$ 6,354,435
Fee income and other revenue	996,712	2,951	999,663
Grants and contributions	149,998	-	149,998
Total operating revenues	<u>1,873,106</u>	<u>5,630,990</u>	<u>7,504,096</u>
Operating expenses:			
Interest	-	2,537,414	2,537,414
Amortization	291,117	-	291,117
General and administrative	1,103,957	301,435	1,405,392
Other expenses	-	338,693	338,693
Program expenses	109,934	-	109,934
Total operating expenses	<u>1,505,008</u>	<u>3,177,542</u>	<u>4,682,550</u>
Operating income	<u>368,098</u>	<u>2,453,448</u>	<u>2,821,546</u>
Transfers in	2,625,371	11,152,113	13,777,484
Transfers out	-	(13,777,484)	(13,777,484)
Total transfers	<u>2,625,371</u>	<u>(2,625,371)</u>	<u>-</u>
Changes in net position	<u>2,993,469</u>	<u>(171,923)</u>	<u>2,821,546</u>
Total net position - beginning, as previously reported	13,799,327	10,030,891	23,830,218
Prior period adjustment	(1,467)	(1,568,230)	(1,569,697)
Total net position - beginning, as restated	<u>13,797,860</u>	<u>8,462,661</u>	<u>22,260,521</u>
Total net position - ending	<u>\$ 16,791,329</u>	<u>\$ 8,290,738</u>	<u>\$ 25,082,067</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, 2015

	General Fund	Single Family Bond Programs Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees income	\$ 401,302	\$ -	\$ 401,302
Cash received from other governments	608,383	-	608,383
Cash received from housing loans	-	33,568	33,568
Cash received from issuer	-	108,862	108,862
Cash paid for cost of issuance	-	(314,302)	(314,302)
Cash paid for housing programs	(169,714)	-	(169,714)
Cash paid to other funds	-	(1,328,380)	(1,328,380)
Cash payments for general and administrative expenses	(1,260,781)	(320,343)	(1,581,124)
Net cash used in operating activities	(420,810)	(1,820,595)	(2,241,405)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	-	20,201,069	20,201,069
Principal repayments on bonds payable	-	(20,444,339)	(20,444,339)
Interest paid on bonds payable	-	(2,919,312)	(2,919,312)
Proceeds from premium on bonds payable	-	280,384	280,384
FHLB advance	10,246,153	-	10,246,153
Transfers from other funds	2,625,371	-	2,625,371
Transfers to other funds	-	(2,625,371)	(2,625,371)
Payments of housing assistance and grants	(1,723,704)	-	(1,723,704)
Net cash provided by (used in) noncapital financing activities	11,147,820	(5,507,569)	5,640,251
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(11,539,197)	(12,642,985)	(24,182,182)
Sale of investments	-	11,617,446	11,617,446
Interest received on investments	726,396	3,715,694	4,442,090
Net cash provided by (used in) investing activities	(10,812,801)	2,690,155	(8,122,646)
Net decrease in cash and cash equivalents	(85,791)	(4,638,009)	(4,723,800)
Cash and cash equivalents, beginning of year	4,940,015	11,073,561	16,013,576
Cash and cash equivalents, end of year	\$ 4,854,224	\$ 6,435,552	\$ 11,289,776
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	\$ 368,098	\$ 2,453,448	\$ 2,821,546
Adjustments to reconcile operating income to net cash used in operating activities:			
Amortization of unearned commitment fees	-	(120,329)	(120,329)
Amortization of bond premium	-	(408,429)	(408,429)
Unrealized gain on investments	-	(1,693,583)	(1,693,583)
Interest received on investments	(726,396)	(3,715,694)	(4,442,090)
Interest paid on bonds payable	-	2,919,312	2,919,312
Changes in operating assets and liabilities:			
Notes receivable	103,882	-	103,882
Accrued interest receivable	-	7,478	7,478
Mortgage loan receivables, net	-	33,568	33,568
Due from other governments	354,503	-	354,503
Fees and other receivables	8,028	-	8,028
Prepaid expenses	(210,713)	-	(210,713)
Other liabilities	(603,438)	-	(603,438)
Accrued interest payable	-	26,531	26,531
Accounts payable and other liabilities	38,153	(5,858)	32,295
Internal balances	231,337	(1,317,039)	(1,085,702)
Deferred outflows of resources	(97,575)	-	(97,575)
Deferred inflows of resources	2,540	-	2,540
Net pension liability	110,771	-	110,771
Total adjustments	(788,908)	(4,274,043)	(5,062,951)
Net cash used in operating activities	\$ (420,810)	\$ (1,820,595)	\$ (2,241,405)

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, 2015**

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.

For the year ended September 30, 2015, BCT no longer met the criteria of General Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus* and therefore is not included in the reporting entity as a discretely presented component unit.

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 short-term treasury obligations, are carried at cost which approximates their fair value. All bank balances as of September 30, 2015, are covered by federal depository insurance or the State of Florida's Collateral Pool.

As stated in Note 3, the 2014A bond issue was previously recorded as part of the 1998 Master Indenture Single Family Bond Issues in the Single Family Bond Programs Fund. It should have been recorded as part of the 2009 Master Indenture Single Family Bond Issues. As a result, beginning cash on the Combining Statement of Cash Flows has been restated 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, 2014, as previously recorded on the Combining Statement of Cash Flows	\$ 6,803,176	\$ 4,270,385	\$ 11,073,561
Reclassification of the 2014A bond issue	(54,600)	54,600	-
	<u>\$ 6,748,576</u>	<u>\$ 4,324,985</u>	<u>\$ 11,073,561</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.

The Authority has entered into various investment agreements with the bond trustees (financial institutions) (Bond Trustees) who have invested in GNMA, FNMA and FHLMC securities on behalf of the Authority as collateral on the majority of single-family bonds.

These agreements require the Bond Trustees to hold these securities to maturity, thus requiring the GNMA, FNMA and FHLMC securities to be redeemed at their face value. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires these securities to be recorded at fair value throughout the term of the securities, which will reflect current period fluctuations in their value. Investment agreements are carried at cost, which approximates market.

I. 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.

J. 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.

K. Capital assets

Capital assets are carried at cost and depreciated based on various useful lives ranging from 1 to 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.

L. 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.

M. 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.

N. Interfund Balances

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Governmental funds:		
Housing Trust Fund	\$ -	\$ 47,748
Total governmental funds	<u>-</u>	<u>47,748</u>
Proprietary funds:		
General Fund	47,748	3,532,488
1998 Master Indenture Single Family Bond Program Fund	2,301,617	-
2009 Master Indenture Single Family Bond Program Fund	1,230,871	-
Total enterprise funds	<u>3,580,236</u>	<u>3,532,488</u>
Total Due To/Due From	<u>\$ 3,580,236</u>	<u>\$ 3,580,236</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.

O. 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.

P. Net Position

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.

Q. 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.

2. Recently issued accounting standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*—an amendment of GASB Statement No. 27, is effective for periods beginning after June 15, 2014 and replaces the requirements of GASB Statement Nos. 27 and 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position. Obligations for employers with cost sharing plans will be based on their proportionate share of contributions to the pension plan. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense; specifies requirements for discount rates, attribution methods; and changes disclosure requirements. GASB Statement No. 68 has been implemented for the year ended September 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68, which is to be applied simultaneously with GASB Statement No. 68. At the beginning of the period in which GASB Statement No. 68 is adopted, it may not be practical for a government to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions. In such circumstances, GASB Statement No. 71 requires the government to recognize a beginning net pension liability but before the start of the government's fiscal year. GASB Statement No. 71 has been implemented for the year ended September 30, 2015.

3. Prior period adjustment

During 2014, investment income on GNMA investments was recorded in both the General Fund and the Single Family Bond Programs Fund, resulting in an overstatement of revenues.

During 2015, an unamortized premium on GNMA investments was identified. This premium related to bond issues that were retired prior to 2011 and should have been fully amortized in prior years.

In 2014, the 2014A bond issue was recorded in the 1998 Master Indenture Single Family Bond Program Fund; however, it should have been recorded in the 2009 Master Indenture Single Family Bond Program Fund.

Net position for the Single Family Bond Programs Fund has been restated as follows:

	1998 Master Indenture Single Family Bond Program Fund	2009 Master Indenture Single Family Bond Program Fund	Single Family Bond Programs Fund Total
Beginning net position, as previously reported	\$ 11,264,396	\$ (1,233,505)	\$ 10,030,891
Correction of overstatement of prior year revenue	(489,083)	-	(489,083)
Removal of unamortized premium on GNMA investments	(1,079,147)	-	(1,079,147)
Reclassification of the 2014A bond issue	(2,575,389)	2,575,389	-
Beginning net position, as restated	<u>\$ 7,120,777</u>	<u>\$ 1,341,884</u>	<u>\$ 8,462,661</u>

During 2015, the Authority implemented GASB Statement Nos. 68 and 71 (see Note 2). These statements required the Authority to recognize their portion of the Net Pension Liability of the Florida Retirement System's Pension Plan and Health Insurance Subsidy along with the Deferred Outflows and Inflows. This resulted in a \$1,467 decrease in the Authority's General Fund Beginning Net Position.

4. 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 Fair Value	Investment Maturities (in Years)	
		Less Than 1	Greater Than 10
Bank Deposits	\$ 4,804,123	\$ 4,804,123	\$ -
Money Market Funds	50,101	50,101	-
Certificate of Deposits	-	-	-
GNMA	12,621,235	-	12,621,235
FNMA	2,721,943	-	2,721,943
Total cash equivalents and investments	20,197,402	4,854,224	15,343,178
Less cash and equivalents	(4,854,224)	(4,854,224)	-
Total investments	<u>\$ 15,343,178</u>	<u>\$ -</u>	<u>\$ 15,343,178</u>

B. Housing Trust Fund

		Investment Maturities (in Years)
	Total Fair Value	Less Than 1 Year
Bank Deposits	\$ 244,853	\$ 244,853
Money Market Funds	51,588	51,588
Total cash equivalents and investments	<u>\$ 296,441</u>	<u>\$ 296,441</u>

C. Single Family Bond Programs Fund

		Investment Maturities (in Years)			
	Total Fair Value	Less Than 1 Year	6-10	11-25	26-40
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Money Market Funds	6,435,552	6,435,552	-	-	-
U.S. Government Agency Securities	203,152	203,152	-	-	-
Whole loan mortgages	929,824	-	-	-	929,824
Investment agreements	187,700	-	-	-	187,700
GNMA	86,530,142	-	-	17,345,283	69,184,859
FNMA	9,368,316	-	293,090	8,022,659	1,052,567
FHMLC	393,934	-	-	393,934	-
Total cash equivalents and investments	104,048,620	<u>\$ 6,638,704</u>	<u>\$ 293,090</u>	<u>\$ 25,761,876</u>	<u>\$ 71,354,950</u>
Less cash and cash equivalents	(6,435,552)				
Total investments	97,613,068				
Less unearned commitment fees	(29,273)				
Total investments, net	<u>\$ 97,583,795</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 FNMA and FHLMC securities now being rated AA+. Moody's did not downgrade the U.S. Government debt and has rated FNMA and FHLMC 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.

GASB Statement No. 40 requires the disclosure of investments in any one issuer that represent 5% or more of total investments. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from this requirement. As of September 30, 2015, the Authority had investments in GNMA and FNMA securities subject to concentration of credit risk disclosure requirements representing 82% and 18%, respectively, of total investments as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of Total Investments</u>
GNMA	Government-Sponsored Enterprises (GSE) Securities	\$ 12,621,235	82%
	Government-Sponsored Enterprises (GSE) Securities		
FNMA	Government-Sponsored Enterprises (GSE) Securities	2,721,943	18%

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. Mortgage loans receivable

A. General fund

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.

B. Bond programs fund

Buyer assistance loans are being funded with proceeds of prior bond issues. The terms and specifications applicable to the loans with respect to interest rate, repayment and other provisions vary between bond programs.

7. Notes receivable

At September 30, 2015 the Authority holds the following notes receivable:

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, 2015, the outstanding principal on the note was \$299,316.

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 \$675,104. 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, 2015, the outstanding principal balance on the promissory note was \$670,104.

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, 2015 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, 2015, 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, 2015, unless extended. As of September 30, 2015, 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, 2015, the outstanding principal balance on the note was \$598,781.

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, 2015, the outstanding principal balance on the note was \$3,101,076.

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, 2015, BCT owed the Authority \$417,500.

8. 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, 2015, are as follows:

Series	Type	Annual Percentage Rate	Principal Maturity	Principal Balance Outstanding
1998 Master Indenture Single-Family Issues:				
2006B	Serial	4.40	2016	\$ 30,000
	Term	4.875-5.50	2032-2048	3,290,000
2007A	Serial	4.80	2016	15,000
	Term	4.85-5.45	2017-2048	4,200,000

Series	Type	Annual Percentage Rate	Principal Maturity	Principal Balance Outstanding
2009 Master Indenture Single-Family Issues:				
2009A-1 & 2010A	Serial	2.35-3.60	2016-2021	860,000
	Term	3.01-4.25	2027-2041	8,880,000
2009A-2 & 2011A	Serial	2.10-4.00	2016-2022	1,490,000
	Term	2.77-4.70	2026-2041	11,810,000
2009A-3 & 2011B	Serial	2.125-3.65	2016-2022	1,755,000
	Term	2.32-4.375	2027-2041	10,360,000
2009A-4 & 2012A	Serial	1.00-2.625	2016-2023	2,520,000
	Term	2.71	2041	8,900,000
2014A	Term	2.90-3.40	2036-2045	17,299,313
2015A	Term	2.90-3.35	2037-2045	19,802,724
				<u>\$ 91,212,037</u>

Scheduled principal and interest payments commencing October 1, 2015, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 930,000	\$ 2,986,429	\$ 3,916,429
2017	940,000	2,968,210	3,908,210
2018	920,000	2,946,980	3,866,980
2019	920,000	2,924,090	3,844,090
2020	935,000	2,899,125	3,834,125
2021-2025	2,065,000	14,140,496	16,205,496
2026-2030	8,830,000	12,978,533	21,808,533
2031-2035	7,064,538	11,922,501	18,987,039
2036-2040	16,131,738	9,300,096	25,431,834
2041-2045	48,010,761	5,579,077	53,589,838
2046-2048	4,465,000	627,000	5,092,000
Total Bonds Outstanding	91,212,037	69,272,537	160,484,574
Unamortized bond premium	1,035,035	-	1,035,035
Total	<u>\$ 92,247,072</u>	<u>\$ 69,272,537</u>	<u>\$ 161,519,609</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.

9. Changes in long-term liabilities

	Balance at Beginning of Year 10/1/14	Additions	Deletions	Balance at End of Year 9/30/15	Due Within One Year
Governmental activities:					
Due to other governments	\$ 400,000	\$ -	\$ (400,000) *	\$ -	\$ -
Unearned revenue	304,767	-	(5,451)	299,316	-
Governmental activities long-term liabilities	<u>\$ 704,767</u>	<u>\$ -</u>	<u>\$ (405,451)</u>	<u>\$ 299,316</u>	<u>\$ -</u>
Business-type activities:					
Due to other governments	\$ 829,943	\$ 148	\$ (924)	\$ 829,167	\$ -
Unearned revenue	1,926,222	-	(44,881)	1,881,341	-
Bonds payable	92,618,387	20,201,069	(20,572,384)	92,247,072	930,000
NLP obligation	3,929,111	-	(57,557)	3,871,554	-
Bright Community Trust obligation	501,000	-	(501,000)	-	-
Net pension liability	-	140,404	-	140,404	-
Business-type activities long-term liabilities	<u>\$ 99,804,663</u>	<u>\$ 20,341,621</u>	<u>\$ (21,176,746)</u>	<u>\$ 98,969,538</u>	<u>\$ 930,000</u>

*\$400,000 was reclassified to a contra-mortgage receivable for the year ended September 30, 2015.

10. 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, 2014 through June 30, 2015 was 5.60% of covered payroll based on employee risk groups. Effective July 1, 2015, rates changed to 6.11% of covered payroll based on employee risk groups. These Contribution rates include an administration fee of 0.04%. Contributions to the pension plan from the Authority were \$20,498 for the year ended September 30, 2015.

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 through June 30, 2015, was 1.20% of covered payroll. Effective July 1, 2015, rates were 1.26% of covered payroll. Contributions to the pension plan from the Authority were \$3,143 for the year ended September 30, 2015.

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, 2015, the Authority reported a liability of \$67,576 and \$72,828, respectively, for its proportionate share of the net pension liability for FRSP and HIS. The net pension liability was measured as of June 30, 2015, 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, 2015, the Authority's proportion was 0.000523% and 0.000714%, respectively, for FRSP and HIS, which was an increase of 0.000379% and 0.000491% respectively, for FRSP and HIS from its proportion measured as of June 30, 2015.

Pension Expense. For the year ended September 30, 2015, the Authority recognized pension expense of \$18,248 and \$14,269, respectively for FRSP and HIS.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, 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	\$ 7,134	\$ 1,603
Change of assumptions	4,485	-
Net difference between projected and actual earnings on FRSP investments	-	16,136
Changes in proportion and differences between Authority FRSP contributions and proportionate share of contributions	66,684	-
Authority FRSP contributions subsequent to the measurement date	3,642	-
Total	<u>\$ 81,945</u>	<u>\$ 17,739</u>

Health Insurance Subsidy

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	5,730	-
Net difference between projected and actual earnings on HIS pension plan investments	39	-
Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions	52,138	-
Authority HIS contributions subsequent to the measurement date	1,088	-
Total	<u>\$ 58,995</u>	<u>\$ -</u>

\$3,642 and \$1,088, 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, 2015. 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
2016	\$ 8,948	\$ 8,045
2017	8,948	8,045
2018	8,948	8,045
2019	8,948	8,045
2020	8,947	8,044
Thereafter	15,825	17,683
Total	<u>\$ 60,564</u>	<u>\$ 57,907</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 percent	2.60 percent
Salary increases, including inflation	3.25 percent	3.25 percent
Investment of return, net pension plan investment, including inflation	7.65 percent	3.80 percent

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

The actuarial assumptions used in the July 1, 2015 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 September 2014 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Hewitt EnnisKnupp, which consults 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%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (Property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Total	100.0%			

Discount rate. The discount rate used to measure the total pension liability was 7.65% for FRSP. 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 is equal to the long-term expected rate of return 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 3.80% for HIS, a decrease of 0.49%. 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
6.65%	7.65%	8.65%
\$175,104	\$67,576	(\$21,905)

Authority Proportionate Share of the HIS Net Pension Liability

1% Decrease	Current Discount Rate	1% Increase
2.80%	3.80%	4.80%
\$82,984	\$72,828	\$64,359

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, 2015, the Authority has \$140,404 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.

11. 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, 2015, 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.

12. 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, 2015, there were 7 series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$48,368,152.

13. 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, 2015 were \$395,144. As of September 30, 2015, the Authority owed the County \$3,132 for September 2015 expenses.

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, 2015 were \$46,130. As of September 30, 2015, the County owed the Authority \$128,596 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 is 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. Each Consortium member agrees to reallocate its NSPII funding to the other members to be used in the respective recipient's jurisdiction when a member is unable to use its allocable funding due to lack of eligible projects or factors that have delayed timely expenditure of funds. Total expenditures by the Authority for NSPII for the fiscal year ended September 30, 2015 were \$59,809. As of September 30, 2015, the Authority owed the Consortium \$22,220 for NSPII eligible costs and reimbursable charges.

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, 2015 were \$1,859. As of September 30, 2015, the County owed the Authority \$10,458 for NSPIII eligible costs and reimbursable charges.

During fiscal year ended September 30, 2015, the Authority paid the County \$103,567 for program income received by the Authority for the sale of NSPI and NSPIII properties.

14. Subsequent Events

On October 1, 2015, the following were redeemed:

- \$24,553 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$67,398 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2

On October 26, 2015, the Authority entered into an Agreement for Purchase and Sale (Agreement) with Garden Trail Apartments 2013 LLC for the purchase of 16 parcels of real property located in Pinellas County. The purchase price of the properties was \$1,000,000. The closing was December 18, 2015. The source of funds was the Pinellas County Penny for Pinellas Land Assembly Fund.

On November 1, 2015, the following were redeemed:

- \$24,298 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1.
- \$218,607 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2

On November 6, 2015, the Authority entered into an Agreement for Purchase and Sale (Agreement) with D&D Missionary Homes, Inc., for the purchase of 26 parcels of real property located in Pinellas County. The purchase price of the properties was \$4,590,000. The closing was February 29, 2016. The source of funds was the Pinellas County Penny for Pinellas Land Assembly Fund.

On December 1, 2015, the following were redeemed:

- \$445,000 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
- \$24,144 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1.
- \$13,663 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2

On December 17, 2015, the Authority issued Housing Finance Authority of Pinellas County, Florida Single Family Housing Revenue Bond (Multi-County Program) 2015B Series (Non-Amt) (FL). Principal amount at issuance was \$15,580,000, maturity date is January 1, 2046.

On January 1, 2016, the following were redeemed:

- \$25,048 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$13,361 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2

On February 1, 2016, the following were redeemed:

- \$12,700 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$530,000 principal amount of Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2011 Series B and 2009 Series A-3
- \$23,998 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$25,103 principal amount of the Housing Finance Authority of Pinellas County, Florida, single Family Housing Revenue Bond, (Multi-County Program) 2015 Series B (Non-Amt)

On February 16, 2016, the Authority entered into an Agreement for Purchase and Sale (Agreement) with David Lee Smith and Ruth Marie Smith, for the purchase of 1 parcel of real property located in Pinellas County. The purchase price of the property was \$110,000. The closing was April 29, 2016. The source of funds was the Pinellas County Penny for Pinellas Land Assembly Fund.

On February 16, 2016, the Authority entered into an Agreement for Purchase and Sale (Agreement) with Kenneth G. Thorpe, for the purchase of 1 parcel of real property located in Pinellas County. The purchase price of the property was \$48,000. The closing was February 29, 2016. The source of funds was the Pinellas County Penny for Pinellas Land Assembly Fund.

On February 16, 2016, the Authority entered into an Agreement for Purchase and Sale (Agreement) with Eleanor Quinlivan (as to a life estate) and James M. Quinlivan and Judith A. Gresh, for the purchase of 1 parcel of real property located in Pinellas County. The purchase price of the properties was to be \$95,000. The closing was March 17, 2016. The source of funds was the Pinellas County Penny for Pinellas Land Assembly Fund.

On October 24, 2014, an Agreement for Purchase and Sale (Agreement) was entered into, between Primerica Developments, Inc. and Alice K. Gast, as Trustee of Nichols Family Trust UTD 4-8-92, and was assigned to the Authority, as Trustee, on February 29, 2016, for the purchase of a parcel of real property located in Pinellas County. The purchase price of the property was \$913,013.26. The closing was February 29, 2016. The source of funds was the Pinellas County Penny for Pinellas Land Assembly Fund.

On March 1, 2016, the following were redeemed:

- \$720,000 principal amount of Single Family Housing Revenue Bonds (Multi-County Program) 2006 Series B-1
- \$300,000 principal amount of Single Family Housing Revenue Bonds (Multi-County Program) Series 2007 A1 and A2
- \$445,000 principal amount of Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2011 Series A and 2009 Series A-2
- \$85,000 principal amount of Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2011 Series A and 2009 Series A-3
- \$15,000 principal amount of the Housing Finance Authority of Pinellas County, Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2009 Series A and 2012 Series A
- \$400,000 principal amount of Single Family Housing Revenue Bonds (GSE Program-Multi-County) 2009 Series A-1 and 2010 Series A-2
- \$24,463 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$11,478 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$24,223 principal amount of Single Family Housing Revenue Bond, (Multi-County Program) 2015 Series B (Non-Amt)

On April 1, 2016, the following were redeemed:

- \$116,124 principal amount of Single Family Housing Revenue Bonds, Series 2015A-1
- \$150,175 principal amount of Single Family Housing Revenue Bonds, Series 2015A-2
- \$23,976 principal amount of Single Family Housing Revenue Bond, (Multi-County Program) 2015 Series B (Non-Amt)

On April 28, 2016, the Authority issued Housing Finance Authority of Pinellas County, Florida \$15,000,000 Single Family Housing Revenue Bonds (Multi-County Program) 2016 Series A (Non-AMT). The 2016A Bonds mature on various maturity dates of which the final maturity date is September 1, 2046.

Management has evaluated subsequent events through May 5, 2016, 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, 2015**

	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	\$ 51,423	\$ 255,483	\$ 306,906
Total current assets	<u>51,423</u>	<u>255,483</u>	<u>306,906</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,126,616	5,308,936	6,435,552
Restricted investments	<u>13,242,207</u>	<u>84,341,588</u>	<u>97,583,795</u>
Total noncurrent assets	<u>14,368,823</u>	<u>89,650,524</u>	<u>104,019,347</u>
Total assets	<u>14,420,246</u>	<u>89,906,007</u>	<u>104,326,253</u>
LIABILITIES			
Current liabilities:			
Accrued interest payable	33,013	215,856	248,869
Arbitrage rebate payable	7,086	-	7,086
Bonds payable - current	<u>45,000</u>	<u>885,000</u>	<u>930,000</u>
Total current liabilities	<u>85,099</u>	<u>1,100,856</u>	<u>1,185,955</u>
Noncurrent liabilities:			
Due to other funds	2,301,617	1,230,871	3,532,488
Bonds payable - net	<u>7,682,203</u>	<u>83,634,869</u>	<u>91,317,072</u>
Total noncurrent liabilities	<u>9,983,820</u>	<u>84,865,740</u>	<u>94,849,560</u>
Total liabilities	<u>10,068,919</u>	<u>85,966,596</u>	<u>96,035,515</u>
NET POSITION			
Restricted for:			
Bond programs	<u>4,351,327</u>	<u>3,939,411</u>	<u>8,290,738</u>
Total net position	<u><u>\$ 4,351,327</u></u>	<u><u>\$ 3,939,411</u></u>	<u><u>\$ 8,290,738</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 Revenues, Expenses and Changes in Net Position
Single Family Bond Programs Fund
For the Year Ended September 30, 2015**

	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 investments	\$ 239,317	\$ 5,388,722	\$ 5,628,039
Fee income and other revenue	-	2,951	2,951
Total operating revenues	<u>239,317</u>	<u>5,391,673</u>	<u>5,630,990</u>
Operating expenses:			
Interest	330,177	2,207,237	2,537,414
General and administrative	41,878	259,557	301,435
Other expenses	11,341	327,352	338,693
Total operating expenses	<u>383,396</u>	<u>2,794,146</u>	<u>3,177,542</u>
Operating income	<u>(144,079)</u>	<u>2,597,527</u>	<u>2,453,448</u>
Transfers in	5,027,063	6,125,050	11,152,113
Transfers out	<u>(7,652,434)</u>	<u>(6,125,050)</u>	<u>(13,777,484)</u>
Total transfers	<u>(2,625,371)</u>	<u>-</u>	<u>(2,625,371)</u>
Changes in net position	<u>(2,769,450)</u>	<u>2,597,527</u>	<u>(171,923)</u>
Total net position - beginning, as previously reported	11,264,396	(1,233,505)	10,030,891
Prior period adjustment	<u>(4,143,619)</u>	<u>2,575,389</u>	<u>(1,568,230)</u>
Total net position - beginning, as restated	<u>7,120,777</u>	<u>1,341,884</u>	<u>8,462,661</u>
Total net position - ending	<u><u>\$ 4,351,327</u></u>	<u><u>\$ 3,939,411</u></u>	<u><u>\$ 8,290,738</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, 2015**

	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 notes	\$ 33,568	\$ -	\$ 33,568
Cash paid for costs of issuance	-	(314,302)	(314,302)
Cash paid to other funds	(964,272)	(364,108)	(1,328,380)
Cash received from issuer	-	108,862	108,862
Cash payments for general and administrative expenses	(47,740)	(272,603)	(320,343)
Net cash used in operating activities	(978,444)	(842,151)	(1,820,595)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from issuance of bonds payable	-	20,201,069	20,201,069
Principal repayments on bonds payable	(14,020,000)	(6,424,339)	(20,444,339)
Interest paid on bonds payable	(727,896)	(2,191,416)	(2,919,312)
Proceeds from premium on bonds payable	-	280,384	280,384
Transfer to other funds	(2,625,371)	-	(2,625,371)
Net cash provided by (used in) noncapital financing activities	(17,373,267)	11,865,698	(5,507,569)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(12,642,985)	(12,642,985)
Sale of investments	11,617,446	-	11,617,446
Interest received on investments	1,112,305	2,603,389	3,715,694
Net cash provided by (used in) investing activities	12,729,751	(10,039,596)	2,690,155
Net increase (decrease) in cash and cash equivalents	(5,621,960)	983,951	(4,638,009)
Cash and cash equivalents, beginning of year, as restated (See Note 1G)	6,748,576	4,324,985	11,073,561
Cash and cash equivalents, end of year	\$ 1,126,616	\$ 5,308,936	\$ 6,435,552
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES			
Operating income (loss)	\$ (144,079)	\$ 2,597,527	\$ 2,453,448
Adjustments to reconcile operating income to net cash used in operating activities:			
Amortization of unearned commitment fees	(120,329)	-	(120,329)
Amortization of bond premium	(336,671)	(71,758)	(408,429)
Unrealized loss (gain) on investments	875,452	(2,569,035)	(1,693,583)
Interest received on investments	(1,112,305)	(2,603,389)	(3,715,694)
Interest paid on bonds payable	727,896	2,191,416	2,919,312
Changes in operating assets and liabilities:			
Accrued interest receivable	117,865	(110,387)	7,478
Mortgage loan receivables, net	33,568	-	33,568
Internal balances	(952,931)	(364,108)	(1,317,039)
Accrued interest payable	(61,052)	87,583	26,531
Accounts payable and other liabilities	(5,858)	-	(5,858)
Total adjustments	(834,365)	(3,439,678)	(4,274,043)
Net cash used in operating activities	\$ (978,444)	\$ (842,151)	\$ (1,820,595)

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>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>	<u>2006</u>
Authority's proportion of the net pension liability (asset)	0.0005231789%	0.000143982%								
Authority's proportionate share of the net pension liability (asset)	\$ 67,576	\$ 8,785								
Authority's covered-employee payroll	\$ 216,648	\$ 66,247								
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.19%	13.26%								
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%								

*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>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>	<u>2006</u>
Contractually required contribution	\$ 3,642	\$ 2,851								
Contributions in relation to the contractually required contribution	<u>(3,642)</u>	<u>(2,851)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Authority's covered-employee payroll	\$ 216,648	\$ 66,247								
Contributions as a percentage of covered-employee payroll	1.68%	-4.30%								

*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>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>	<u>2006</u>
Authority's proportion of the net pension liability (asset)	0.000714107%	0.000222966%								
Authority's proportionate share of the net pension liability (asset)	\$ 72,828	\$ 20,848								
Authority's covered-employee payroll	\$ 216,648	\$ 66,247								
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.62%	31.47%								
Plan fiduciary net position as a percentage of the total pension liability	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>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>	<u>2006</u>
Contractually required contribution	\$ 1,088	\$ 674								
Contributions in relation to the contractually required contribution	<u>(1,088)</u>	<u>(674)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Authority's covered-employee payroll	\$ 216,648	\$ 66,247								
Contributions as a percentage of covered-employee payroll	0.50%	1.02%								

*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, 2015**

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>9/30/2015</u>	<u>9/30/2014</u>
Interest and realized gains on investments - net	\$ 3,934,456	\$ 4,000,954
Net change in the fair value of investments	1,693,583	(152,143)
Total Investment Income	<u>\$ 5,628,039</u>	<u>\$ 3,848,811</u>

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Schedule of Bonded Indebtedness
September 30, 2015**

	Principal Balance on October 1, 2014	Amount (Matured)/(Retired) or Issued During Fiscal Year 2015	Principal Balance on September 30, 2015
1998 Master Indenture Bonds:			
Series 2004A	\$ 2,890,000	\$ (2,890,000)	\$ -
Series 2005A	2,730,000	(2,730,000)	-
Series 2005B	3,020,000	(3,020,000)	-
Series 2006A	2,965,000	(2,965,000)	-
Series 2006B	3,980,000	(660,000)	3,320,000
Series 2007A	5,970,000	(1,755,000)	4,215,000
	<u>21,555,000</u>	<u>(14,020,000)</u>	<u>7,535,000</u>
2009 Master Indenture Bonds:			
Series 2009A-1 & 2010A	11,175,000	(1,435,000)	9,740,000
Series 2009A-2 & 2011A	15,585,000	(2,285,000)	13,300,000
Series 2009A-3 & 2011B	13,060,000	(945,000)	12,115,000
Series 2009A-4 & 2012A	11,790,000	(370,000)	11,420,000
Series 2014A	18,290,307	(990,994)	17,299,313
Series 2015A	-	19,802,724	19,802,724
TOTAL SINGLE FAMILY	<u>91,455,307</u>	<u>(243,270)</u>	<u>91,212,037</u>
James Park	3,605,000	(365,000)	3,240,000
Tuscany	6,610,000	(225,000)	6,385,000
Columbian Apartments	4,765,000	-	4,765,000
Booker Creek	9,950,000	(100,000)	9,850,000
Bayside Court	8,545,000	-	8,545,000
Clearwater Apartments	5,000,000	(5,000,000)	-
Pinellas Heights	-	5,683,152	5,683,152
Boca Ciega	-	9,900,000	9,900,000
TOTAL MULTI-FAMILY	<u>38,475,000</u>	<u>9,893,152</u>	<u>48,368,152</u>
TOTAL	<u><u>\$ 129,930,307</u></u>	<u><u>\$ 9,649,882</u></u>	<u><u>\$ 139,580,189</u></u>

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

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May 5, 2016

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, 2015, and have issued our report thereon dated May 5, 2016.

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 and Schedule

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 this report, which is dated May 5, 2016, 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, 2015, 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, 2015. The County's Annual Financial Report (AFR) includes the Authority's audited financial information. We were unable to make this determination because the AFR was not filed with the Department at the time of the Authority's report date.

Other Matters

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

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

Purpose of this Letter

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

Dufresne & Associates, CPA, PA

Dufresne & Associates, CPA, PA