

HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA

6150 State Road 70 East
Bradenton, Florida 34203
(877) 264-0334

January 10, 2013

Auditor General of Florida
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Department of Financial Services
Bureau of Accounting
200 East Gaines Street
Tallahassee, FL 32399

Re: Housing Finance Authority of Manatee County, Florida, Audited
Financial Statements for Year Ended September 30, 2012, prepared
by Shinn & Company, P.A., Certified Public Accountants

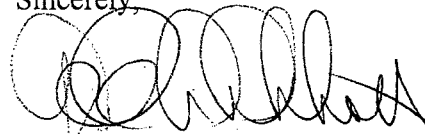
Dear Sir or Madam:

The above-referenced audit was delivered to and presented at a meeting of this Authority on January 8, 2013, and the Authority received said audit report into the record at said meeting.

Enclosed for the Auditor General, is one copy of said audit report, and enclosed for the Department of Financial Services is one copy of said audit report. An electronic copy of this report was emailed to the Auditor General this date.

Also, enclosed for the Auditor General, is the completed Local Government Audit Report Submittal Checklist.

Sincerely,



Angela A. Abbott
Attorney for the Authority

AAA:eld
Enclosures
cc: R. B. Shore (w/encl.) ✓
Clerk of the Circuit Court
P. O. Box 25400
Bradenton, FL 34206

ACCEPTED IN OPEN SESSION

JAN 29 2013

BOARD OF COUNTY COMMISSIONERS
MANATEE COUNTY, FLORIDA

Sent Via Email to Joan Hulette 1/30/13 vj

Paul A. Sharff
Chairman

James J. Heagerty, Jr.
1st Vice Chairman

Richard M. Pierro
2nd Vice Chairman

Hugh D. Miller
3rd Vice Chairman

Frank R. Dodson, III
Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

AUDITOR GENERAL

LOCAL GOVERNMENTAL ENTITY AUDIT REPORT SUBMITTAL CHECKLIST (SECTION 218.39, FLORIDA STATUTES)

Local Governmental Entity Name Housing Finance Authority of Manatee County
Contact Person Name and Title Angela Abbott, Administrator
Contact Person Mailing Address 6150 State Road 70 East
Contact Person Phone Number 941-877-264-0334
Contact Person Email Address angelaabbott@cfl.rr.com
Fiscal Year Audited September 30, 2012
Date Auditor Delivered Audit Report to Local Government January 8, 2013

Does the audit report include the following items required by Auditor General Rule 10.557(3):

Required for municipalities, special districts, the county as a whole, and county agencies**

- X The financial statements described in Auditor General Rules 10.556(3) and (4), as applicable, together with related notes to financial statements?
- X Required supplementary information (RSI) such as the Management's Discussion and Analysis (not required for county agencies), or the Budgetary Comparison Schedule (required as RSI if not presented as part of the financial statements)?
- X The auditor's report on the financial statements?
- X The auditor's report on compliance and internal control?
- X The management letter defined in Auditor General Rule 10.554(1)(i)?
- N/A The written statement of explanation or rebuttal, including corrective action to be taken, required by Auditor General Rule 10.558(1)?

** Pursuant to Section 218.39(2), Florida Statutes, an audit of the board of county commissioners is not required. However, if the county report includes an audit of the board of county commissioners, it should include the items required by Auditor General Rule 10.557(3).

Required for municipalities, special districts, and the county as a whole

- N/A Any auditor's reports and related financial information required pursuant to the Federal Single Audit Act Amendments of 1996, OMB Circular A-133, or other applicable Federal law?
- N/A Any auditor's reports and related financial information required pursuant to the Florida Single Audit Act (see Auditor General Rule 10.557(3)(d))?

In addition to the above, have the following requirements been complied with:

- X
Are all of the above elements of the audit report included in a single document as required by Auditor General Rule 10.557(3)?
- X
Are one paper copy and one electronic copy of the audit report being submitted as required by Auditor General Rule 10.558(3)?
- X
Is the electronic copy named using all lower case letters as follows: [fiscal year] [name of entity].pdf. Counties should include the word "county" in the entity name; however, it is not necessary for municipalities to include "city of," "town of," etc. in the entity name. For example, the converted document for the 2011-12 fiscal year for Alachua County should be named 2012 alachua county.pdf while the converted document for the 2011-12 fiscal year for the City of Alachua should be named 2012 alachua.pdf.
- X
Is the audit report being submitted within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year? NOTE: There are no provisions in the statutes for any extensions for filing the audit report.
- N/A
If the audit report is for a county or municipality, and a dependent special district was audited as part of the county or municipality audit, did the notes to financial statements clearly indicate that the special district had been included as part of the county's or municipality's reporting entity? NOTE: Pursuant to Section 218.39(3), Florida Statutes, an independent special district may not be audited as part of a county or municipality audit. When a dependent special district is audited as part of the county or municipality audit, the county or municipality notes to financial statements should clearly disclose that the special district is a component unit included within the county's or municipality's reporting entity.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed regarding reporting requirements. Our telephone and fax numbers, and electronic addresses, are as follows:

Address –
Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

Telephone: (850) 487-9031
Fax: (850) 487-4403

Email Address: flaudgen_localgovt@aud.state.fl.us
Web site Address: www.myflorida.com/audgen

HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA

6150 State Road 70 East
Bradenton, Florida 34203
(877) 264-0334

January 11, 2013

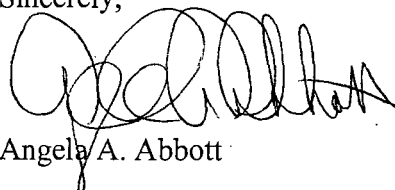
Department of Financial Services
Bureau of Local Government
200 E. Gaines Street
Tallahassee, FL 32399-0354

Re: Annual Local Government Financial Report for fiscal year 2011-2012
for the Housing Finance Authority of Manatee County, Florida

Dear Sir or Madam:

Enclosed please find the original of the referenced report, as well as a copy of the audited financial statements for the fiscal year ended September 30, 2013. Feel free to contact me with any comments or questions you may have in this regard.

Sincerely,



Angela A. Abbott

AAA:eld
Enclosures

cc: Auditor General (w/encl.)
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

R. B. Shore (w/ encl.) ✓
Clerk of the Circuit Court
P. O. Box 25400
Bradenton, FL 34206

Paul A. Sharff
Chairman

James J. Heagerty, Jr.
1st Vice Chairman

Richard M. Pierro
2nd Vice Chairman

Hugh D. Miller
3rd Vice Chairman

Frank R. Dodson, III
Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

Unit Information

Unit ID: 300647

Year: 2012

Unit Name: Housing Finance Authority of Manatee County

Unit Status: Active

Unit Dependency: Dependent

Location Information

Name: Ms. Angela A. Abbott PA

Title: Administrator

Phone: (877) 264-0334

Fax: (321) 269-6840

Address:

6150 State Road 70 East
Bradenton, FL 34203

Contact Information

Name: Ms. Angela A. Abbott PA

Title: Administrator

Phone: (877) 264-0334

Email: angelaabbott@cfl.rr.com

Address:

6150 State Road 70 East
Bradenton, FL 34203

AFR Details

Original AFR

AFR Status: Submitted

AFR Received Date: 1/11/2013

Audit Received Date:

Submission Type: Electronic

Debt Information

Long-Term Debt: \$0

Audit Information

Was an audit performed? Yes

Audit Performed Date: 1/8/2013

Auditor Name: Shinn & Company LLC

Address:
1001 Third Avenue West
Suite 500
Bradenton, FL 34205

Certification

Chief Financial Officer

Name: Angela A. Abbott

Title: Chief Financial Office

Chairman/Elected Official

Name: James J. Heagerty, Jr.

Title: Chairman

Yes No

Have You Experienced a Financial Emergency in this year?

<input type="checkbox"/>	<input checked="" type="checkbox"/>
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If Yes, Have You Complied With Section 218.503(2), Florida Statutes?

<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Auditor General Rule: Section 10.554(1)(h)6.b): If applicable, does the Annual Financial Report agree with the Audited Financial Statement? (Do total revenues and expenditures per fund group on the AFR balance to the audited Statement of Revenues and Expenditures?)

<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Revenues Report for FYE 2012

Account Code	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension	Trust	Component Units	Total
345100 - Service Charge - Housing	89,720										89,720
361100 - Interest	6,864										6,864
361300 - Net Increase (Decrease) in Fair Value of Investments	-18,026										-18,026
369900 - Other Miscellaneous Revenues	43,004										43,004
Grand Total	121,562										121,562

Expenditures Report for FYE 2012

Account/Object Code	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension	Trust	Component Units	Total
519.30 - Other General Governmental Services - Operating Expenses	66,253										66,253
554.30 - Housing and Urban Development - Operating Expenses	1,098										1,098
Grand Total	67,351										67,351

Component Unit	Type	Total Revenues	Total Expenditures	Total Debt
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HOUSING FINANCE AUTHORITY
OF MANATEE COUNTY, FLORIDA

AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

HOUSING FINANCE AUTHORITY
OF MANATEE COUNTY, FLORIDA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2012

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SHINN & COMPANY LLC

Certified Public Accountants and Consultants

1001 3rd Ave W., Suite 500 Bradenton, FL 34205
t (941) 747-0500 f (941) 746-0202
www.shinnandcompany.com

INDEPENDENT AUDITOR'S REPORT

To the Members of the Housing Finance
Authority of Manatee County, Florida

We have audited the accompanying financial statements of the governmental activities, and the sole major fund of the Housing Finance Authority of Manatee County, Florida (the "Authority") as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the sole major fund of the Authority as of September 30, 2012, and the respective changes in its financial position thereof, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013, on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 4 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 inquires 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 and opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Shinn & Company LLC
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2013
Bradenton, FL

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the Housing Finance Authority of Manatee County ("the Authority") for the fiscal year ended September 30, 2012.

Overview of the Financial Statements

The Authority's financial statements encompass and include the following financial elements:

A Statement of Net Assets provides the reader with detail about the assets of the Authority as well as its outstanding liabilities. The difference between assets and liabilities is reported as net assets. The Statement of Net Assets appears on page 5.

The Statement of Activities, provided on page 6, presents information showing how the net assets changed during the fiscal year.

The Notes to the Financial Statements for the Authority provide background information that meets stringent governmental accounting reporting requirements and gives the reader additional information that may not be readily seen on the actual statements. Examples of such information include investment details. The notes can be found on pages 8 to 11 and are an integral part of the financial statements.

Financial Highlights and Analysis of Financial Statements

- The Authority's assets exceeded its liabilities (net assets) at September 30, 2012 by \$294,266 compared to \$240,055 at September 30, 2011. This reflects an increase of \$54,211 for the year.
- The primary variance between the final budget and actual was in Program expenses, due to less than anticipated needs in assisting loan programs for the year.

Net Assets

	2012	2011
Current and other assets	\$ 294,266	\$ 240,055
Net assets - unrestricted	\$ 294,266	\$ 240,055

Changes in Net Assets

Revenues		
Program revenues		
Charges for services	\$ 89,720	\$ 152,002
General revenues		
Investment income	6,864	39,781
Net increase (decrease) in fair value of investments	(18,026)	(76,522)
Other Sources		
Miscellaneous fees	28,167	-
Contribution refunds/Principal repayments	14,837	69,233
Total revenues	121,562	184,494
Program expenses		
General government	66,253	100,540
Housing and Urban Development	1,098	680,725
Total expenses	67,351	781,265
Increase (decrease) in net assets	\$ 54,211	\$ (596,771)

Economic Factors and Year 2013 Budgets and Rates

- Manatee County is experiencing very slow growth in population compared to the past decade.
- New housing starts in Manatee County continue to experience slowdowns that are reflective of the national and local economy, which includes an unemployment rate over 9%.

These factors were considered in preparing the Authority's budget for the 2013 fiscal year.

Requests for Information:

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Housing Finance Authority of Manatee County, 6150 State Road 70 East, Bradenton, Florida 34203.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
 GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Current assets:			
Cash and cash equivalents	\$ 248,305	\$ -	\$ 248,305
Investments	<u>45,961</u>	<u>-</u>	<u>45,961</u>
Total Assets	<u>\$ 294,266</u>	<u>\$ -</u>	<u>\$ 294,266</u>
<u>FUND BALANCES/NET ASSETS</u>			
Fund balances - unassigned	<u>\$ 294,266</u>	\$ (294,266)	\$ -
Net assets - unrestricted		<u>294,266</u>	<u>294,266</u>
Total Net Assets		<u>\$ -</u>	<u>\$ 294,266</u>

The notes to the financial statements are an integral part of the statements.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
General government	\$ 66,253	\$ -	\$ 66,253
Housing and Urban Development	<u>1,098</u>	<u>-</u>	<u>1,098</u>
Total expenditures/expenses	<u>67,351</u>	<u>-</u>	<u>67,351</u>
Program revenues:			
Charges for services	<u>89,720</u>	<u>-</u>	<u>89,720</u>
Net program (expense) revenue	<u>22,369</u>	<u>-</u>	<u>22,369</u>
General revenues:			
Investment income	6,864	-	6,864
Net increase (decrease) in fair value of investments	(18,026)	-	(18,026)
Other sources:			
Miscellaneous fees	28,167	-	28,167
Contribution refunds/Principal repayments	<u>14,837</u>	<u>-</u>	<u>14,837</u>
Excess of revenues over expenditures	54,211	(54,211)	-
Change in net assets		54,211	54,211
Fund balance/net assets:			
Beginning of year	<u>240,055</u>	<u>-</u>	<u>240,055</u>
End of year	<u>\$ 294,266</u>	<u>\$ -</u>	<u>\$ 294,266</u>

The notes to the financial statements are an integral part of the statements.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Authority fees	\$ 111,025	\$ 111,025	\$ 89,720	\$ (21,305)
Investment income	7,515	7,515	6,864	(651)
Net increase (decrease) in fair value of investments	-	-	(18,026)	(18,026)
Miscellaneous fees	-	-	28,167	28,167
Contribution refunds/Principal repayments	-	-	14,837	14,837
	<u>118,540</u>	<u>118,540</u>	<u>121,562</u>	<u>3,022</u>
Total revenue				
Expenditures:				
Housing and Urban Development:				
Current:				
Program expenses	70,040	70,040	1,098	68,942
Operating expenses	98,500	98,500	66,253	32,247
	<u>168,540</u>	<u>168,540</u>	<u>67,351</u>	<u>101,189</u>
Total expenditures				
Excess of revenues over expenditures	(50,000)	(50,000)	54,211	104,211
Fund balance - October 1, 2011	<u>240,055</u>	<u>240,055</u>	<u>240,055</u>	<u>-</u>
Fund balance - September 30, 2012	<u>\$ 190,055</u>	<u>\$ 190,055</u>	<u>\$ 294,266</u>	<u>\$ 104,211</u>

The notes to the financial statements are an integral part of the statements.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements.

REPORTING ENTITY – The Housing Finance Authority of Manatee County, Florida (the "Authority") was created as a Florida Public Corporation in accordance with Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes, following the adoption of an approving ordinance enacted by the Board of County Commissioners of Manatee County, Florida dated October 30, 1979. The purpose of the Authority is to help alleviate a shortage of housing available at affordable rates in Manatee County and the shortage of capital for investment in such housing. In accordance with the powers granted the Authority, the Authority issues single family and multi-family revenue bonds to finance the purchase of housing by families of low and moderate income through investing in mortgage loans to eligible families or the financing of multi-family rental housing developments rented to eligible families. The mortgage loans are placed as security for the payment of the bond's principle and interest.

The Authority had issued the following bonds, all or portions of which remain outstanding as of September 30, 2012:

	<u>Original Issue Amount</u>
Single Family Mortgage Revenue Bonds:	
1985 – A	\$ 19,965,000
2002 – Sub Series 1 & 2	13,010,000
2002 – Sub Series 3 & 4	7,000,000
2003 – Sub Series 1	10,000,000
2004 – Sub Series 1	10,000,000
2005 – Sub Series 1	3,201,093
2005 – Sub Series 2	2,376,769
2005 – Sub Series 3	668,156
2006 – Taxable	12,000,000
2006 – A & B	10,540,000
2007 – A & B	10,000,000
Multi-Family Housing Revenue Bonds:	
Series 2000 A (Centre Court Project)	7,700,000
Series 2003 A (Village at Cortez)	17,920,000
Series 2007 A (Waters Edge of Bradenton)	22,575,000

The Bonds are special limited obligations of the Housing Finance Authority of Manatee County, Florida. The principal and interest thereon is payable solely from revenues and other amounts derived from the mortgage loans purchased with bond proceeds and certain revenue funds, all of which are administered by trustees. The Authority is not directly or indirectly liable for the collection of the mortgage loans. The principal and interest on the bonds shall never constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or loan of credit of the Authority, Manatee County, the State of Florida or any municipality or political subdivision thereof.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

This report includes the financial statements of The Authority's sole fund, the General Fund. Not included are the financial statements related to the aforementioned outstanding revenue bond issues of the Authority which are administered by the trustees, because all bond proceeds are assigned to the respective trustees and all assets and revenues of the individual revenue bond issues are substantially restricted under the terms of the Bond Resolutions and Trust Indentures for payment of bond principal and interest, authorized administrative expenses, and the extension of mortgage loans. Accordingly, the revenue bonds outstanding, mortgage loans and notes receivable and respective net assets available for debt service of the aforementioned bond issues have not been included in the accompanying financial statements.

INCOME – The Authority recognizes issuance, commitment, and other Authority fee income as received.

BASIS OF PRESENTATION – These financial Statements include the General Fund of the Authority and have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board. The Authority utilizes the following fund type:

The General Fund is a major governmental fund type and is used to account for all revenue and expenditures applicable to the general operations of the Authority that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

BASIS OF ACCOUNTING - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund uses the economic resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenditures are recorded when the liability is incurred.

ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

FUND BALANCE – Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable Fund Balance – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Committed Fund Balance – Amounts that are constrained for specific purposes by formal action of highest level of decision making authority.

Assigned Fund Balance – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

Unassigned Fund Balance – Represents the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

NOTE B – CASH AND EQUIVALENTS

Cash and equivalents consisted of the following at September 30, 2012:

U.S. Treasury Fund-Cash Management	<u>\$ 248,305</u>
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NOTE C – INVESTMENTS

On September 30, 2012, the Authority had \$7,633 invested with the State Board of Administration (the "SBA"). Of this amount, \$6,663 was invested in the Local Government Surplus Funds Trust Fund Investment Pool's Prime account ("Prime"), a 2a7-like pool which is carried at amortized cost, which approximates market. A 2a7-like pool is not registered with the SEC as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, the rules governing money market funds. Thus, the Prime operates essentially as a money market fund, but is classified as an external investment pool. There were no liquidity restrictions on this pool, and Prime's weighted average days to maturity was 39 days. At September 30, 2012, the Prime pool was rated AAAM principal stability fund rating by Standard & Poor's rating agency.

The remaining \$970 of the Authority's balance with the SBA is held in the Fund B Surplus Funds Trust Fund ("Fund B"), with an estimated fair value of \$921 at September 30, 2012. Participants are prohibited from withdrawing any balances directly from Fund B, but as principal and interest payments are received in the fund, the SBA transfers available funds to the Prime account with no restrictions on withdrawal. Fund B is accounted for as a fluctuating NAV investment pool, with accounting valuations reflecting estimates of the market value of the securities, rather than their amortized cost. The weighted average life of Fund B at September 30, 2012 is estimated at 4.08 years (based on expected future cash flows). However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

The Authority originally invested \$64,022 in the 2005 single family mortgage revenue bonds sub-series one issue, \$47,535 in the sub-series two issue and \$13,363 and the sub-series three issue, to provide down payment assistance to certain qualified borrowers under the program. The authority will receive an interest-only strip payment from the monthly stream of payments not to exceed 30 years, from those GNMA or FNMA securities acquired by the program. Estimated fair value of those interest-only strip payments is \$14,653 as of September 30, 2012.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE C – INVESTMENTS – CONTINUED

The Authority deposited \$200,000 in the 2004 Single Family Mortgage Revenue Bond Sub-Series 1 issue, to provide down payment assistance to certain qualified borrowers under the Program. A total of \$45,553 was not used for this purpose and was returned to the Authority. The remaining amounts were used under the Program and the Authority will receive an interest only strip payment from the monthly stream of payments, not to exceed thirty years, from those GNMA or FNMA securities acquired by the Program. Estimated fair market value of this interest only strip payment is \$8,012 as of September 30, 2012.

The Authority deposited \$200,000 in the 2003 Single Family Mortgage Revenue Bond Sub-Series 1 issue, to provide down payment assistance to certain qualified borrowers under the Program. A total of \$1,296 was not used for this purpose and was returned to the Authority. The remaining amounts were used under the Program and the Authority will receive an interest only strip payment from the monthly stream of payments, not to exceed thirty years, from those GNMA or FNMA securities acquired by the Program. Estimated fair market value of this interest only strip payment is \$15,712 as of September 30, 2012.

NOTE D – BUDGET

The Authority adopts a balanced budget annually. The Authority is authorized to amend any areas of the budget, as appropriate, based on changing circumstances or events. There were no amendments in the current year.

NOTE E – PROGRAM EXPENSES

The Authority contributes funds to various programs in which it may or may not receive a return of principal in whole or in part. In these financial statements, the contributions are treated as program expense. As amounts are received in the form of fees, return of principal or return of contribution, they will be reported as revenue as received.

REGULATORY REPORTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Housing Finance
Authority of Manatee County, Florida

We have audited the financial statements of the governmental activities and the sole major fund of the Housing Finance Authority of Manatee County, Florida, (the "Authority"), as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 8, 2013. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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*.

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



CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2013
Bradenton, FL

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MANAGEMENT LETTER BASED ON RULE 10.554(1)(i) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Members of the Housing Finance
Authority of Manatee County, Florida

We have audited the financial statements of the Housing Finance Authority of Manatee County, Florida ("the Authority"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated January 8, 2013. These financial statements are the responsibility of the Authority. Our responsibility is to express an opinion 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.

As required under *Governmental Auditing Standards*, we have issued an Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards dated January 8, 2013. Disclosures in those reports, if any, should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

- The Rules of the Auditor General [Section 10.554(1)(i)(1)] require that we address in the Management Letter, if not already addressed in our report on compliance and internal controls whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings from the prior year.
- As required by Rules of the Auditor General (Section 10.554(1)(i)(2)), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Housing Finance Authority of Manatee County complied with Section 218.415, Florida Statutes.
- The Rules of the Auditor General [Section 10.554(1)(i)(3)] require that the management letter include any recommendations to improve the local government entity's financial management. There are no such matters to be reported in the current annual financial audit report.

- The Rules of the Auditor General [Section 10.554(1)(i)(4)] require that the management letter report any violations of, contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. There are no such matters to be reported in the current annual financial audit report.
- The Rules of the Auditor General [Section 10.554(1)(i)(5)] require disclosure in the Management Letter of the following matters that have an inconsequential effect on the financial statement, considering both quantitative and qualitative factors, based on professional judgment: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (b) control deficiencies that are not significant deficiencies. There are no such matters to be reported in the current annual financial audit report.
- The Rules of the Auditor General [Section 10.554(1)(i)(6)] also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity as defined in publications cited in Rule 10.553 be disclosed in the Management Letter, unless disclosed in the notes to the financial statements. This information has been included in the notes to the basic financial statements.
- As required by the Rules of the Auditor General [Section 10.554(1)(i)(7a)], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes. In connection with our audit, we determined the Authority has not met any of the conditions described in Section 218.503(1), Florida Statutes.
- As required by the Rules of the Auditor General (Section 10.554(1)(i)(7b), the Management Letter must state whether or not the financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the current audit period and, if not, explanations of any significant differences. The report filed with the Florida Department of Financial Services is in agreement with the annual financial audit report for the current audit period.
- As required by the Rules of the Auditor General [Sections 10.554(1)(i)(7c) and 10.556(7)], we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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. The assessment was done as of September 30, 2012.

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

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2013
Bradenton, FL