

**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, 2021**



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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(A Component Unit of Pinellas County, Florida)
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and Required Supplementary Information
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FINANCIAL SECTION



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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of September 30, 2021, 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.

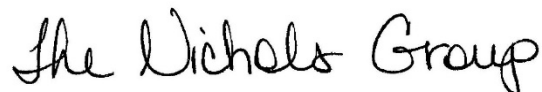
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of the net pension liability, and schedules of contributions on pages 5 – 9 and 44-49 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 January 31, 2022, 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.



The Nichols Group, PA
Certified Public Accountants
Fleming Island, Florida

January 31, 2022



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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 31, 2022.

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.

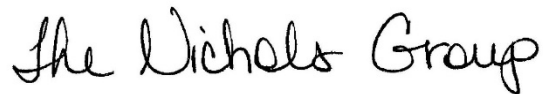
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

The Nichols Group

The Nichols Group, PA
Certified Public Accountants
Fleming Island, Florida

January 31, 2022

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, 2021. 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 as long-term and restricted.

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

Overview of the Financial Statements

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

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant

portion of their costs through user fees and charges (business-type activities). The governmental activities of the Authority include the activities for the Housing Trust Fund and the Land Assembly Fund. The business-type activities of the Authority include the general government and the Single Family Bond Programs. The government-wide financial statements can be found on pages 10 and 11 of this report.

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

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

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains two individual governmental special revenue funds: The Housing Trust Fund and the Land Assembly Fund. Information is presented separately in the governmental fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds.

The basic governmental fund financial statements and the reconciliation can be found in this report on pages 12 and 13.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found within this report on pages 17 through 39.

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

Government-wide Financial Analysis

As noted earlier, net position might serve over time as a useful indicator of an Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,694,894 at the close of the most recent fiscal year.

Housing Finance Authority of Pinellas County's Net Position

| | Governmental activities | | Business-type activities | | Total | |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 4,984,616 | \$ 4,832,207 | \$91,287,097 | \$ 97,110,006 | \$ 96,271,713 | \$ 101,942,213 |
| Capital assets | 11,163,100 | 12,840,336 | 1,409,936 | 1,405,761 | 12,573,036 | 14,246,097 |
| Total assets | 16,147,716 | 17,672,543 | 92,697,033 | 98,515,767 | 108,844,749 | 116,188,310 |
| Deferred outflows of resources | - | - | 167,317 | 234,215 | 167,317 | 234,215 |
| Long-term liabilities outstanding | - | - | 65,268,297 | 64,108,489 | 65,268,297 | 64,108,489 |
| Other liabilities | 928,509 | 925,000 | 859,528 | 7,211,960 | 1,788,037 | 8,136,960 |
| Total liabilities | 928,509 | 925,000 | 66,127,825 | 71,320,449 | 67,056,334 | 72,245,449 |
| Deferred inflows of resources | - | - | 260,838 | 9,272 | 260,838 | 9,272 |
| Net position: | | | | | | |
| Net investment in capital assets | 11,163,100 | 12,840,336 | 1,401,583 | 1,403,681 | 12,564,683 | 14,244,017 |
| Restricted | 4,056,107 | 3,907,207 | 10,275,066 | 11,052,010 | 14,331,173 | 14,959,217 |
| Unrestricted | - | - | 14,799,038 | 14,964,570 | 14,799,038 | 14,964,570 |
| Total net position | \$ 15,219,207 | \$ 16,747,543 | \$26,475,687 | \$ 27,420,261 | \$ 41,694,894 | \$ 44,167,804 |

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

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

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

| | Governmental activities | | Business-type activities | | Total | |
|-------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ - | \$ - | \$ 617,300 | \$ 841,823 | \$ 617,300 | \$ 841,823 |
| Operating grants and contributions | 465,402 | 483,669 | 39,429 | 41,521 | 504,831 | 525,190 |
| Capital grants and contributions | - | 740,525 | - | - | - | 740,525 |
| General revenues: | | | | | | |
| Investment income | 22,468 | 15,467 | 1,450,308 | 5,055,096 | 1,472,776 | 5,070,563 |
| Total revenues | 487,870 | 1,239,661 | 2,107,037 | 5,938,440 | 2,594,907 | 7,178,101 |
| Expenses: | | | | | | |
| Program expenses | 2,009,499 | 592,497 | 115,131 | 128,326 | 2,124,630 | 720,823 |
| Interest expenses | - | - | 1,469,893 | 2,132,719 | 1,469,893 | 2,132,719 |
| Administrative and other expenses | 26,707 | 12,915 | 1,466,587 | 1,578,864 | 1,493,294 | 1,591,779 |
| Total expenses | 2,036,206 | 605,412 | 3,051,611 | 3,839,909 | 5,087,817 | 4,445,321 |
| Increase (decrease) in net position | (1,548,336) | 634,249 | (944,574) | 2,098,531 | (2,492,910) | 2,732,780 |
| Net position- as previously stated | 16,747,543 | 16,113,294 | 27,420,261 | 25,321,730 | 44,167,804 | 41,435,024 |
| Prior period adjustment | 20,000 | - | - | - | 20,000 | - |
| Beginning net position - restated | 16,767,543 | 16,113,294 | 27,420,261 | 25,321,730 | 44,187,804 | 41,435,024 |
| Net position - ending | \$ 15,219,207 | \$ 16,747,543 | \$26,475,687 | \$ 27,420,261 | \$ 41,694,894 | \$ 44,167,804 |

Governmental activities. Governmental current year activities decreased the Authority's net position by \$1,548,336. Overall, total revenues in Governmental activities decreased by \$751,791 or 60.64%; expenses increased by \$1,430,794 or 236.66% when compared to last year's balances. The decrease in revenues was mainly due to a decrease of capital contributions of land additions in the Land Assembly Fund from prior year and the HFA as trustee of the County's land trusts deeding two properties back to the County.

Business-type activities. Business-type current year activities decreased the Authority's net position by \$944,574. Overall the revenues in business-type activities decreased by \$3,831,403 or 64.52%. The expenses decreased by \$788,298 or 20.53%.

Financial Analysis of the Authority's Funds

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

Governmental funds. As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$4,056,107, an increase of \$128,900 in comparison with prior year. \$3,736,419 of the fund balance has been designated as nonspendable for long-term receivables, leaving the difference as an unassigned fund balance of \$279,688.

Proprietary funds. The Authority's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the General Fund and Single Family Bond Programs Fund at the end of the year amounted to \$21,000,128 and \$5,475,559, respectively. The General Fund net position decreased by \$962,578, whereas the Single Family Bond Programs Fund net position increased by \$18,004. (See pages 14 and 15 for the General Fund and Single Family Bond Programs Fund financial statements.)

Capital assets. The Authority's investment in capital assets for its governmental and business-type assets as of September 30, 2021, amounts to \$12,573,036. This investment in capital assets includes land, buildings and equipment. The total decrease in the Authority's investment in capital assets for the current fiscal year was 11.74%.

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

Housing Finance Authority of Pinellas County's Capital Assets

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

| | Governmental activities | | Business-type activities | | Total | |
|-------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 7,567,792 | \$ 9,011,629 | \$ 1,346,627 | \$ 1,346,627 | \$ 8,914,419 | \$ 10,358,256 |
| Buildings | 4,409,629 | 4,409,629 | 60,460 | 60,460 | 4,470,089 | 4,470,089 |
| Leasehold improvements | 442,453 | 454,417 | - | - | 442,453 | 454,417 |
| Equipment | 7,100 | 7,100 | 13,908 | 13,149 | 21,008 | 20,249 |
| Less accumulated depreciation | (1,263,874) | (1,042,439) | (11,059) | (14,475) | (1,274,933) | (1,056,914) |
| Total | \$ 11,163,100 | \$ 12,840,336 | \$ 1,409,936 | \$ 1,405,761 | \$ 12,573,036 | \$ 14,246,097 |

Long-term liabilities. At the end of the fiscal year, the Authority had long-term liabilities in the amount of \$66,886,093 of which \$692,796 is due within one year, and include amounts due to other governments, unearned revenue, Single Family Bonds payable, the NLP obligation, a capital lease for equipment and the net pension liability for the Authority's proportionate share of the Florida Retirement System Pension Plan.

Economic Factors and Next Year's Budget

The Authority remains a dependent special district of the County and continues to maintain a working relationship with the County to leverage resources and to jointly work on various affordable housing programs as well as the NSP programs.

The Authority is well positioned to meet its operating budget and revenue projections for fiscal year 2022.

During 2022, the Authority will continue to originate mortgages to first time homebuyers. The Authority is projecting that four multi-family bond transactions will be completed in fiscal year 2022. These transactions generate fee income and a fairly steady flow of management income.

The Authority continues to administer the Housing Trust Fund on behalf of the County and expects to utilize any new funding and program income to continue to fund affordable housing.

The Authority has continued to serve as trustee of the various land trusts associated with the Penny for Pinellas Land Assembly Fund on behalf of the County to purchase land to provide affordable workforce housing for the residents of Pinellas County.

In fiscal year 2021, the Authority entered into an Interlocal Agreement with the City of St. Petersburg to serve as trustee of various land trusts associated with the Penny for Pinellas Land Assembly Fund on behalf of the City of St. Petersburg to purchase land to provide affordable workforce housing for the residents of the City of St. Petersburg.

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 confident that fiscal year 2022 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, 2021

| | Primary Government | | |
|---|------------------------------------|--|----------------------|
| | Governmental Activities | Business- type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents (restricted and unrestricted) | \$ 1,231,224 | \$ 13,768,817 | \$ 15,000,041 |
| Accounts receivable: | | | |
| Due from other governments | - | 855 | 855 |
| Fees and other receivables | 255 | 6,545 | 6,800 |
| Internal Balances | (23,282) | 23,282 | - |
| Interest receivable | - | 162,116 | 162,116 |
| Prepaid expenses | - | 7,561 | 7,561 |
| Total current assets | <u>1,208,197</u> | <u>13,969,176</u> | <u>15,177,373</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | - | 7,162,417 | 7,162,417 |
| Mortgage backed securities | - | 61,183,643 | 61,183,643 |
| Mortgage loans receivable - net | 1,363,224 | 4,887,302 | 6,250,526 |
| Notes receivable - net | 1,824,625 | 3,984,559 | 5,809,184 |
| Revolving loans receivable - net | - | 100,000 | 100,000 |
| Other receivables | 588,570 | - | 588,570 |
| Capital assets - | | | |
| Nondepreciable | 7,567,792 | 1,346,627 | 8,914,419 |
| Depreciable, net of accumulated depreciation | 3,595,308 | 63,309 | 3,658,617 |
| Total noncurrent assets | <u>14,939,519</u> | <u>78,727,857</u> | <u>93,667,376</u> |
| Total assets | <u>16,147,716</u> | <u>92,697,033</u> | <u>108,844,749</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows - Contributions | - | 167,317 | 167,317 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and other liabilities | 3,509 | 17,569 | 21,078 |
| Accrued interest payable | - | 147,348 | 147,348 |
| Security deposits | - | 1,815 | 1,815 |
| Capital lease - current portion | - | 2,796 | 2,796 |
| Bonds payable - current portion | - | 690,000 | 690,000 |
| Total current liabilities | <u>3,509</u> | <u>859,528</u> | <u>863,037</u> |
| Noncurrent liabilities: | | | |
| Due to other governments | 925,000 | 90,867 | 1,015,867 |
| Unearned revenues | - | 1,122,638 | 1,122,638 |
| Capital Leases | - | 5,557 | 5,557 |
| Bonds payable - net: | | | |
| Other bonds payable | - | 60,253,722 | 60,253,722 |
| Other long-term liabilities | - | 3,569,842 | 3,569,842 |
| Net pension liability | - | 225,671 | 225,671 |
| Total noncurrent liabilities | <u>925,000</u> | <u>65,268,297</u> | <u>66,193,297</u> |
| Total liabilities | <u>928,509</u> | <u>66,127,825</u> | <u>67,056,334</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows - Contributions | - | 260,838 | 260,838 |
| NET POSITION | | | |
| Net investment in capital assets | 11,163,100 | 1,401,583 | 12,564,683 |
| Restricted for: | | | |
| Bond programs fund | - | 5,475,559 | 5,475,559 |
| Special programs | 4,056,107 | 4,799,507 | 8,855,614 |
| Unrestricted | - | 14,799,038 | 14,799,038 |
| Total net position | <u>\$ 15,219,207</u> | <u>\$ 26,475,687</u> | <u>\$ 41,694,894</u> |

See accompanying notes.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Statement of Activities
For the Year Ended September 30, 2021**

| | <u>Program Revenues</u> | | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|---|-------------------------|---------------------------------|---|---|--|-------------------------------------|----------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Capital Grants and Contributions</u> | <u>Operating Grants and Contributions</u> | <u>Primary Government</u> | | |
| | | | | | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Functions/Programs: | | | | | | | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| Housing | \$ 2,036,206 | \$ - | \$ - | \$ 465,402 | \$ (1,570,804) | \$ - | \$ (1,570,804) |
| Total governmental activities | <u>2,036,206</u> | <u>-</u> | <u>-</u> | <u>465,402</u> | <u>(1,570,804)</u> | <u>-</u> | <u>(1,570,804)</u> |
| Business-type activities: | | | | | | | |
| General Fund | 1,057,900 | 617,300 | - | 39,429 | - | (401,171) | (401,171) |
| Single Family Bond Program | 1,993,711 | - | - | - | - | (1,993,711) | (1,993,711) |
| Total business-type activities | <u>3,051,611</u> | <u>617,300</u> | <u>-</u> | <u>39,429</u> | <u>-</u> | <u>(2,394,882)</u> | <u>(2,394,882)</u> |
| Total primary government | <u>\$ 5,087,817</u> | <u>\$ 617,300</u> | <u>\$ -</u> | <u>\$ 504,831</u> | <u>(1,570,804)</u> | <u>(2,394,882)</u> | <u>(3,965,686)</u> |
| | | | | | | | |
| General revenues: | | | | | | | |
| Investment income, including realized and unrealized gains and losses on investments | | | | | 22,468 | 1,450,308 | 1,472,776 |
| Total general revenues | | | | | <u>22,468</u> | <u>1,450,308</u> | <u>1,472,776</u> |
| Changes in net position | | | | | (1,548,336) | (944,574) | (2,492,910) |
| Net position - as previously stated | | | | | 16,747,543 | 27,420,261 | 44,167,804 |
| Prior period adjustment | | | | | 20,000 | - | 20,000 |
| Beginning net position - restated | | | | | <u>16,767,543</u> | <u>27,420,261</u> | <u>44,187,804</u> |
| Net position - ending | | | | | <u>\$ 15,219,207</u> | <u>\$ 26,475,687</u> | <u>\$ 41,694,894</u> |

See accompanying notes.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Balance Sheet
Governmental Funds
September 30, 2021**

| | <u>Housing Trust Fund</u> | <u>Land Assembly Fund</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------------|-------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,040,893 | \$ 190,331 | \$ 1,231,224 |
| Fees and other receivables | - | 255 | 255 |
| Due from other funds | - | 1,965 | 1,965 |
| | | | |
| Mortgage loans receivable - net | 1,363,224 | - | 1,363,224 |
| Notes receivable - net | 1,824,625 | - | 1,824,625 |
| Other receivables | 588,570 | - | 588,570 |
| Total assets | <u>\$ 4,817,312</u> | <u>\$ 192,551</u> | <u>\$ 5,009,863</u> |
| | | | |
| LIABILITIES | | | |
| Accounts payable and other liabilities | - | 3,509 | 3,509 |
| Due to other governments | 925,000 | - | 925,000 |
| Due to other funds | - | 25,247 | 25,247 |
| Total liabilities | <u>925,000</u> | <u>28,756</u> | <u>953,756</u> |
| | | | |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Long-term mortgage loans receivable | 1,363,224 | - | 1,363,224 |
| Long-term notes receivable | 1,824,625 | - | 1,824,625 |
| Long-term portion of other receivables | 588,570 | - | 588,570 |
| Unassigned: | 115,893 | 163,795 | 279,688 |
| Total fund balances | <u>3,892,312</u> | <u>163,795</u> | <u>4,056,107</u> |
| Total liabilities and fund balances | <u>\$ 4,817,312</u> | <u>\$ 192,551</u> | <u>\$ 5,009,863</u> |

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total fund balances - governmental funds \$ 4,056,107

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds 11,163,100

Net position of the governmental activities \$ 15,219,207

See accompanying notes.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021**

| | Housing Trust Fund | Land Assembly Fund | Total Governmental Funds |
|---|--------------------------|-----------------------|--------------------------------|
| REVENUES | | | |
| Investment income | \$ 22,468 | \$ - | \$ 22,468 |
| Program income | 393,059 | 72,343 | 465,402 |
| Total revenues | <u>415,527</u> | <u>72,343</u> | <u>487,870</u> |
| EXPENDITURES | | | |
| General and administrative | - | 26,707 | 26,707 |
| Capital outlay - improvements | 8,036 | - | 8,036 |
| Program expenses | 324,227 | - | 324,227 |
| Total expenditures | <u>332,263</u> | <u>26,707</u> | <u>358,970</u> |
| Operating income | <u>83,264</u> | <u>45,636</u> | <u>128,900</u> |
| Net changes in fund balance | <u>83,264</u> | <u>45,636</u> | <u>128,900</u> |
| Total fund balance - as previously stated | 3,789,048 | 118,159 | 3,907,207 |
| Prior period adjustment | 20,000 | - | 20,000 |
| Beginning fund balance, restated | <u>3,809,048</u> | <u>118,159</u> | <u>3,927,207</u> |
| Total fund balance - ending | <u>\$ 3,892,312</u> | <u>\$ 163,795</u> | <u>\$ 4,056,107</u> |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net Change in fund balances - governmental funds \$ 128,900

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|------------------------------------|-------------|--------------------|
| Capital outlay | 8,036 | |
| Depreciation expense | (221,435) | |
| Deeded property to Pinellas County | (1,443,837) | |
| Correction of capital outlay | (20,000) | |
| Total | | <u>(1,677,236)</u> |

Change in net position of governmental activities \$ (1,548,336)

See accompanying notes.

Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Statement of Net Position
Proprietary Funds
September 30, 2021

| | General Fund | Single Family Bond Programs Fund | Total |
|---|----------------------|--|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents (restricted and unrestricted) | \$ 11,316,875 | \$ 2,451,942 | \$ 13,768,817 |
| Accounts receivable: | | | |
| Due from other governments | 855 | - | 855 |
| Due from other funds | 32,382 | - | 32,382 |
| Fees and other receivables | 6,545 | - | 6,545 |
| Interest receivable | - | 162,116 | 162,116 |
| Prepaid expenses | 7,561 | - | 7,561 |
| Total current assets | <u>11,364,218</u> | <u>2,614,058</u> | <u>13,978,276</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | - | 7,162,417 | 7,162,417 |
| Mortgage backed securities | 4,796,889 | 56,386,754 | 61,183,643 |
| Mortgage loans receivable - net | 4,474,802 | 412,500 | 4,887,302 |
| Notes receivable, net | 3,984,559 | - | 3,984,559 |
| Revolving loans receivable - net | 100,000 | - | 100,000 |
| Capital assets - | | | |
| Nondepreciable | 1,346,627 | - | 1,346,627 |
| Depreciable, net of accumulated depreciation | 63,309 | - | 63,309 |
| Total noncurrent assets | <u>14,766,186</u> | <u>63,961,671</u> | <u>78,727,857</u> |
| Total assets | <u>26,130,404</u> | <u>66,575,729</u> | <u>92,706,133</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows - Contributions | <u>167,317</u> | <u>-</u> | <u>167,317</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and other liabilities | 17,569 | - | 17,569 |
| Accrued interest payable | - | 147,348 | 147,348 |
| Due to other funds | - | 9,100 | 9,100 |
| Security deposits | 1,815 | - | 1,815 |
| Capital Leases, current portion | 2,796 | - | 2,796 |
| Bonds payable - current | - | 690,000 | 690,000 |
| Total current liabilities | <u>22,180</u> | <u>846,448</u> | <u>868,628</u> |
| Noncurrent liabilities: | | | |
| Due to other governments | 90,867 | - | 90,867 |
| Unearned Revenue | 1,122,638 | - | 1,122,638 |
| Capital Leases | 5,557 | - | 5,557 |
| Bonds payable - net: | | | |
| Other bonds payable | - | 60,253,722 | 60,253,722 |
| Other long-term liabilities | 3,569,842 | - | 3,569,842 |
| Net pension liability | 225,671 | - | 225,671 |
| Total noncurrent liabilities | <u>5,014,575</u> | <u>60,253,722</u> | <u>65,268,297</u> |
| Total liabilities | <u>5,036,755</u> | <u>61,100,170</u> | <u>66,136,925</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows - Contributions | <u>260,838</u> | <u>-</u> | <u>260,838</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,401,583 | - | 1,401,583 |
| Restricted for: | | | |
| Bond programs | - | 5,475,559 | 5,475,559 |
| Special programs | 4,799,507 | - | 4,799,507 |
| Unrestricted | 14,799,038 | - | 14,799,038 |
| Total net position | <u>\$ 21,000,128</u> | <u>\$ 5,475,559</u> | <u>\$ 26,475,687</u> |

See accompanying notes.

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, 2021

| | General Fund | Single Family Bond Programs Fund | Total |
|---|-------------------------|---|----------------------|
| Operating revenues: | | | |
| Investment income | \$ 570,879 | \$ 1,845,160 | \$ 2,416,039 |
| Fee income and other revenue | 617,300 | - | 617,300 |
| Realized and unrealized gains on investments | 145,208 | 18,938 | 164,146 |
| Grants and contributions | 39,429 | - | 39,429 |
| Total operating revenues | <u>1,372,816</u> | <u>1,864,098</u> | <u>3,236,914</u> |
| Operating expenses: | | | |
| Interest | - | 1,469,893 | 1,469,893 |
| Realized and unrealized losses on investments | 1,125,102 | 4,775 | 1,129,877 |
| General and administrative | 899,280 | 221,849 | 1,121,129 |
| Other expenses | 329 | 301,969 | 302,298 |
| Pension expenses | 43,160 | - | 43,160 |
| Program expenses | 115,131 | - | 115,131 |
| Total operating expenses | <u>2,183,002</u> | <u>1,998,486</u> | <u>4,181,488</u> |
| Net operating income | <u>(810,186)</u> | <u>(134,388)</u> | <u>(944,574)</u> |
| Income before transfers: | (810,186) | (134,388) | (944,574) |
| Transfers | <u>(152,392)</u> | <u>152,392</u> | <u>-</u> |
| Changes in net position | (962,578) | 18,004 | (944,574) |
| Net position - beginning | <u>21,962,706</u> | <u>5,457,555</u> | <u>27,420,261</u> |
| Net position - ending | <u>\$ 21,000,128</u> | <u>\$ 5,475,559</u> | <u>\$ 26,475,687</u> |

See accompanying notes.

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, 2021

| | General Fund | Single Family Bond Programs Fund | Total |
|---|----------------------|--|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from fees | \$ 460,659 | \$ - | \$ 460,659 |
| Cash received from other governments | 194,515 | - | 194,515 |
| Cash paid for housing programs | (115,131) | - | (115,131) |
| Cash received from other funds | (163,445) | - | (163,445) |
| Cash payments for general and administrative expenses | (957,863) | (221,849) | (1,179,712) |
| Net cash used in operating activities | <u>(581,265)</u> | <u>(221,849)</u> | <u>(803,114)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Proceeds from issuance of bonds payable | - | 14,698,031 | 14,698,031 |
| Principal repayments on bonds payable | - | (13,451,274) | (13,451,274) |
| Interest paid on bonds payable | - | (1,966,077) | (1,966,077) |
| Payments for capital leases | (2,080) | - | (2,080) |
| Proceeds from premium on bonds payable | - | 476,226 | 476,226 |
| FHLB advance repayment | (6,231,896) | - | (6,231,896) |
| Transfers between funds | - | 126,640 | 126,640 |
| (Advances for) collections of housing assistance and grants | 692,192 | (67,500) | 624,692 |
| Net cash used in noncapital financing activities | <u>(5,541,784)</u> | <u>(183,954)</u> | <u>(5,725,738)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net proceeds from investment activities | 10,788,221 | 690,224 | 11,478,445 |
| Interest received on investments | 716,087 | 1,852,887 | 2,568,974 |
| Net cash provided by investing activities | <u>11,504,308</u> | <u>2,543,111</u> | <u>14,047,419</u> |
| Net increase in cash and cash equivalents | 5,381,259 | 2,137,308 | 7,518,567 |
| Cash and cash equivalents, beginning of year | 5,935,616 | 7,477,051 | 13,412,667 |
| Cash and cash equivalents, end of year | <u>\$ 11,316,875</u> | <u>\$ 9,614,359</u> | <u>\$ 20,931,234</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH | | | |
| USED IN OPERATING ACTIVITIES | | | |
| Operating loss | \$ (810,186) | \$ (134,388) | \$ (944,574) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | |
| Amortization of bond premium | - | (486,261) | (486,261) |
| Bond issuance costs | - | 301,969 | 301,969 |
| Net realized and unrealized gain on investments | 1,125,102 | (14,163) | 1,110,939 |
| Depreciation expense | 4,175 | - | 4,175 |
| Interest received on investments | (716,087) | (1,852,887) | (2,568,974) |
| Interest paid on bonds payable | - | 1,966,077 | 1,966,077 |
| Changes in operating assets and liabilities: | | | |
| Notes receivable | 161,913 | - | 161,913 |
| Accrued interest receivable | - | 7,727 | 7,727 |
| Internal Balances | (163,445) | - | (163,445) |
| Due from other governments | (6,827) | - | (6,827) |
| Fees and other receivables | (2,631) | - | (2,631) |
| Prepaid expenses | (1,951.00) | - | (1,951.00) |
| Other Liabilities | (154,008) | - | (154,008) |
| Accrued interest payable | - | (9,923) | (9,923) |
| Accounts payable and other liabilities | 235,044 | - | 235,044 |
| Deferred Outflows of resources | 66,898 | - | 66,898 |
| Net pension liability | (319,262) | - | (319,262) |
| Total adjustments | <u>228,921</u> | <u>(87,461)</u> | <u>141,460</u> |
| Net cash used in operating activities | <u>\$ (581,265)</u> | <u>\$ (221,849)</u> | <u>\$ (803,114)</u> |

See accompanying notes.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Notes to the Financial Statements
For the Year Ended September 30, 2021**

1. Summary of significant accounting policies

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

A. Reporting entity

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

Financial oversight and accountability to the citizens of the County is provided by the Board. The Board appoints the Authority members, who serve a term of four years. The Board has the power to remove an Authority member from office without cause. For financial reporting purposes the Authority is considered a component unit of the County.

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

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

B. Basis of presentation

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

The accompanying financial statements present the financial position, changes in financial position and cash flows of the General Fund, which reports all of the funds controlled by the Authority, the Single Family Bond Programs Fund, which accounts for all of the single-family bond programs of the Authority, and the Housing Trust and Land Assembly Funds, which account for funds used to finance housing projects and developments. The Single Family Bond Programs Fund, the Housing Trust Fund and the Land Assembly 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

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Notes to the Financial Statements
For the Year Ended September 30, 2021**

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

The Authority's governmental fund types are classified as special revenue funds. Governmental special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments. 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. 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. The Authority's governmental fund category includes the following major special revenue funds:

Housing Trust Fund. The Housing Trust Fund was established in December 2006, consistent with the interlocal agreement between the Authority and the Board of County Commissioners. 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.

Land Assembly Fund. The Land Assembly Fund was established in May 2015 consistent with the interlocal agreement between the Authority and the Board of County Commissioners. Land Assembly Funds shall be utilized for the acquisition of land for affordable and/or transitional housing pursuant to the interlocal agreement and Section 212.055(2)(d)(1)(e), Florida Statutes.

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

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Notes to the Financial Statements
For the Year Ended September 30, 2021**

wants control or measure costs of services. The Authority's proprietary fund category includes the following major 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.

F. Budgets and budgetary accounting

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

G. Cash and cash equivalents

Cash and cash equivalents of the general fund and bond programs, which consist of highly liquid financial instruments with an original maturity of three months or less, are carried at cost which approximates their fair value. All bank balances as of September 30, 2021, are covered by federal depository insurance or the State of Florida's Collateral Pool.

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Notes to the Financial Statements
For the Year Ended September 30, 2021**

The Authority considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

H. Investments

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

I. Mortgage backed securities

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

J. Mortgage loans receivable

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

K. Allowance for losses on loans and mortgage loan receivable

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

L. Internal balances

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

M. Interfund transfers

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

N. Bond discounts, premiums, and issuance costs

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

Issuance costs are expensed in the period incurred.

O. Real estate owned, net

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

**Housing Finance Authority of Pinellas County
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P. Capital assets

Capital assets are carried at cost and depreciated based on various useful lives ranging from 5 to 50 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 \$5,000.

Q. 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.

R. Interest income

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

S. General and administrative expenses

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

T. 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.

U. Deferred inflows and outflows of resources

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

V. 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.

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W. Net position

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

X. 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.

Y. Arbitrage rebate liability

Arbitrage is the ability to obtain tax-exempt bond proceeds and invest the funds in higher yielding taxable securities, resulting in a profit. In accordance with the United States tax code and regulation, the arbitrage earnings (i.e., profit) must be rebated to the Internal Revenue Service. The arbitrage which must be rebated is essentially the difference between the amount actually earned on certain investments and the amount which would have been earned had those funds been invested at a yield equal to the originally calculated yield on the bonds.

Z. Use of estimates

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

2. Recently issued accounting standards

GASB Statement No. 87, *Leases*. Objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. Previously effective for the year ended September 30, 2021, the requirements of this Statement have been extended to be effective for the year ended September 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Previously effective for the year ended September 30, 2022, the requirements of this Statement have been extended to be effective for the year ended September 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, standards for SBITAs are based

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on the standards established in Statement No. 87, Leases as amended. The requirements of this Statement are effective for the year ended September 30, 2023.

3. Cash, cash equivalents and investments

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

Investments of the Authority include deposits and guaranteed contracts with banks or other financial institutions which meet standards for deposits stipulated in investment agreements, money market funds, and U.S. government agency securities.

A. General Fund

| | <u>Total</u> | <u>Credit Quality Rating (S&P)</u> | <u>Maturity (Years)</u> |
|---------------------------------|----------------------|--|-----------------------------|
| Bank deposits | \$ 6,385,235 | NA | NA |
| Money market funds | 2,864,466 | NA | < 1 |
| External investment pools | <u>2,067,174</u> | AAAm | < 1 |
| Total cash and cash equivalents | <u>\$ 11,316,875</u> | | |

B. Governmental Funds

| | <u>Total</u> | <u>Credit Quality Rating</u> | <u>Maturity (Years)</u> |
|----------------------------------|---------------------|----------------------------------|-----------------------------|
| Housing Trust Fund bank deposits | \$ 1,040,893 | NA | < 1 |
| Land Assembly Fund bank deposits | <u>190,331</u> | NA | < 1 |
| Total cash equivalents | <u>\$ 1,231,224</u> | | |

C. Single Family Bond Programs Fund

| | <u>Total</u> | <u>Credit Quality Rating</u> | <u>Maturity (Years)</u> | <u>S&P</u> |
|--|---------------------|----------------------------------|-----------------------------|----------------|
| Money market treasury funds | \$ 9,614,359 | NA | < 1 | NA |
| Total cash equivalents and investments | <u>\$ 9,614,359</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

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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.

Concentration of Credit Risk

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

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

4. Reserve fund requirements

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

5. Fair value measurements

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, the Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

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

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

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

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The Authority has the following recurring fair value measurements as of September 30, 2021:

| | Total | Fair Value Measurements Using: | | |
|--|---------------|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
| Investments by fair value level | | | | |
| General Fund | | | | |
| Mortgage backed securities | \$ 4,796,889 | \$ - | \$ 4,796,889 | \$ - |
| Total General Fund | 4,796,889 | - | 4,796,889 | - |
| Single Family Bond Programs Fund | | | | |
| Mortgage backed securities | 56,386,754 | - | 56,386,754 | - |
| Total Single Family Bond Programs Fund | 56,386,754 | - | 56,386,754 | - |
| Total investments by fair value level | \$ 61,183,643 | \$ - | \$ 61,183,643 | \$ - |
| Investments measured at Net Asset Value (NAV) | | | | |
| Florida Cooperative Liquid Asset Securities System (FLCLASS) | 1,034,639 | | | |
| Florida Surplus Asset Fund Trust (FLA SAFE) | 1,032,535 | | | |
| Total investments at NAV | 2,067,174 | | | |
| Total investments measured at fair value | \$ 63,250,817 | | | |

The categorization of financial instruments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The mortgage backed securities classified as Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

FLCLASS and FL SAFE are external local government investment pools created by interlocal agreement under Florida Statute 163.01. The pools are supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participants, the custodian, and the program administrator.

FLCLASS is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. FLCLASS Enhanced Cash is rated by FitchRatings. The current rating is AAAf/S1. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average maturity of FLCLASS is 47 days as of September 30, 2021. The weighted average life (WAL) of FLCLASS as of September 30, 2021, is 84 days. The dollar weighted average days to maturity (WAM) of FLCLASS as of September 30, 2021, is 177 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average life (WAL) of FLCLASS Enhanced Cash at September 30, 2021, is 192 days.

The FL SAFE Stable NAV Fund is rated AAAM by S&P. The weighted average maturity of the FL SAFE Stable NAV Fund shall not exceed 60 days; the weighted average life shall not exceed 120 days. FL SAFE Variable NAV Fund is rated AAAf/S1 by S&P. At September 30, 2021, 100% of the Authority's portfolio was in the FL SAFE Stable NAV Fund.

External local government investment pools measure its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore the Authority's investments in these investments are not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

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6. Receivables

A. Mortgage loans receivable

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

Mortgage loans receivable consisted of the following at September 30, 2021:

| | Governmental Funds | Proprietary Funds | Total |
|---|-------------------------------|------------------------------|---------------------|
| Mortgage loans receivables: | | | |
| DPA loans receivable | \$ - | \$ 975,713 | \$ 975,713 |
| Mortgage loans receivable | - | 412,500 | 412,500 |
| Second mortgages receivable | 1,690,895 | 4,410,744 | 6,101,639 |
| Gross receivables | 1,690,895 | 5,798,957 | 7,489,852 |
| Less: allowance for uncollectible account | (327,671) | (911,655) | (1,239,326) |
| Receivables, net | <u>\$ 1,363,224</u> | <u>\$ 4,887,302</u> | <u>\$ 6,250,526</u> |

B. Notes receivable

At September 30, 2021 the Authority holds the following notes receivable:

| | Governmental Funds | Proprietary Funds | Total |
|--|-------------------------------|------------------------------|---------------------|
| Notes receivable: | | | |
| Redwood Apartment | \$ 255,770 | \$ - | \$ 255,770 |
| Bayside Court | 400,000 | 270,104 | 670,104 |
| CHAF Properties LLC | 1,100,000 | - | 1,100,000 |
| Greenwood Apartments | - | 254,588 | 254,588 |
| Tampa Bay CDC | - | 100,000 | 100,000 |
| Norton Apartments | - | 545,678 | 545,678 |
| VOA | - | 2,832,001 | 2,832,001 |
| SN Servicing | - | 1,022,277 | 1,022,277 |
| McLaughlin Project | 484,223 | - | 484,223 |
| Pinellas Affordable Living, Inc. | 684,632 | - | 684,632 |
| Total notes receivable | <u>2,924,625</u> | <u>5,024,648</u> | <u>7,949,273</u> |
| Less: allowance for uncollectible accounts | (1,100,000) | (940,089) | (2,040,089) |
| Total notes receivable, net | <u>\$ 1,824,625</u> | <u>\$ 4,084,559</u> | <u>\$ 5,909,184</u> |

Funded by the Housing Trust Fund

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

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and interest and \$1,298.37 on the first day of each month for the remaining 359 months. As of September 30, 2021, the outstanding principal on the note was \$255,770.

A promissory note, dated April 12, 2011, from BPA II, Ltd., a Florida limited partnership (Borrower), secured by a leasehold mortgage in the amount of \$670,104. The note was given for the development of new residential rental housing on property known as Bayside Court, located at 1760 Clearwater-Largo Road, Largo, Florida through the Neighborhood Stabilization Program II (NSPII). This note is due and payable, on or before April 1, 2051. Loan payment is deferred, and there will be no payments of principal or interest due, so long as Borrower remains leasehold owner of the property, develops and operates said property as residential housing, including affordable rental housing, and complies with the terms of this note and the accompanying leasehold mortgage, as well as the Land Use Restriction Agreement and the Agency Agreement, and any other security instrument associated with the leasehold mortgage. During the deferral period, no interest will accrue. As of September 30, 2021, the outstanding principal balance on the promissory note was \$670,104 of which \$400,000 is the Housing Trust Fund portion.

A promissory note from CHAF Properties, LLC secured by a mortgage in the amount of \$1,100,000 with maturity date April 1, 2042 and 1% interest. The first payment on this note was due on April 1, 2012. The note is restricted for the development of new residential rental housing. The Authority does not intend to collect on the note; therefore the allowance for uncollectible accounts and program expenditure was recorded in 2011. As of September 30, 2021 the outstanding principal on the note was \$1,100,000.

A promissory note, dated March 29, 2018, from Tampa Bay Community Development Corporation, a Florida not-for-profit corporation and Community Service Foundation, Inc., a Florida not-for-profit corporation (Borrowers), secured by a leasehold second mortgage in the amount of \$500,000. The note was given for the acquisition and rehabilitation of 11 units of affordable single family rental housing known as the McLaughlin Project, located in the city of Seminole, Florida. This note is due and payable on or before March 29, 2050. Interest shall accrue for the first two years, however, if Borrower is not in default under the terms of the Note at the end of year two, said interest shall be forgiven. Blended payments of principal and interest shall be due and payable monthly in the amount of \$2,108 commencing April 29, 2020, and on the same day of each month thereafter until maturity at which time the then remaining principal balance together with any interest accrued thereon shall be fully due and payable without demand. As of September 30, 2021, the outstanding principal on the note was \$484,223.

A promissory note dated April 24, 2019, from Pinellas Affordable Living, Inc., secured by a leasehold mortgage in the amount of \$300,000. The note was given for Phase Two of the affordable housing project known as Ranch at Pinellas Park (Project). Phase Two of the Project will consist of 8 one-bedroom/one-bath units of affordable housing. Repayment of the Promissory Note is deferred until April 30, 2039 provided the developer complies with the terms of the Promissory Note, Second Mortgage and other related financing documents. As of September 30, 2021, the outstanding principal on the note was \$300,000.

A promissory note dated November 4, 2019, from Pinellas Affordable Living, Inc., secured by a leasehold mortgage in the amount of \$481,093. The note was given for Phase III of the affordable housing project known as Preserves at Clam Bayou (Project). Phase III of the Project will consist of 8 one-bedroom/one-bath units of affordable housing. Repayment of the Promissory Note shall be deferred until April 30, 2038 provided the developer complies with the terms of the Promissory Note, Third Leasehold Mortgage and other related financing documents. As of September 30, 2021, the outstanding principal on the note was \$384,632.

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, 2021, the outstanding principal balance on the note was \$254,488.

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A promissory note, dated April 5, 2017 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, 2021, unless extended. As of September 30, 2021, the outstanding principal balance on the promissory note was \$100,000. The interest rate on the note was 2% per annum.

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, 2021, the outstanding principal balance on the note was \$545,678.

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, 2021, the outstanding principal balance on the note was \$2,832,001. The Contingent Forgiveness Amount has been recorded as an allowance that reduces the receivable.

The SN Servicing loans (formerly with Multifinancial) were made to purchase properties to be rehabilitated and resold as part of the Neighborhood Stabilization Program (NSP). As of September 30, 2021, the outstanding principle on the SN Servicing NSP notes receivable was \$1,022,277.

C. Other receivables

Other receivables consisted of the following at September 30, 2021:

| Other Receivables: | <u>Governmental Funds</u> | <u>Proprietary Funds</u> | <u>Total</u> |
|--|-------------------------------|------------------------------|-------------------|
| Due from Lealman Trust Account | \$ 720,352 | \$ - | \$ 720,352 |
| Less: allowance for uncollectible accounts | <u>(131,782)</u> | - | <u>(131,782)</u> |
| Receivables, net | <u>\$ 588,570</u> | <u>\$ -</u> | <u>\$ 588,570</u> |

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

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7. Interfund balances

| | Due To Other Funds | Due From Other Funds |
|--------------------------|-------------------------------|---------------------------------|
| Governmental funds: | | |
| Land Assembly Fund | \$ 25,247 | \$ 1,965 |
| Total governmental funds | 25,247 | 1,965 |
| Proprietary funds: | | |
| General Fund | - | 32,382 |
| Bond Program Fund | 9,100 | - |
| Total enterprise funds | 9,100 | 32,382 |
| Total Due To/Due From | \$ 34,347 | \$ 34,347 |

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.

8. Interfund transfers

Below is a summary of the current year transfers:

| | Transfers To Other Funds | Transfers From Other Funds |
|---|---|---|
| Proprietary funds: | | |
| General Fund | \$ 152,392 | \$ - |
| 1998 Master Indenture Single Family Bond Program Fund | 69,559 | - |
| 2009 Master Indenture Single Family Bond Program Fund | 5,842,859 | 6,064,810 |
| Total enterprise funds | 6,064,810 | 6,064,810 |
| Total transfers | \$ 6,064,810 | \$ 6,064,810 |

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9. Capital assets

A summary of the changes in the Authority's capital assets for the year ended September 30, 2021 is as follows:

| | Balance 10-1-2020 (Restated) * | Additions | Disposals | Balance 9-30-21 |
|--|--------------------------------------|---------------------|-----------------------|----------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 9,011,629 | \$ - | \$ (1,443,837) | \$ 7,567,792 |
| Total capital assets, not being depreciated | 9,011,629 | - | (1,443,837) | 7,567,792 |
| Capital assets, being depreciated: | | | | |
| Equipment | 7,100 | - | - | 7,100 |
| Buildings | 4,409,629 | - | - | 4,409,629 |
| Leasehold improvements | 434,417 | 8,036 | - | 442,453 |
| Total capital assets, being depreciated | 4,851,146 | 8,036 | - | 4,859,182 |
| Accumulated depreciation for: | | | | |
| Equipment | (6,271) | (828) | - | (7,099) |
| Buildings | (721,097) | (147,270) | - | (868,367) |
| Leasehold improvements | (315,071) | (73,337) | - | (388,408) |
| Total accumulated depreciation | (1,042,439) | (221,435) | - | (1,263,874) |
| Total capital assets, being depreciated, net | 3,808,707 | (213,399) | - | 3,595,308 |
| Governmental activities capital assets, net | <u>\$ 12,820,336</u> | <u>\$ (213,399)</u> | <u>\$ (1,443,837)</u> | <u>\$ 11,163,100</u> |
| | Balance 10-1-2020 | Additions | Disposals | Balance 9-30-21 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$ 1,346,627 | \$ - | \$ - | \$ 1,346,627 |
| Total capital assets, not being depreciated | 1,346,627 | - | - | 1,346,627 |
| Capital assets, being depreciated: | | | | |
| Rental real estate owned | 60,460 | - | - | 60,460 |
| Equipment | 13,149 | 759 | - | 13,908 |
| Total capital assets, being depreciated | 73,609 | 759 | - | 74,368 |
| Accumulated depreciation for: | | | | |
| Rental real estate owned | (3,298) | (2,198) | - | (5,496) |
| Equipment | (11,177) | 5,614 | - | (5,563) |
| Total accumulated depreciation | (14,475) | 3,416 | - | (11,059) |
| Total capital assets, being depreciated, net | 59,134 | 4,175 | - | 63,309 |
| Business-type activities capital assets, net | <u>\$ 1,405,761</u> | <u>\$ 4,175</u> | <u>\$ -</u> | <u>\$ 1,409,936</u> |

* (See Note 10- Prior period adjustment)

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10. Prior period adjustment

During the fiscal year, the Authority made the following prior period adjustment to the government-wide and fund financial statements:

| | Government - wide Statement of Activities Governmental Activities |
|--|--|
| Net position at September 30, 2020, as previously report | \$ 16,747,543 |
| Correction of capital outlay in Housing Trust Fund | 20,000 |
| Net position at September 30, 2020, as restated | \$ 16,767,543 |

11. Capital lease

During 2019, the Authority entered into an equipment lease agreement with ImageNet Consulting to finance a Canon Copier for \$13,908 which was placed into service on October 1, 2019. The copier has a three-year estimated useful life and, at September 30, 2021, is valued, net of depreciation at \$8,345. This year, \$2,668 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present values of the minimum lease payments at September 30, 2021 are as follows:

| | Business-type activities: |
|---|------------------------------|
| Fiscal Year Ending September 30, | |
| 2022 | \$ 2,796 |
| 2023 | \$ 2,784 |
| 2024 | 2,784 |
| Total minimum lease payments | 8,364 |
| Less: amount representing interest | (11) |
| Present value of minimum lease payments | \$ 8,353 |

12. Collateralized Bank Loan

In 2012, the Authority entered into an Advances and Security Agreement with the Federal Home Loan Bank (Bank) to provide financing for the support of the Single-Family Program. All advances under this agreement are fully collateralized with pledged mortgage backed securities.

At September 30, 2021, the amount pledged for advances is \$19,001,683 consisting of FNMA and GNMA securities with rates ranging from 3.50% to 7.35% and maturity dates ranging from 2027 to 2047. The market value of these securities held in safekeeping by the bank at September 30, 2021 is \$2,203,345.

The total credit availability at September 30, 2021 is \$20,000,000. The lendable collateral value at September 30, 2021 is \$1,969,717. At September 30, 2021 the Authority does not have an outstanding line of credit balance due.

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13. 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, 2021, are as follows:

| <u>Series</u> | <u>Type</u> | <u>Annual Percentage Rate</u> | <u>Principal Maturity</u> | <u>Principal Balance Outstanding</u> |
|---------------|-------------|-------------------------------|---------------------------|--------------------------------------|
| 2011B | Serial | 3.650% | 2022 | \$ 120,000 |
| | Term | 2.32% - 4.10% | 2023 - 2041 | 3,300,000 |
| 2012A | Serial | 2.50% - 2.625% | 2022 - 2023 | 225,000 |
| | Term | 2.71% | 2023 - 2042 | 3,560,000 |
| 2014A | Term | 2.90% - 3.40% | 2036 - 2045 | 5,260,291 |
| 2015A | Term | 2.90% - 3.35% | 2037 - 2045 | 5,635,981 |
| 2015B | Term | 3.35% | 2046 | 4,458,085 |
| 2016A | Serial | 1.85% - 2.65% | 2022 - 2026 | 585,000 |
| 2016A | Term | 3.20% - 3.80% | 2022 - 2046 | 7,325,000 |
| 2019A | Serial | 1.65% - 2.55% | 2022 - 2030 | 1,545,000 |
| 2019A | Term | 2.875% - 4.00% | 2022 - 2050 | 11,050,000 |
| 2021A | Serial | 0.40% - 2.00% | 2023 - 2032 | 1,305,000 |
| 2021A | Term | 2.12% - 3.00% | 2023 - 2052 | 6,695,000 |
| 2021B | Term | 2.00% | 2051 | 8,716,951 |
| | | | | <u>\$ 59,781,308</u> |

Scheduled principal and interest payments commencing October 1, 2021, are as follows:

| <u>Fiscal Year Ending September 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|----------------------|----------------------|----------------------|
| 2022 | \$ 690,000 | \$ 1,761,942 | \$ 2,451,942 |
| 2023 | 880,000 | 1,742,075 | 2,622,075 |
| 2024 | 955,000 | 1,718,621 | 2,673,621 |
| 2025 | 975,000 | 1,692,894 | 2,667,894 |
| 2026 | 995,000 | 1,665,890 | 2,660,890 |
| 2027 - 2031 | 5,525,000 | 7,892,041 | 13,417,041 |
| 2032 - 2036 | 8,082,690 | 6,999,916 | 15,082,606 |
| 2037 - 2041 | 9,173,552 | 5,574,930 | 14,748,482 |
| 2042 - 2046 | 19,438,115 | 3,812,813 | 23,250,928 |
| 2047 - 2051 | 12,991,951 | 1,155,324 | 14,147,275 |
| 2052 | 75,000 | 1,125 | 76,125 |
| Total Bonds Outstanding | 59,781,308 | 34,017,571 | 93,798,879 |
| Unamortized bond premium | 1,162,414 | - | 1,162,414 |
| Total | <u>\$ 60,943,722</u> | <u>\$ 34,017,571</u> | <u>\$ 94,961,293</u> |

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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.

14. Changes in long-term liabilities

| | Balance at Beginning of Year 10/01/20 * | Additions | Deletions | Balance at End of Year 9/30/21 | Due Within One Year |
|--|---|----------------------|------------------------|--------------------------------------|------------------------|
| Governmental activities: | | | | | |
| Due to other governments | \$ 925,000 | \$ - | \$ - | \$ 925,000 | \$ - |
| Governmental activities long-term liabilities | 925,000 | - | - | 925,000 | - |
| Business-type activities: | | | | | |
| Due to other governments | 96,839 | - | (5,972) | 90,867 | - |
| Unearned revenue | 1,224,514 | - | (101,876) | 1,122,638 | - |
| Bonds payable | 59,405,031 | 16,716,951 | (15,178,260) | 60,943,722 | 690,000 |
| NLP obligation | 3,622,172 | - | (52,330) | 3,569,842 | - |
| Capital lease | 2,080.00 | 8,353 | (2,080) | 8,353 | 2,796 |
| Net pension liability | 544,997 | 208,304 | (527,630) | 225,671 | - |
| Business-type activities long-term liabilities | 64,895,633 | 16,933,608 | (15,868,148) | 65,961,093 | 692,796 |
| Total: | \$ 65,820,633 | \$ 16,933,608 | \$ (15,868,148) | \$ 66,886,093 | \$ 692,796 |

* Beginning net pension liability adjusted by \$64 to correct immaterial discrepancy in prior year with State of Florida's allocation.

15. 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

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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, 2020 through June 30, 2021 was 8.34% of covered payroll based on employee risk groups. Effective July 1, 2021, rates changed to 9.16% of covered payroll based on employee risk groups. These Contribution rates include an administration fee of 0.06%. Contributions to the pension plan from the Authority were \$36,298 for the year ended September 30, 2021.

Florida Retiree Health Insurance Subsidy (HIS) Program

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

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

Contributions. Employer contribution rates are set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The Authority's contractually required contribution rate from July 1, 2020 through June 30, 2021 is 1.66% of covered payroll. Contributions to the pension plan from the Authority were \$7,365 for the year ended September 30, 2021.

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, 2021, the Authority reported a liability of \$71,973 and \$153,698, respectively, for its proportionate share of the net pension liability for FRSP and HIS. The net pension liability was measured as of June 30, 2021, 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, 2021, the Authority's proportion was 0.000952801% and 0.001252993% respectively, for FRSP and HIS, which was an increase of 0.000058382% for FRSP and a decrease of 0.000035663% for HIS from

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its proportion measured as of June 30, 2020.

Pension Expense. For the year ended September 30, 2021, the Authority recognized pension expense of \$18,125 and \$25,035 respectively for FRSP and HIS.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Florida Retirement System Pension Plan

| <u>Description</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 12,336 | \$ - |
| Change of assumptions | 49,247 | - |
| Net difference between projected and actual earnings on FRSP investments | 48,323 | 251,099 |
| Changes in proportion and differences between Authority FRSP contributions and proportionate share of contributions | - | - |
| Authority FRSP contributions subsequent to the measurement date | 9,522 | - |
| Total | \$ 119,428 | \$ 251,099 |

Health Insurance Subsidy

| <u>Description</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 5,143 | \$ 64 |
| Change of assumptions | 12,077 | 6,333 |
| Net difference between projected and actual earnings on HIS pension plan investments | 160 | - |
| Changes in proportion and differences between Authority HIS contributions and proportionate share of contributions | 28,772 | 3,342 |
| Authority HIS contributions subsequent to the measurement date | - | - |
| Authority HIS contributions subsequent to the measurement date | 1,737 | - |
| Total | \$ 47,889 | \$ 9,739 |

\$9,522 and \$1,737, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending September 30,</u> | <u>FRSP</u> | <u>HIS</u> |
|----------------------------------|---------------------|------------------|
| 2022 | \$ (40,162) | \$ 11,278 |
| 2023 | (15,715) | 7,629 |
| 2024 | (23,037) | 3,087 |
| 2025 | (41,989) | 5,185 |
| 2026 | (35,638) | 3,852 |
| Thereafter | 15,348 | 6,382 |
| Total | \$ (141,193) | \$ 36,413 |

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Assumptions and Other Inputs

Actuarial assumptions. The FRS Actuarial Assumption conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRSP's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRSP was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for the program. The actuarial assumptions that determined the total pension liability for HIS Program were based on certain results of the most recent experience study for the FRSP.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRSP investments is 6.80%. The 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 a calculating the total pension liability is equal to the long-term expected rate of return.

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.80 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the 4.17 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2021 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.80 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80 percent reported investment return assumption is the same as the investment return assumption chosen by the 2021 FRS Actuarial Assumption Conference for funding policy purposes.

For reference, the following table contains a summary of 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. 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.

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-----------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1.0% | 2.1% | 2.1% | 1.1% |
| Fixed Income | 20.0% | 3.8% | 3.7% | 3.3% |
| Global Equity | 54.2% | 8.2% | 6.7% | 17.8% |
| Real Estate (Property) | 10.3% | 7.1% | 6.2% | 13.8% |
| Private Equity | 10.8% | 11.7% | 8.5% | 26.4% |
| Strategic Investments | 3.7% | 5.7% | 5.4% | 8.4% |
| Total | <u>100.0%</u> | | | |
| Assumed Inflation - Mean | | | 2.4% | 1.2% |

(1) As outlined in the Pension Plan's investment policy available from *Funds We Manage* on the SBA's website at www.sbafla.com.

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Sensitivity Analysis

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 5.80% | Current Discount Rate 6.80% | 1% Increase 7.80% |
|--|----------------------|-----------------------------------|----------------------|
| Authority's proportionate share of the net pension liability | \$321,869 | \$71,973 | (\$136,912) |

Authority Proportionate Share of the HIS Net Pension Liability

| | 1% Decrease 1.16% | Current Discount Rate 2.16% | 1% Increase 3.16% |
|--|----------------------|-----------------------------------|----------------------|
| Authority's proportionate share of the net pension liability | \$177,690 | \$153,698 | \$137,258 |

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, 2021, the Authority has a \$225,671 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 had one participant in the FRSIP during a portion of the year. The Authority's Investment Plan pension expense totaled \$893 for the fiscal year September 30, 2021.

16. 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, 2021, 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.

17. 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, 2021, there were 9 series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$66,786,644.

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(A Component Unit of Pinellas County, Florida)
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18. 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, 2021 were \$94,716.

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, 2021 were \$1,478. As of September 30, 2021, the County owed the Authority \$241 for NSPI eligible costs and reimbursable charges. This specific performance agreement was terminated on June 6, 2018.

In July, 2009, the Authority entered into a Consortium Agreement with Neighborhood Lending Partners of West Florida, Inc. (Lead Applicant), Pasco County and Pinellas County (Consortium) to undertake neighborhood stabilization activities permitted under the American Recovery and Reinvestment Act of 2009 (Recovery Act) NSPII. The Lead Applicant assumes all responsibility for ensuring that the Consortium's Neighborhood Stabilization Program is carried out in compliance with the requirements of the Recovery Act and other requirements, including HUD regulations. Each member of the Consortium was entitled to a portion of NSPII funding received by the Consortium for eligible uses under the Recovery Act based on their respective foreclosure related needs scores. Total expenditures by the Authority for NSPII for the fiscal year ended September 30, 2021 were \$37,951. As of September 30, 2021, the Consortium owed the authority \$4,035 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, 2021 were \$807. As of September 30, 2021, the County owed the Authority \$0 for NSPIII eligible costs and reimbursable charges. This specific performance agreement was terminated on June 6, 2018.

19. Reclassifications

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported fund balance or net position.

20. Subsequent Events

On November 16, 2021, the Authority, as Trustee of the Pinellas County Land Assembly Trust – The Shores, Dated April 22, 2021, closed on the land acquisition for The Shores development in the amount of \$750,000.

On December 1, 2021, the outstanding bonds for the Multifamily Housing Revenue Bonds, Series 2005 (James Park Apartments) were paid in full.

On December 13, 2021, the Authority issued \$27,100,000 Series 2021 A Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) and \$15,580 Series B Multifamily Housing Revenue Bonds (Jordan Park Apartments).

On January 26, 2022, the Authority issued \$20,000,000 Multifamily Housing Revenue Bonds, Series 2022 (Palmetto Park Apartments).

During the period from October 1, 2021 through January 1, 2022, pursuant to various trust indentures, bonds in the aggregate amount of \$901,783 were called for partial redemptions. The bonds were called at a

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redemption price equal to par value plus accrued interest. Bonds were called as follows:

| Date Called | Redemption Amount | Program | Series |
|-------------|----------------------|---|-------------------------|
| 10/01/2021 | 10,278 | Single Family Housing Revenue Bonds | 2015 A-1 Series |
| 10/01/2021 | 6,751 | Single Family Housing Revenue Bond Series Taxable | 2015 A-2 Series |
| 10/01/2021 | 106,420 | Single Family Housing Revenue Bond (Multi-County Program) | 2015 Series B (NON-AMT) |
| 11/01/2021 | 10,170 | Single Family Housing Revenue Bonds | 2015 A-1 Series |
| 11/01/2021 | 7,236 | Single Family Housing Revenue Bond Series Taxable | 2015 A-2 Series |
| 11/01/2021 | 10,104 | Single Family Housing Revenue Bond (Multi-County Program) | 2015 Series B (NON-AMT) |
| 12/01/2021 | 374,645 | Single Family Housing Revenue Bonds | 2015 A-1 Series |
| 12/01/2021 | 85,143 | Single Family Housing Revenue Bond Series Taxable | 2015 A-2 Series |
| 12/01/2021 | 161,000 | Single Family Housing Revenue Bond (Multi-County Program) | 2015 Series B (NON-AMT) |
| 01/01/2022 | 113,451 | Single Family Housing Revenue Bond (Multi-County Program) | 2015 Series B (NON-AMT) |
| 01/01/2022 | 9,758 | Single Family Housing Revenue Bonds | 2015 A-1 Series |
| 01/01/2022 | 6,827 | Single Family Housing Revenue Bond Series Taxable | 2015 A-2 Series |
| | <u>\$ 901,783</u> | | |

Management has evaluated subsequent events through January 31, 2022, 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, 2021**

| | 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: | | | |
| Restricted cash and cash equivalents | \$ - | \$ 2,451,942 | \$ 2,451,942 |
| Investments interest receivable | 618 | 161,498 | 162,116 |
| Total current assets | <u>618</u> | <u>2,613,440</u> | <u>2,614,058</u> |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 676 | 7,161,741 | 7,162,417 |
| Mortgage loans receivable | - | 412,500 | 412,500 |
| Mortgage backed securities | 115,892 | 56,270,862 | 56,386,754 |
| Total noncurrent assets | <u>116,568</u> | <u>63,845,103</u> | <u>63,961,671</u> |
| Total assets | <u>117,186</u> | <u>66,458,543</u> | <u>66,575,729</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accrued interest payable | 34 | 147,314 | 147,348 |
| Due to other funds | - | 9,100 | 9,100 |
| Bonds payable - current | - | 690,000 | 690,000 |
| Total current liabilities | <u>34</u> | <u>846,414</u> | <u>846,448</u> |
| Noncurrent liabilities: | | | |
| Bonds payable - net: | | | |
| Other bonds payable | - | 60,253,722 | 60,253,722 |
| Total noncurrent liabilities | <u>-</u> | <u>60,253,722</u> | <u>60,253,722</u> |
| Total liabilities | <u>34</u> | <u>61,100,136</u> | <u>61,100,170</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Bond programs | 117,152 | 5,358,407 | 5,475,559 |
| Total net position | <u>\$ 117,152</u> | <u>\$ 5,358,407</u> | <u>\$ 5,475,559</u> |

See accompanying notes.

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, 2021

| | 1998 | 2009 | |
|---|-------------------------|----------------------|----------------------|
| | Master Indenture | Master | Single Family |
| | Single Family | Indenture | Bond |
| | Bond Program | Single Family | Programs |
| | Fund | Bond Program | Fund |
| | Fund | Fund | Total |
| Operating revenues: | | | |
| Investment income | \$ 9,663 | \$ 1,835,497 | \$ 1,845,160 |
| Realized and unrealized gains on investments | - | 18,938 | 18,938 |
| Total operating revenues | <u>9,663</u> | <u>1,854,435</u> | <u>1,864,098</u> |
| Operating expenses: | | | |
| Interest | 543 | 1,469,350 | 1,469,893 |
| Realized and unrealized losses on investments | 4,775 | - | 4,775 |
| General and administrative | - | 221,849 | 221,849 |
| Other expenses | - | 301,969 | 301,969 |
| Total operating expenses | <u>5,318</u> | <u>1,993,168</u> | <u>1,998,486</u> |
| Net operating income (expenses) | <u>4,345</u> | <u>(138,733)</u> | <u>(134,388)</u> |
| Transfers in | - | 6,064,810 | 6,064,810 |
| Transfers out | (69,559) | (5,842,859) | (5,912,418) |
| Net transfers | <u>(69,559)</u> | <u>221,951</u> | <u>152,392</u> |
| Changes in net position | (65,214) | 83,218 | 18,004 |
| Total net position - beginning | <u>182,366</u> | <u>5,275,189</u> | <u>5,457,555</u> |
| Total net position - ending | <u>\$ 117,152</u> | <u>\$ 5,358,407</u> | <u>\$ 5,475,559</u> |

See accompanying notes.

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, 2021

| | 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 payments for general and administrative expenses | \$ - | \$ (221,849) | \$ (221,849) |
| Net cash used in operating activities | <u>-</u> | <u>(221,849)</u> | <u>(221,849)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Proceeds from issuance of bonds payable | - | 14,698,031 | 14,698,031 |
| Principal repayments on bonds payable | - | (13,451,274) | (13,451,274) |
| Interest paid on bonds payable | (563) | (1,965,514) | (1,966,077) |
| Proceeds from premium on bonds payable | - | 476,226 | 476,226 |
| Transfers from other funds | (104,411) | 231,051 | 126,640 |
| Advances for housing assistance | - | (67,500) | (67,500) |
| Net cash used in noncapital financing activities | <u>(104,974)</u> | <u>(78,980)</u> | <u>(183,954)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net proceeds from investment activities | 60,754 | 629,470 | 690,224 |
| Interest received on investments | 10,017 | 1,842,870 | 1,852,887 |
| Net cash provided by investing activities | <u>70,771</u> | <u>2,472,340</u> | <u>2,543,111</u> |
| Net increase (decrease) in cash and cash equivalents | (34,203) | 2,171,511 | 2,137,308 |
| Cash and cash equivalents, beginning of year | 34,879 | 7,442,172 | 7,477,051 |
| Cash and cash equivalents, end of year | <u>\$ 676</u> | <u>\$ 9,613,683</u> | <u>\$ 9,614,359</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | |
| Operating income (expenses) | \$ 4,345 | \$ (138,733) | \$ (134,388) |
| Adjustments to reconcile change in net position to net cash provided by (used in) operating activities: | | | |
| Amortization of bond premium | - | (486,261) | (486,261) |
| Bond issuance costs | - | 301,969 | 301,969 |
| Realized and unrealized gain or loss on investments | 4,775 | (18,938) | (14,163) |
| Interest received on investments | (10,017) | (1,842,870) | (1,852,887) |
| Interest paid on bonds payable | 563 | 1,965,514 | 1,966,077 |
| Changes in operating assets and liabilities: | | | |
| Accrued interest receivable | 354 | 7,373 | 7,727 |
| Accrued interest payable | (20) | (9,903) | (9,923) |
| Total adjustments | <u>(4,345)</u> | <u>(83,116)</u> | <u>(87,461)</u> |
| Net cash used in operating activities | <u>\$ -</u> | <u>\$ (221,849)</u> | <u>\$ (221,849)</u> |

See accompanying notes.

REQUIRED SUPPLEMENTARY INFORMATION

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
Housing Trust Fund
For the Year Ended September 30, 2021**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|--------------------------------|-------------------------|-------------------|-----------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment income | \$ 50 | \$ - | \$ 22,468 | \$ 22,468 |
| Program income | 10,000 | 18,762 | 393,059 | 374,297 |
| Total revenues | 10,050 | 18,762 | 415,527 | 396,765 |
| EXPENDITURES | | | | |
| General and administrative | 25,000 | - | - | - |
| Capital outlay | - | - | 8,036 | 8,036 |
| Program expenses | 335,050 | - | 324,227 | 324,227 |
| Total expenditures | 360,050 | - | 332,263 | 332,263 |
| Net changes in fund balance | (350,000) | 18,762 | 83,264 | 64,502 |
| Total fund balance - beginning | 350,000 | 350,000 | 3,789,048 | 3,439,048 |
| Prior period adjustment | - | - | 20,000 | 20,000 |
| Total fund balance - ending | <u>\$ -</u> | <u>\$ 368,762</u> | <u>\$ 3,892,312</u> | <u>\$ 3,503,550</u> |

See accompanying notes.

Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
Land Assembly Fund
For the Year Ended September 30, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance</u> |
|--------------------------------|-------------------------|---------------|-----------------------|-------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Program income | \$ 80,000 | \$ 80,000 | \$ 72,343 | \$ (7,657) |
| EXPENDITURES | | | | |
| General and administrative | 40,000 | 40,000 | 26,707 | (13,293) |
| Program expenses | 40,000 | 40,000 | - | (40,000) |
| Total expenditures | <u>80,000</u> | <u>80,000</u> | <u>26,707</u> | <u>(53,293)</u> |
| Net changes in fund balance | - | - | 45,636 | 45,636 |
| Total fund balance - beginning | <u>-</u> | <u>-</u> | <u>118,159</u> | <u>118,159</u> |
| Total fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 163,795</u> | <u>\$ 163,795</u> |

See accompanying notes.

**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***

| | 2021 | 2020 | 2019 | 2018 | 2017** | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------------------------|-------------|
| Authority's proportion of the net pension liability (asset) | 0.000952801% | 0.000894419% | 0.000743718% | 0.000730014% | 0.000673055% | 0.000621147% | 0.000523179% | 0.000143982% | PRIOR INFORMATION NOT AVAILABLE | |
| Authority's proportionate share of the net pension liability (asset) | \$ 71,973 | \$ 387,654 | \$ 256,119 | \$ 219,884 | \$ 199,153 | \$ 156,840 | \$ 67,576 | \$ 8,785 | | |
| Authority's covered payroll | \$ 323,314 | \$ 469,292 | \$ 376,722 | \$ 336,972 | \$ 383,785 | \$ 272,398 | \$ 216,648 | \$ 66,247 | | |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 22.26% | 82.60% | 67.99% | 65.25% | 51.89% | 57.58% | 31.19% | 13.26% | | |
| Plan fiduciary net position as a percentage of the total pension liability | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% | | |

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

**NPL has been increased by \$68 due to implementation of GASB 75.

See accompanying notes.

**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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------------|-------------|
| Contractually required contribution | \$ 36,298 | \$ 29,718 | \$ 23,061 | \$ 20,805 | \$ 17,521 | \$ 15,254 | \$ 13,237 | \$ 3,809 | PRIOR INFORMATION NOT AVAILABLE | |
| Contributions in relation to the contractually required contribution | (36,298) | (29,718) | (23,061) | (20,805) | (17,521) | (15,254) | (13,237) | (3,809) | | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Authority's covered payroll | \$ 323,314 | \$ 469,292 | \$ 376,722 | \$ 336,972 | \$ 383,785 | \$ 272,398 | \$ 216,648 | \$ 66,247 | | |
| Contributions as a percentage of covered payroll | 11.23% | 6.33% | 6.12% | 6.17% | 4.57% | 5.60% | 6.11% | 5.75% | | |

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

See accompanying notes.

**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***

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------------|-------------|
| Authority's proportion of the net pension liability (asset) | 0.001252993% | 0.001288656% | 0.001075378% | 0.001027221% | 0.000947701% | 0.000882380% | 0.000714107% | 0.000222966% | PRIOR INFORMATION NOT AVAILABLE | |
| Authority's proportionate share of the net pension liability (asset) | \$ 153,698 | \$ 157,343 | \$ 120,324 | \$ 108,722 | \$ 101,333 | \$ 102,838 | \$ 72,828 | \$ 20,848 | | |
| Authority's covered payroll | \$ 323,314 | \$ 469,292 | \$ 376,722 | \$ 336,972 | \$ 383,785 | \$ 272,398 | \$ 216,648 | \$ 66,247 | | |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 47.54% | 33.53% | 31.94% | 32.26% | 26.40% | 37.75% | 33.62% | 31.47% | | |
| Plan fiduciary net position as a percentage of the total pension liability | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% | | |

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

See accompanying notes.

**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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------------|-------------|
| Contractually required contribution | \$ 7,365 | \$ 7,426 | \$ 5,971 | \$ 5,571 | \$ 5,016 | \$ 4,522 | \$ 2,730 | \$ 795 | PRIOR INFORMATION NOT AVAILABLE | |
| Contributions in relation to the contractually required contribution | (7,365) | (7,426) | (5,971) | (5,571) | (5,016) | (4,522) | (2,730) | (795) | | |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Authority's covered payroll | \$ 323,314 | \$ 469,292 | \$ 376,722 | \$ 336,972 | \$ 383,785 | \$ 272,398 | \$ 216,648 | \$ 66,247 | | |
| Contributions as a percentage of covered payroll | 2.28% | 1.58% | 1.58% | 1.65% | 1.31% | 1.66% | 1.26% | 1.20% | | |

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

See accompanying notes.

ADDITIONAL SUPPLEMENTARY INFORMATION

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Summary of Bond Programs Fund Investment Income
September 30, 2021**

| | Year Ended | |
|------------------------------------|-------------------|------------------|
| | 9/30/2021 | 9/30/2020 |
| Interest income | \$ 1,845,160 | \$ 2,658,931 |
| Net realized and unrealized income | 14,163 | 1,081,992 |
| Total Investment Income | \$ 1,859,323 | \$ 3,740,923 |

**Housing Finance Authority of Pinellas County
(A Component Unit of Pinellas County, Florida)
Schedule of Bonded Indebtedness
September 30, 2021**

| | <u>Balance on October 1, 2020</u> | <u>(Matured or Retired) Fiscal Year 2021</u> | <u>Balance on September 30, 2021</u> |
|--|---------------------------------------|--|--|
| 2009 Master Indenture Bonds: | | | |
| Series 2009A-3 & 2011B | \$ 4,530,000 | \$ (1,110,000) | \$ 3,420,000 |
| Series 2009A-4 & 2012A | 5,415,000 | (1,630,000) | 3,785,000 |
| Series 2014A | 7,739,364 | (2,479,073) | 5,260,291 |
| Series 2015A | 8,301,396 | (2,665,415) | 5,635,981 |
| Series 2015B | 7,326,822 | (2,868,737) | 4,458,085 |
| Series 2016A | 10,375,000 | (2,465,000) | 7,910,000 |
| Series 2019A | 14,545,000 | (1,950,000) | 12,595,000 |
| Series 2021A | - | 8,000,000 | 8,000,000 |
| Series 2021B | - | 8,716,951 | 8,716,951 |
| TOTAL SINGLE FAMILY | <u>58,232,582</u> | <u>1,548,726</u> | <u>59,781,308</u> |
| Bayside Court | 7,970,000 | (100,000) | 7,870,000 |
| Booker Creek Apartments | 9,340,000 | (205,000) | 9,135,000 |
| Columbian Apartments | 4,354,000 | (97,000) | 4,257,000 |
| James Park Apartments | 2,750,000 | (115,000) | 2,635,000 |
| Lutheran Apartments | 17,130,000 | (7,315,000) | 9,815,000 |
| Palmetto Pointe | 2,691,918 | - | 2,691,918 |
| Pinellas Heights | 5,218,954 | (113,144) | 5,105,810 |
| Woodlawn Trail | 4,200,010 | (523,094) | 3,676,916 |
| Lexington Club at Renaissance Square Apartments | 21,600,000 | - | 21,600,000 |
| TOTAL MULTI-FAMILY | <u>75,254,882</u> | <u>(8,468,238)</u> | <u>66,786,644</u> |
| TOTAL | <u>\$ 133,487,464</u> | <u>\$ (6,919,512)</u> | <u>\$ 126,567,952</u> |

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



**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

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

We have examined the Housing Finance Authority of Pinellas County, Florida (Authority), a component unit of Pinellas County, Florida's compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2021, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide legal determination of the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the Florida Auditor General, Pinellas County, Board Members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

The Nichols Group

THE NICHOLS GROUP, P.A.
Certified Public Accountants
Fleming Island, Florida

January 31, 2022



Independent Auditor's Management Letter

To the Board Members of the Housing Finance Authority of Pinellas County, 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, 2021, and have issued our report thereon dated January 31, 2022.

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 Reporting Requirements

We have issued our 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* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 31, 2022, 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 and recommendations made in the preceding financial 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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the Authority met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. 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.

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

Special District Component Units

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 3.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 6.
- c. All compensation earned by or awarded employees, whether paid or accrued, regardless of contingency as \$431,638.25.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$373,659.01.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as a decrease of revenues and expenses of \$123,400 for the General Fund's budget. The information for the Housing Trust Fund and Land Assembly Fund budgets are disclosed on pages 44 and 45.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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.



The Nichols Group, PA
Certified Public Accountants
Fleming Island, Florida

January 31, 2022