

**HOUSING FINANCE
AUTHORITY OF POLK
COUNTY, FLORIDA**

**Basic Financial
Statements and
Supplementary Information**

**For the year ended
September 30, 2024**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	13
COMPLIANCE ITEMS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31
Management Letter	33
Independent Accountant's Report on Investment Compliance	36



INDEPENDENT AUDITOR'S REPORT

The Board Members
Housing Finance Authority of Polk County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Housing Finance Authority of Polk County, Florida (the "Authority"), a component unit of Polk County, Florida as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 2024, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 June 27, 2025 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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

June 27, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended September 30, 2024

Management's Discussion and Analysis is intended to provide an objective analysis of the Housing Finance Authority of Polk County, Florida's (the "Authority") financial activities based on currently known facts, decisions, and conditions for the fiscal year ended September 30, 2024. This analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of financial activity, and identify changes in financial position. This MD&A should be read in conjunction with the Authority's financial statements and footnotes.

The Authority's mission is to alleviate the shortage of affordable residential housing facilities for low, moderate, and middle income families in Polk County, Florida. In pursuit of its mission, the Authority borrows money through the issuance of bonds, notes, or other obligations to finance single family residential housing and multi-family housing developments. The Authority also provides loans and grants for the acquisition, construction, renovation, and operation of residential housing facilities.

In connection with its past single family mortgage revenue bond programs, the Authority has made cash contributions and has forgiven loans. At times, the Authority has made loans and grants to accomplish its public purpose. The grants may substantially impact the Authority's expenses in a single fiscal year and cause significant variation from year to year.

Financial Highlights

- As of September 30, 2024, the assets of the Authority exceeded the liabilities by \$2,758,190.
- The Authority's cash balances as of September 30, 2024 were \$886,124, representing an increase of \$229,639 from the prior fiscal year balance.
- The Authority's investment balances as of September 30, 2024 were \$710,960, representing an increase of \$10,898 from the prior fiscal year balance.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider non-financial factors such as changes in economic conditions and changes in government legislation and regulations. The following statements are included:

- Statement of Net Position - this statement reports the Authority's assets less its liabilities at the end of the fiscal year. The Authority's net position is the difference between the Authority's rights (assets) and the Authority's obligations (liabilities).
- Statement of Revenues, Expenses and Changes in Net Position - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in future periods.

Overview of the Financial Statements (continued)

- **Statement of Cash Flows** - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operating, investing, and financing activities. The statement reflects the receipt or disbursement of cash that was obligated to or paid by the Authority in prior periods and subsequently received or paid during the current fiscal year (i.e. receivables and payables).
- **Notes to the Financial Statements** - the notes to the financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Authority may face.

Financial Analysis

Condensed Statements of Net Position September 30,

	2024	2023	Variance
Current assets	\$ 1,724,384	\$ 1,483,846	\$ 240,538
Noncurrent assets	1,067,311	1,161,999	(94,688)
Total assets	2,791,695	2,645,845	145,850
Current liabilities	33,505	25,000	8,505
Unrestricted net position	<u>\$ 2,758,190</u>	<u>\$ 2,620,845</u>	<u>\$ 137,345</u>

The current assets increase and noncurrent assets decrease is primarily due to the collection of loan receivable payments in the form of an increase in cash and decrease in loan receivable.

Financial Analysis (continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the years ended September 30,

	2024	2023	Variance
Operating revenues	\$ 186,000	\$ 90,687	\$ 95,313
Nonoperating revenues	11,024	4,562	6,462
Total revenues	197,024	95,249	101,775
Operating expenses	59,679	77,919	(18,240)
Change in net position	137,345	17,330	120,015
Net position - beginning	2,620,845	2,603,515	17,330
Net position - ending	\$ 2,758,190	\$ 2,620,845	\$ 137,345

Operating revenues increased primarily due to the increase of revenue from multifamily issuer fees. Operating expenses decreased primarily due to a decrease in grant expenses and professional service fees.

Capital Assets and Debt Activity

The Authority has no capital assets and its long-term debt obligations (i.e., revenue bonds) are not general obligations of the Authority. Accordingly, the obligations are not included within the Authority's basic financial statements (see Note F).

Bond Programs

The Authority has issued bonds to finance single family residential housing and qualified multi-family housing developments. The financial assistance was provided to stimulate the acquisition and construction of residential housing for low, moderate, and middle income individuals and families. The Authority's bonds are secured as described in each of the respective trust indentures. In no case is the Authority, Polk County, the State of Florida, or any political subdivision thereof obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the basic financial statements.

Through interlocal agreements, the Authority joins other local housing finance authorities in the issuance of their single family bonds. This allows the citizens of Polk County the opportunity to participate in those single family bond programs. As of September 30, 2024 no single family bonds were outstanding.

Significant portions of the Authority's operating revenues are derived from fees and income generated by the multi-family bond programs issued by the Authority.

Bond Programs (continued)

As of September 30, 2024, the Authority had issued and outstanding the following multi-family housing revenue bonds pursuant to its authorization:

	<u>Issue amount</u>	<u>Outstanding amount</u>
Series 2020 (Lakeview Tower Apartments)	\$ 18,000,000	\$ 17,038,939
Series 2023 (Episcopal Catholic Apartments)	30,000,000	<u>30,000,000</u>
Total		<u><u>\$ 47,038,939</u></u>

Requests for information

This financial report is designed to provide our citizens and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Housing Finance Authority of Polk County, Florida's Chairman, P.O. Drawer 7608, Winter Haven, Florida 33883-7608.

BASIC FINANCIAL STATEMENTS

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

STATEMENT OF NET POSITION

September 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 886,124
Investments	710,960
Fees receivable	22,674
Loans receivable	<u>104,626</u>
Total current assets	1,724,384

NONCURRENT ASSETS

Loans receivable, net	<u>1,067,311</u>
Total assets	<u><u>2,791,695</u></u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	8,505
Unearned revenue	<u>25,000</u>
Total current liabilities	<u><u>33,505</u></u>

NET POSITION

Unrestricted	<u><u>\$ 2,758,190</u></u>
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The accompanying notes are an integral part of this financial statement.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended September 30, 2024

OPERATING REVENUES	
Fees and other income, net	\$ 186,000
OPERATING EXPENSES	
Professional fees:	
Auditor	18,000
Bookkeeping	2,700
General counsel	18,250
Grants	20,000
Other expenses	729
Total operating expenses	<u>59,679</u>
OPERATING INCOME	126,321
NONOPERATING REVENUES	
Interest income	<u>11,024</u>
Change in net position	137,345
Total net position - beginning	<u>2,620,845</u>
Total net position - ending	<u><u>\$ 2,758,190</u></u>

The accompanying notes are an integral part of this financial statement.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

STATEMENT OF CASH FLOWS

For the year ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Collection of loan principal	\$	94,687
Collection of fees and other income		186,000
Payments to suppliers of goods or services		(31,174)
Payment to grantees		(20,000)
		229,513
Net cash provided by operating activities		229,513

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		126
		126

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of the year		656,485
		229,639

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

\$	886,124
	886,124

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$	126,321
Adjustments to reconcile operating income to net cash provided by operating activities		
(Increase) decrease in assets:		
Loans receivable		94,687
Increase (decrease) in liabilities:		
Accounts payable		8,505
		229,513
Net cash provided by operating activities	\$	229,513

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Housing Finance Authority of Polk County (the "Authority") was created as a separate public body corporate and politic in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes, as amended, and Ordinance No. 78-20 (the "Ordinance") enacted by the Board of County Commissioners of Polk County, Florida on November 21, 1978, (the "Act"). The Authority is authorized, in furtherance of the public purposes described in the Act, to alleviate the shortage of affordable residential housing facilities and to provide capital for investment in such facilities for low, moderate, and middle income families by issuing its revenue bonds. The Authority issues bonds for single family programs that provide funds to eligible borrowers to finance the purchase of qualifying single family residences. The Authority also issues bonds for the development of qualifying multi-family housing projects.

Financial oversight and accountability to the citizens of Polk County is provided by the Board of County Commissioners ("Board"). The Board appoints the Housing Finance Authority members, who serve four year terms. Members may be reappointed. Prior to issuance by the Authority, the Board approves bond financings, when required by either the Ordinance or federal tax law. Pursuant to Florida Statutes, the Board may alter or change the structure, organization, programs, or activities of the Authority; terminate the Authority; remove members of the Authority; and, review the budget of the Authority.

The financial statements of the Housing Finance Authority of Polk County, Florida (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body establishing governmental accounting and financial reporting principles.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the operating fund, which includes all of the funds controlled by the Authority. For financial reporting purposes, the Authority is considered a component unit of Polk County, Florida due to the oversight responsibility exercised by the Board and because the public service provided by the Authority is primarily for the benefit of Polk County residents. The Authority has no component units, and the Authority is a component unit of Polk County, Florida.

Bonds and certain other obligations issued by the Authority are payable, both principal and interest, solely from the assets of the various programs that are pledged under the resolutions authorizing the particular issuances. These issuances do not constitute an obligation, either general or moral, of the Authority, Polk County, the State of Florida, or of any local government therein. Neither the full-faith, credit, revenues, nor the taxing power of the Authority, Polk County, the State of Florida, or any local government therein is pledged to the payment of the principal or interest on the obligations. Accordingly, such obligations are not included within the accompanying financial statements. The Authority has no taxing power.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

The Authority and other local housing finance authorities and/or counties have entered into interlocal agreements with the objective of alleviating the shortage of housing in their respective jurisdictions. The agreements provide for the Authority, other local housing finance authorities, or other counties to either (1) issue single family 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 or (2) issue multi-family bonds to provide funds to make loans to qualified entities to finance the acquisition, construction, and/or rehabilitation of qualified multi-family housing projects.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities rely, to a significant extent, on fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund net position, revenues and expenditures/expenses.

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of bond program authority fees, multi-family bond program application fees, and bond program residuals. Operating expenses for the Authority primarily consist of auditor fees, general counsel fees, financial advisor fees, and grant payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is the component of net position that consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position includes the remaining amounts not required to be reported in the other components of net position.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets

Budgets are prepared on an annual basis and are used as a management tool throughout the accounting cycle. Budgets are not, however, required in the basic financial statement presentation.

5. Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

6. Investments

Investments are carried at cost, which approximates fair value.

7. Fees receivable

Fees receivable consist of Authority fee revenues earned during the fiscal year and not yet received. After reviewing the individual account balances, the Authority has determined that 100% of the fees receivable are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Loans receivable

Loans receivable are carried at original cost, less principal collections and an allowance for loan losses. Loans receivable, which are deemed by management to be uncollectable, are written-off in the period in which the determination is made.

9. Allowance for loan losses

Additions to the allowance for loan losses are made by provisions charged to current operations. The determination of the allowance is based on an evaluation of the loan portfolio, current economic conditions, and other factors relevant to a determination of the collectability of the loans and reflects an amount that, in management's judgment, is adequate to provide for potential losses.

10. Unearned revenue

Unearned revenue includes amounts collected before revenue recognition criteria are met and consists of \$25,000 of unearned bond issuer fee revenue.

11. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements.

NOTE B - CASH AND CASH EQUIVALENTS

As of September 30, 2024, the Authority's cash and cash equivalents consist of a demand deposit of \$802,176 and a savings account of \$83,948.

The Authority's deposits and investments are insured by the Federal Depository Insurance Corporation ("FDIC") for up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE B - CASH AND CASH EQUIVALENTS (continued)

In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Authority pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Florida Security for Public Deposits Act, under Chapter 280, Florida Statutes, before any investments are made with those institutions.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. As of September 30, 2024, none of the Authority's cash or investment balances were not exposed to custodial credit risk because the Authority manages custodial credit risk by only depositing moneys in qualified public depositories.

NOTE C - INVESTMENTS

As of September 30, 2024 the Authority's investments consist of a certificate of deposit in the amount of \$710,960. The maturity date is August 21, 2025.

Florida Statutes authorize the Authority to invest in certain types of investments. Since the Authority has no current investment policy, it is the Authority's practice to comply with Section 218.415(17), Florida Statutes. Therefore, the Authority invests in either (a) the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01, Florida Statutes, (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, (c) interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes, or (d) direct obligations of the U.S. Treasury. The securities listed in (c) and (d) are to be invested to provide sufficient liquidity to pay obligations as they come due.

The Authority would prefer to diversify investments to the extent practical to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold. However, the Authority places no limit on the amount the Authority may invest with any one issuer.

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE

The Authority had the following changes in loans receivable for the year ended September 30, 2024.

	October 1, 2023	Increases (issuance)	Decreases (collections)	September 30, 2024
1. Habitat 2003 Agreement	\$ 3,691	\$ -	\$ 3,691	\$ -
2. Habitat 2004 Agreement	8,926	-	4,463	4,463
3. Habitat 2006 Agreement	24,166	-	6,444	17,722
4. Habitat 2007 Agreement	27,842	-	6,499	21,343
5. Habitat 2008 Agreement	21,392	-	2,790	18,602
6. Habitat 2009 Agreement	26,570	-	3,936	22,634
7. Habitat 2010 Agreement	65,036	-	8,671	56,365
8. Habitat 2011 Agreement	81,574	-	9,323	72,251
9. Habitat 2012 Agreement	52,507	-	5,386	47,121
10. Habitat 2013 Agreement	67,350	-	6,265	61,085
11. Habitat 2014 Agreement	35,642	-	3,099	32,543
12. Habitat 2015 Agreement	76,879	-	6,150	70,729
13. Habitat 2016 Agreement	97,626	-	7,232	90,394
14. Habitat 2017 Agreement	105,685	-	7,289	98,396
15. Habitat 2018 Agreement	112,355	-	7,249	105,106
16. Habitat 2019 Agreement	102,289	-	6,200	96,089
18. Keystone 1993 Agreement	29,540	-	-	29,540
19. Keystone 1995 Agreement	37,200	-	-	37,200
20. Keystone 1999 Agreement	84,429	-	-	84,429
21. Keystone Homeless Housing Initiative Agreement	38,000	-	-	38,000
22. Keystone 2008 Agreement	108,900	-	-	108,900
23. Housing Finance Authority of Pinellas County 2009 Interlocal Agreement	148,300	-	-	148,300
Subtotal	1,355,899	<u>\$ -</u>	<u>\$ 94,687</u>	1,261,212
Less current portion	(98,028)			(104,626)
Less allowance for loan losses	(89,274)			(89,275)
Long-term portion, net	<u>\$ 1,168,597</u>			<u>\$ 1,067,311</u>

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

1. Habitat 2003 Agreement

On July 1, 2003, the Authority entered into a second agreement (2003 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$120,000. The 2003 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable in 240 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. As of September 30, 2024, the loan has been fully paid.

2. Habitat 2004 Agreement

On July 1, 2004, the Authority entered into a third agreement (2004 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$150,000. The 2004 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable in 240 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis.

3. Habitat 2006 Agreement

On October 1, 2006, the Authority entered into a fourth agreement (2006 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$120,000. The 2006 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

4. Habitat 2007 Agreement

On October 1, 2007, the Authority entered into a fifth agreement (2007 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$120,000. The 2007 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis.

5. Habitat 2008 Agreement

On October 1, 2008, the Authority entered into a sixth agreement (2008 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$100,000. The 2008 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$25,000, with zero remaining as of September 30, 2010) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants (limited to a total of \$32,754, with zero remaining as of September 30, 2009) to assist in the payment of certain Habitat personnel costs.

6. Habitat 2009 Agreement

On October 1, 2009, the Authority entered into a seventh agreement (2009 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$160,000.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

6. Habitat 2009 Agreement (continued)

The 2009 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on a mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$40,000, with zero remaining as of September 30, 2010) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2010) to assist in the payment of certain Habitat personnel costs.

7. Habitat 2010 Agreement

On October 1, 2010, the Authority entered into an eighth agreement (2010 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$200,000. The 2010 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$50,000, with zero remaining as of September 30, 2012) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2011) to assist in the payment of certain Habitat personnel costs.

8. Habitat 2011 Agreement

On October 1, 2011, the Authority entered into a ninth agreement (2011 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$200,000. The 2011 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

8. Habitat 2011 Agreement (continued)

Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$50,000, with zero remaining as of September 30, 2013) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2012) to assist in the payment of certain Habitat personnel costs. Additionally under the terms of the recipient agreement, the Authority agreed to pay Habitat grants (limited to a total of \$75,000, with zero remaining as of September 30, 2013) to reimburse Habitat to develop the infrastructure of a six single family lot development in Winter Haven, Florida.

9. Habitat 2012 Agreement

On October 1, 2012, the Authority entered into a tenth agreement (2012 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$120,000. The 2012 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$30,000, with zero remaining as of September 30, 2014) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2013) to assist in the payment of certain Habitat personnel costs.

10. Habitat 2013 Agreement

On October 1, 2013, the Authority entered into an eleventh agreement (2013 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$120,000. The 2013 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

10. Habitat 2013 Agreement (continued)

Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$30,000, with zero remaining as of September 30, 2015) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2014) to assist in the payment of certain Habitat personnel costs.

11. Habitat 2014 Agreement

On November 5, 2014, the Authority entered into a twelfth agreement (2014 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$60,000. The 2014 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$15,000, with zero remaining as of September 30, 2015) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2015) to assist in the payment of certain Habitat personnel costs.

12. Habitat 2015 Agreement

On August 18, 2015, the Authority entered into a thirteenth agreement (2015 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$120,000. The 2015 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

12. Habitat 2015 Agreement (continued)

Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$5,000 per home contemplated by this agreement (limited to a total of \$30,000, with zero remaining as of September 30, 2016) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$8,750 (limited to a total of \$35,000, with zero remaining as of September 30, 2016) to assist in the payment of certain Habitat personnel costs.

13. Habitat 2016 Agreement

On September 29, 2016, the Authority entered into a fourteenth agreement (2016 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$140,000. The 2016 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$7,500 per home contemplated by this agreement (limited to a total of \$52,500, with zero remaining as of September 30, 2018) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$12,500 (limited to a total of \$50,000, with zero remaining as of September 30, 2017) to assist in the payment of certain Habitat personnel costs.

14. Habitat 2017 Agreement

On September 7, 2017, the Authority entered into a fifteenth agreement (2017 Agreement) with Habitat for Humanity of East Polk County, Inc. ("Habitat"). Pursuant to the provisions of the recipient agreement, the Authority has agreed to provide \$140,000 that is intended to be used by Habitat for making mortgage loans (i.e., not to exceed \$20,000, plus previous unused amounts, per loan and each loan is to be owned by the Authority) to low and moderate income families. Under the terms of the recipient agreement, the Authority also has agreed to pay Habitat individual grants of \$7,500 per home contemplated by this agreement (limited to a total of \$52,500, with zero remaining as of September 30, 2019) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority has agreed to pay Habitat quarterly grants of \$12,500 (limited to a total of \$50,000, with zero remaining as of September 30, 2018) to assist in the payment of certain Habitat personnel costs.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

15. Habitat 2018 Agreement

On September 6, 2018, the Authority entered into a sixteenth agreement (2018 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding totaled \$140,000. The 2018 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$7,500 per home contemplated by this agreement (limited to a total of \$52,500, with \$15,000 remaining as of September 30, 2024) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences. Also under the terms of the recipient agreement, the Authority agreed to pay Habitat quarterly grants of \$12,500 (limited to a total of \$50,000, with zero remaining as of September 30, 2019) to assist in the payment of certain Habitat personnel costs.

16. Habitat 2019 Agreement

On September 5, 2019, the Authority entered into a seventeenth agreement (2019 Agreement) with Habitat to provide financing for the land acquisition, construction and construction related costs of single-family residences for eligible persons or families in the Program. The Authority's funding will be \$120,000. The 2019 Agreement provides that Habitat will obtain a mortgage note and mortgage from the mortgagor, reflecting the Authority's (not to exceed \$20,000 plus previous unused amounts) and Habitat's proportionate principal share of the mortgage loan. Each mortgage loan is non-interest bearing and is payable, at Habitat's discretion, in between 240 and 300 equal monthly payments. Habitat is to remit the Authority's portion of the monthly principal amount paid on each mortgage loan on a quarterly basis. Under the terms of the recipient agreement, the Authority also agreed to pay Habitat individual grants of \$7,500 per home contemplated by this agreement (limited to a total of \$45,000, with \$5,000 remaining as of September 30, 2024) to pay or reimburse Habitat for a portion of the acquisition, construction, and construction-related costs of the single family residences.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

17. Keystone

The Authority is authorized to issue second or third mortgage loans to eligible homebuyers (i.e., low and moderate income) to assist with the down payment and/or closing costs associated with the purchase of the home. The loans made pursuant to Recipient Agreements with Keystone Challenge Fund, Inc. ("Keystone") are non-interest bearing. They are due upon (1) the sale or transfer of legal or beneficial interest of the subject property by the mortgagor, (2) the final payment of or default under the first mortgage loan, or (3) the attainment of a specified maturity date.

18. Keystone 1993 Agreement

On November 2, 1993, the Authority entered into a Recipient Agreement (1993 Agreement) with Keystone to assist low and moderate income persons who participated in the Keystone Education Program (Keystone Program) with down payment assistance. The Authority's funding totaled \$100,000.

19. Keystone 1995 Agreement

On May 16, 1995, the Authority entered into a second Recipient Agreement (1995 Agreement) with Keystone to assist low and moderate income persons who participated in the Keystone Program with down payment assistance. The Authority's funding totaled \$220,000.

20. Keystone 1999 Agreement

On June 15, 1999, the Authority entered into a third Recipient Agreement (1999 Agreement) with Keystone to promote the development of low income housing in a specific subdivision in Polk County. The Authority's funding totaled \$282,376.

21. Keystone Homeless Housing Initiative Agreement

On October 1, 2001, the Authority entered into a fourth Recipient Agreement (Homeless Housing Initiative Agreement) with Keystone to assist homeless persons who participate in the Keystone program with partially financing the purchase of a home. The Authority's funding totaled \$76,000.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

22. Keystone 2008 Agreement

On March 21, 2008, the Authority entered into a fifth Recipient Agreement (2008 Agreement) with Keystone and CenterState Banks of Florida, Inc. ("CenterState"). Pursuant to the 2008 Agreement, the Authority deposited \$300,000 into a separate, interest-bearing account with CenterState. During January 2010, the account was closed, upon the end of the loan origination period for the loans described below. All moneys in the account were available to be disbursed by CenterState, on behalf of the Authority, to provide mortgage loans (i.e., not to exceed \$15,000 per loan and each loan is owned by the Authority) and Closing Costs Assistance Grants (i.e., not to exceed \$2,000 per loan) to eligible persons and families in connection with the purchase of homes in a specific subdivision in Polk County. Prior to such disbursements, Keystone was to determine whether the loan application met the agreement requirements, compile a compliance package, and ensure the applicant completed a homeownership education program. After the applicant had been approved for a first mortgage loan (i.e., first mortgage loan to be made by a party other than the Authority), CenterState was to cause Keystone to have the mortgagor execute and deliver to the Authority a second mortgage note, second mortgage, and other customary affidavits and instruments, and make the second mortgage loan and, if requested by Keystone, the Closing Cost Assistance Grant, on behalf of the Authority.

23. Pinellas County 2009 Interlocal Agreement

On November 17, 2009, the Authority entered into an interlocal agreement ("2009 Interlocal Agreement") with the Housing Finance Authority of Pinellas County, Florida ("Pinellas HFA") whereby the Authority granted authority to the Pinellas HFA to operate Pinellas HFA single family mortgage revenue bond programs within Polk County. During 2009 and 2010, the Pinellas HFA issued its Single Family Housing Revenue Bonds (GSE Program - Multi-County) 2009 Series A, Subseries 1 (Program Bonds - Non-AMT) and 2010 Series A-2 (Non-AMT), a portion of the proceeds of which were used to implement a single family mortgage program within Polk County, Florida ("Bond Mortgage Program"). On February 1, 2011, the Authority and the Pinellas HFA entered into the first supplement ("First Supplement") to the 2009 Interlocal Agreement. The First Supplement provided for the implementation of a second mortgage loan program, which was to be funded with \$280,000 from the Authority. The program provided for down payment assistance ("DPA") second mortgage loans ("Second Mortgage Loans"), which were offered and could be issued in connection with the first mortgage loans originated in Polk County, Florida through the Bond Mortgage Program. The Second Mortgage Loan proceeds could only be used for closing costs and/or down payment assistance. Each Second Mortgage Loan was to be originated in connection with a first mortgage loan originated in Polk County, Florida. The principal amount of each Second Mortgage Loan could not exceed \$7,000. The Second Mortgage Loans are non-interest bearing and are non-amortizing, with the full lump-sum payment due upon the first to occur of the following events: (a) borrower sells, transfers, or disposes of the property or home either voluntarily or involuntarily, (b) borrower fails or ceases to occupy the home as a principal resident, (c) borrower or surviving spouse of the borrower, dies, or (d) borrower refinances the first mortgage loan.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE D - LOANS RECEIVABLE (continued)

23. Pinellas County 2009 Interlocal Agreement (continued)

On August 1, 2011, the Authority and the Pinellas HFA entered into the second supplement ("Second Supplement") to the 2009 Interlocal Agreement. The Second Supplement provided for an additional sum of \$245,000 from the Authority for the funding of Second Mortgage Loans (i.e., in Polk County). The Second Mortgage Loans are owned by the Pinellas HFA. Upon repayment, the Pinellas HFA remits the proceeds to the Authority.

During Fiscal Year 2011, the Authority appropriated and disbursed \$525,000 to loan to the Pinellas HFA to fund the second mortgage loan program. The loan to the Pinellas HFA is non-interest bearing and unsecured. The loan is to be repaid to the Authority utilizing the repayments from the Second Mortgage Loans (i.e., in Polk County) received by the Pinellas HFA. As of September 30, 2012 and 2011, the Pinellas HFA had funded Second Mortgage Loans (i.e., for the purchase of homes in Polk County) totaling \$525,000 and \$280,000, respectively. As of September 30, 2011, the Authority's appropriated amount totaling \$525,000 had been paid to the Pinellas HFA and \$245,000 remained available to fund Second Mortgage Loans. The \$245,000 was used to fund second mortgage loans, during the year ended September 30, 2012.

24. Concentration of credit risk

Since the real properties, which collateralize certain loans receivable of the Authority are concentrated within one geographic location (Polk County, Florida), there is a significant concentration of credit risk. In an effort to minimize this risk, it is the Authority's policy to perform application reviews and to record mortgage liens on the real property during the period the loans are outstanding.

NOTE E - GRANTS

During the year ended September 30, 2024, the Authority paid \$20,000 of Habitat home grants. All the Habitat home grants are related to the 2023 Agreement.

NOTE F - BOND PROGRAMS

The Authority has issued revenue bonds and other obligations to provide financial assistance to individuals, families, and private-sector entities. The financial assistance was provided to encourage the investment of private capital and stimulate the acquisition and construction of residential housing for low, moderate, and middle income individuals and families. The bonds and other obligations are secured by the assets, revenues, receipts, and other resources of the bond programs and/or the properties financed. Neither the Authority, Polk County, the State of Florida, nor any political subdivision thereof is obligated in any manner for repayment of the bonds and other obligations. Accordingly, the bonds and other obligations are not reported as liabilities in the Basic Financial Statements. As of September 30, 2024, the Authority had issued and outstanding multi-family housing revenue bonds totaling \$47,038,939.

**Housing Finance Authority of Polk County, Florida
(A Component Unit of Polk County, Florida)**

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2024

NOTE G - COMMITMENTS AND CONTINGENCIES

The Authority may be party to various pending or threatened legal actions arising in the normal course of operations. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any ultimate liability is not expected to have a material adverse effect on the Authority's financial position.

NOTE H - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of assets, errors and omissions, personal injury, and natural disasters. As a dependent special district, the Authority's management is of the belief that the Authority is insured under Polk County's insurance plan. The coverage is provided at no cost to the Authority. In the past three years, there have been no claims settled exceeding the insurance coverage. As of September 30, 2024, there were no outstanding claims.

NOTE I - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date noted on the Independent Auditor's Report, the date the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional adjustment or disclosure in the financial statements.

COMPLIANCE ITEMS

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

The Board Members
Housing Finance Authority of Polk County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of The Housing Finance Authority of Polk County, Florida (the "Authority"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 27, 2025.

Report on 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

June 27, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

The Board Members
Housing Finance Authority of Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of the Housing Finance Authority of Polk County, Florida (the "Authority"), a component unit of Polk County, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 27, 2025.

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 the 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 June 27, 2025, 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 associated recommendations made in the preceding annual 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 name or official title and legal authority are disclosed in Note A-1 to the financial statements. The Authority has no component units.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Authority is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the Authority's geographical boundaries during the fiscal year under audit.

The Authority did not operate a PACE program within its geographical boundaries during the fiscal year under audit.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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 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

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 3.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.

- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$38,950.
- 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 (provide list).
- 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 \$0.

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, the Board Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

June 27, 2025
Melbourne, Florida

*Berman Hopkins Wright & LaHam
CPAs and Associates, LLP*

INDEPENDENT ACCOUNTANT’S REPORT ON INVESTMENT COMPLIANCE

The Board Members
Housing Finance Authority of Polk County, Florida

We have examined the Housing Finance Authority of Polk County, Florida’s (the “Authority”) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the Authority is responsible for the Authority’s compliance with the specified requirements. Our responsibility is to express an opinion on the Authority’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority’s compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with Section 218.415, Florida Statutes, during the year ended September 30, 2024.

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

June 27, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP