

HOUSING FINANCE AUTHORITY
OF MANATEE COUNTY, FLORIDA

AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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OF MANATEE COUNTY, FLORIDA

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TABLE OF CONTENTS

	PAGE
FINANCIAL STATEMENTS	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet/Statement of Net Position	5
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	7
Notes to Financial Statements	8
REGULATORY REPORTS	
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 <i>Government Auditing Standards</i>	13
Independent Accountant's Report	15
Management Letter	16

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2014, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the sole major fund of the Authority as of September 30, 2014, and the respective changes in its financial position thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the Authority's internal control over financial reporting and compliance.

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

January 13, 2015
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, 2014.

Overview of the Financial Statements

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

A Statement of Net Position 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 position. The Statement of Net Position appears on page 5.

The Statement of Activities, provided on page 6, presents information showing how the net position 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 12 and are an integral part of the financial statements.

Financial Highlights and Analysis of Financial Statements

- The Authority's assets exceeded its liabilities (net position) at September 30, 2014 by \$871,048 compared to \$354,913 at September 30, 2013. This reflects an increase of \$516,135 for the year.
- Intergovernmental revenue of \$513,907 was received from the State of Florida in support of the DAP Loan program.
- Investment income increased \$142,226, primarily due to the GNMA Purchase program entered into by the Authority late last fiscal year.
- Contribution refunds/principal repayments were \$515,716. \$195,716 was received from the collapse of the 2002, 2003 and 2004 Single Family Bond programs, and \$320,000 was received from DAP Loan contributions and refunds.
- Program expenses were increased \$657,124 from prior year primarily in support of the DAP Loan Program.

Net Position September 30,		2014	2013
Current and other assets		<u>\$ 871,048</u>	<u>\$ 354,913</u>
Net position - total		<u>\$ 871,048</u>	<u>\$ 354,913</u>

Changes in Net Position
For the fiscal year ended September 30,

	2014	2013
Revenues		
Program revenues		
Charges for services	\$ 185,129	\$ 84,886
Intergovernmental revenue	513,907	115,274
General revenues		
Investment income	157,341	15,115
Net increase (decrease) in fair value of investments	(11,876)	(16,991)
Other Sources		
Miscellaneous fees	10,000	200
Contribution refunds/Principal repayments	515,716	49,224
Total revenues	<u>1,370,217</u>	<u>247,708</u>
 Program expenses		
General government	78,884	68,987
Housing and Urban Development	775,198	118,074
Total expenses	<u>854,082</u>	<u>187,061</u>
 Increase in net position	<u>\$ 516,135</u>	<u>\$ 60,647</u>

Economic Factors and Year 2015 Budgets and Rates

- Manatee County is experiencing revitalized growth in population compared to the past five years.
- New housing starts in Manatee County continue to experience slowdowns that are reflective of the national and local economy, which includes an unemployment rate of approximately 6.1%.

These factors were considered in preparing the Authority's budget for the 2015 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, 435 12th Street West, Suite 117, Bradenton, FL 34205.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 743,525	\$ -	\$ 743,525
Investments	17,107	-	17,107
Accounts receivable, net	<u>110,416</u>	<u>-</u>	<u>110,416</u>
 Total Assets	 <u>\$ 871,048</u>	 <u>\$ -</u>	 <u>\$ 871,048</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund balance - unassigned	<u>\$ 871,048</u>	\$ (354,913)	\$ 516,135
 Net position - unrestricted			
Unrestricted		154,913	154,913
Restricted - loan program		<u>200,000</u>	<u>200,000</u>
Total Net Position		<u>\$ -</u>	<u>\$ 871,048</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, 2014

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:			
General government	\$ 78,884	\$ -	\$ 78,884
Housing and Urban Development	775,198	-	775,198
Total expenditures/expenses	<u>854,082</u>	<u>-</u>	<u>854,082</u>
Program revenues:			
Charges for services	185,129	-	185,129
Intergovernmental revenue	513,907	-	513,907
Total program revenues	<u>699,036</u>	<u>-</u>	<u>699,036</u>
Net program (expense) revenue	<u>(155,046)</u>	<u>-</u>	<u>(155,046)</u>
General revenues:			
Investment income	157,341	-	157,341
Net increase (decrease) in fair value of investments	<u>(11,876)</u>	<u>-</u>	<u>(11,876)</u>
Total general revenues	<u>145,465</u>	<u>-</u>	<u>145,465</u>
Other sources:			
Miscellaneous fees	10,000	-	10,000
Contribution refunds/Principal repayments	<u>515,716</u>	<u>-</u>	<u>515,716</u>
Total other sources	<u>525,716</u>	<u>-</u>	<u>525,716</u>
Excess of revenues over expenditures	516,135	(516,135)	-
Change in net position		516,135	516,135
Fund balance/net position:			
Beginning of year	354,913	-	354,913
End of year	<u>\$ 871,048</u>	<u>\$ -</u>	<u>\$ 871,048</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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Authority fees	\$ 80,200	\$ 80,200	\$ 185,129	\$ 104,929
Investment income	30,815	30,815	157,341	126,526
Intergovernmental revenue	-	-	513,907	513,907
Net increase (decrease) in fair value of investments	-	-	(11,876)	(11,876)
Miscellaneous fees	-	-	10,000	10,000
Contribution refunds/Principal repayments	-	-	515,716	515,716
Total revenue	<u>111,015</u>	<u>111,015</u>	<u>1,370,217</u>	<u>1,259,202</u>
Expenditures:				
Housing and Urban Development:				
Current:				
Program expenses	250,000	250,000	775,198	(525,198)
Operating expenses	<u>105,000</u>	<u>105,000</u>	<u>78,884</u>	<u>26,116</u>
Total expenditures	<u>355,000</u>	<u>355,000</u>	<u>854,082</u>	<u>(499,082)</u>
Excess of revenues over expenditures	(243,985)	(243,985)	516,135	760,120
Fund balance - October 1, 2013	<u>354,913</u>	<u>354,913</u>	<u>354,913</u>	-
Fund balance - September 30, 2014	<u>\$ 110,928</u>	<u>\$ 110,928</u>	<u>\$ 871,048</u>	<u>\$ 760,120</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, 2014

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, 2014:

	<u>Original Issue Amount</u>
Single Family Mortgage Revenue Bonds:	
1985 – A	\$ 19,965,000
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)	20,110,000

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, 2014

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 measurable and available, typically collectable within 60 days, 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.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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, 2014:

U.S. Treasury Fund-Cash Management	\$ <u>743,525</u>
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NOTE C – INVESTMENTS

The Authority is authorized, per their Investment Policy, in the following:

- The Local Government Surplus Funds Trust Fund (SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01 of the Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a national recognized rating agency.
- Interest bearing time deposits, savings accounts or checking accounts in qualified public depositories, as defined in Section 280.02 of the Florida Statutes.
- Direct obligations of the United States Treasury

Custodial Credit Risk - U.S. Treasury notes, U.S. Treasury bills and all U.S. government agency and instrumentality securities are held by the Authority's agent in the Authority's name, in accordance with the Authority's investment policy requiring third party custody and safekeeping.

Credit Risk - Credit quality risk results from potential default of investments that are not financially sound. The Prime account was rated AAAM by Standard & Poor's at September 30, 2014. The SBA's investment policies related to the Prime fund are disclosed at <https://www.sbafla.com/prime>.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE C – INVESTMENTS – CONTINUED

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority entered into GNMA buy-sell agreements with its lenders, US Bank and Raymond James, whereby government loans are originated, pooled, securitized, and sold. All interest rate risk under the agreements is assumed by Raymond James for which they are paid a fee. During the year, the Authority purchased securities totaling \$8,420,220 and sold the securities for \$8,576,116. The gain is recorded in investment income on the financial statements.

On September 30, 2014, the Authority had \$7,660 invested with the State Board of Administration's (the "SBA") 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, 2014, the Prime pool was rated AAAM principal stability fund rating by Standard & Poor's rating agency.

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 in 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 \$9,447 as of September 30, 2014.

NOTE D – ACCOUNTS RECEIVABLE

The Authority at September 30, 2014 has the following in Accounts Receivable:

Water's Edge of Bradenton, LLC	<u>\$ 110,416</u>
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The Bond Documents of the Series 2007 Multi-Family revenue bonds (Water's Edge of Bradenton Apartments Project) require the payment to the Authority of an annual issuer fee by Waters Edge of Bradenton, LLC, in the amount of \$33,862.50, payable in semi-annual installments on March 1 and September 1 of each year. Due to a bondholder declared default, the Authority has agreed to defer payment of a portion of its fees until September 1, 2014, at which time all deferred fees become due and payable, together with the semi-annual fee due on that date. On November 17, 2014, the Authority reissued its Series 2007 Multi-Family revenue bonds (Waters Edge of Bradenton Apartments Project) in the amount of \$20,110,000, and all past due fees owed to the Authority on September 30, 2014, were paid in full on that date.

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE E – 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.

Expenditures exceeded appropriations by \$499,082. This was due to unanticipated revenues being spent in excess of the appropriation. In the future, the Authority will amend the budget for unanticipated revenues at the end of the fiscal year.

NOTE F – 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

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

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

We have audited, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

January 13, 2015
Bradenton, FL

SHINN & COMPANY^{LLC}

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Housing Finance Authority of Manatee County, Florida, (the "Authority") compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2014. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

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

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
January 13, 2015

MANAGEMENT LETTER

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

Report on the Financial Statements

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, 2014, and have issued our report thereon dated January 13, 2015.

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 Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 13, 2015, 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 such matters reported 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. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2014, 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 fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
January 13, 2015