ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

ALLEGHENY COUNTY
RESIDENTIAL FINANCE AUTHORITY

YEAR ENDED DECEMBER 31, 2016

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May 19, 2017

Board of Directors
Allegheny County Residential Finance Authority
Pittsburgh, Pennsylvania

Independent Auditor's Report

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Allegheny County Residential Finance Authority (the "Authority") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Authority as of December 31, 2016, the respective changes in their financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The financial statements as of and for the year ended December 31, 2015 were audited by other auditors. In their report dated June 28, 2016, these auditors express an unmodified opinion on the financial statements as of December 31, 2015 and the results of their operations and their cash flows for the year then ended. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed more fully in Note I to the basic financial statements, during the year ended December 31, 2016, the Authority adopted Governmental Accounting Standards Board Statement No. 72., *Fair Value Measurement and Application*. The effect of implementing this standard was to increase the beginning net position of the Single Family Mortgage Program Funds by $2,118,011. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed more fully in Note H to the basic financial statements, the beginning net position has been increased by $1,183,707 to correct the balance of residential loans and unearned revenue in the Housing Development Fund. Our opinion is not modified with respect to this matter.

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 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion of the Authority's basic financial statements. The accompanying combining and individual non-major fund financial statements and combining and individual Single Family Mortgage Program Funds schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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Certified Public Accountants
Pittsburgh, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Residential Finance Authority of Allegheny County (the "Authority") Management's Discussion and Analysis is designated to provide an overview of the Authority's financial activities for the year ended December 31, 2016 and should be read in conjunction with Authority's financial statements, which begin on page 7.

Financial Highlights

- The Authority's net position decreased by $252,097 during the current year.
- The Authority has approximately $21.6 million in net position restricted for loan programs available to fulfill its mission to provide safe, decent, and affordable housing to low and moderate income residents of Allegheny County.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two components: 1) fund financial statements and 2) notes to the basic financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Authority's funds are proprietary funds.

The *Statement of Net Position*, found on page 7, provides information about the Authority's financial position of the various enterprise funds using the accrual basis of accounting. It includes all of the Authority's assets and liabilities and indicates which assets, if any, are restricted as to use. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The *Statement of Revenues, Expenses, and Changes in Net Position*, on page 8, reports all of the Authority's earnings and expenses by business-type activity using the accrual basis of accounting.

The *Statement of Cash Flows*, on page 9, indicates how much cash was provided and used by operating activities as well as other cash sources and uses such as investing and financing activities.

Proprietary funds. The Authority maintains one type of proprietary fund. *Enterprise funds* are used to report activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The Authority maintains four individual enterprise funds. Information is presented separately in the proprietary funds' statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows for the General Fund and the Single Family Mortgage Program Funds, which are considered to be major funds. Data from the other two enterprise funds are combined into a single aggregated presentation and is presented individually in the form of combining statements elsewhere in this report.

Notes to the Financial Statements. The notes, which begin on page 10, provide additional information that is essential to a full understanding of data provided in the fund financial statements.

Other Information

The combining statements referred to earlier in connection with non-major enterprise funds are presented immediately following the notes to the financial statements, starting on page 23.

In addition, combining schedules for the components of the Single Family Mortgage Program Funds are presented following the combining statements, starting on page 26.

Analysis of Net Position

Net position is a useful indicator of a government's financial position. For the Authority, total assets were greater than liabilities by $21,871,324 for the year ended December 31, 2016 and $20,005,410 for the year ended December 31, 2015.

Condensed Statement of Net Position

The following is a summary of the Authority's Statement of Net Position as of December 31, 2016 and 2015:

	2016	2015	Change
Assets:			
Cash	$ 12,379,388	$ 13,424,578	$ (1,045,190)
Loans Receivable	1,697,726	1,051,107	646,619
Investments	36,778,059	40,152,533	(3,374,474)
Due from Other Funds	50,000	50,000	-
Accrued Interest	124,982	143,711	(18,729)
Other	1,865	1,865	-
Total Assets	51,032,020	54,823,794	(3,791,774)
Liabilities:			
Accrued Interest	148,014	245,329	(97,315)
Due to Other Funds	50,000	50,000	-
Unearned Revenue	457,682	478,055	(20,373)
Bonds Payable	28,505,000	34,045,000	(5,540,000)
Total Liabilities	29,160,696	34,818,384	(5,657,688)
Net Position			
Restricted	21,623,565	19,653,969	1,969,596
Unrestricted	247,759	351,441	(103,682)
Total Net Position	$ 21,871,324	$ 20,005,410	$ 1,865,914

Changes in Net Position

The Authority's net position decreased by $252,097 for the year ended December 31, 2016 and increased by $810,483 for the year ended December 31, 2015. During the current year, 96.2% of the Authority's operating revenue came from loan and investment interest and 3.8% from other sources. During the prior year, 89.5% of the Authority's operating revenue came from loan and investment interest and 10.5% from other sources.

The following summarizes the Authority's Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2016 and 2015

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2016	2015	Change
Operating Revenues:			
Loan and Investment Interest	$ 1,591,449	$ 2,001,015	$ (409,566)
Program Income	-	179,955	(179,955)
Fees and Charges	62,331	55,378	6,953
Total Operating Revenues	1,653,780	2,236,348	(582,568)
Operating Expenses:			
Legal Expenses	41,332	31,064	10,268
Professional Services	163,435	221,939	(58,504)
Other	30,202	195,617	(165,415)
Administration	336,429	274,616	61,813
Total Operating Expenses	571,398	723,236	(151,838)
Operating Income (Loss)	1,082,382	1,513,112	(430,730)
Non-Operating Revenues			
Investment Earnings	22,425	37,157	(14,732)
Bond Interest	(937,589)	(1,265,868)	328,279
Realized Gains/(Losses) on Securities	(48,881)	225,786	(274,667)
Net Change in Fair Value of Investment	(370,434)	-	(370,434)
Other	-	300,296	(300,296)
Total Non-Operating Revenues	(1,334,479)	(702,629)	(631,850)
Net Income (Loss)	(252,097)	810,483	(1,062,580)
Net Position			
Beginning of year – as previously reported	18,821,703	18,011,220	810,483
Adjustment	3,301,718	-	3,301,718
End of year	$ 21,871,324	$ 18,821,703	$ 3,049,621

Both the investment interest earned and bond interest expense declined due to the maturities on the investments held to pay the principal and interest on outstanding bonds. In addition, a significant difference occurred in realized gains/(losses) on investments.

Financial Analysis of Individual Funds

The following discussion focuses on the Authority's major funds.

The Administrative Fund reported a net position of $247,759, a decrease of $103,682 from the prior year, primarily due to an increase in the amount paid to Allegheny County for administrative services of $75,000.

The Single Family Mortgage Program Funds reported a net position of $20,438,5192, a decrease of $149,754 from the prior year. While investment interest and bond interest expense are both declining (see above), investment interest exceeded bond interest expense for the current year by $640,975, offsetting a significant difference in realized gains/(losses) of $(274,667).

Long-Term Debt

The Authority continued to make principal and interest payments on its existing long-term debt as schedule. In addition, the Authority's long-term debt payments are accelerated when payments on the underlying mortgages for the mortgage-backed securities (i.e. GNMA and FNMA) exceed scheduled payments. The following is a summary of the Authority's long term debt at December 31, 2016 and 2015.

Single Family Mortgage Revenue Bonds	Balance 2016	2015
Series NN of 2004	$ 435,000	$ 645,000
Series OO of 2004	935,000	1,435,000
Series PP of 2004	3,900,000	3,900,000
Series TT of 2006	1,915,000	2,255,000
Series UU of 2007	-	375,000
Series VV of 2007	5,030,000	7,405,000
Series XX of 2010	3,630,000	4,130,000
Series YY of 2011	4,910,000	5,360,000
Series ZZ of 2011	7,750,000	8,540,000
Total	$ 28,505,000	$ 34,045,000

More detailed information on the Authority's long-term debt can be found in Note E on pages 15-19 of this report.

Requests for Information

The financial report is designed to provide an overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fiscal Manager of Operations; One Chatham Center, Suite 900; 112 Washington Place; Pittsburgh, PA 15219.

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
STATEMENT OF NET POSITION

PROPRIETARY FUNDS
DECEMBER 31, 2016

	Administrative Fund	Single Family Mortgage Program Funds	Other Proprietary Funds	Total
Assets				
Cash and cash equivalents	$ 395,623	$ 11,193,659	$ 790,106	$ 12,379,388
Due from other funds	-	-	50,000	50,000
Investments for:				
Debt service	-	452,776	-	452,776
GNMA and FNMA securities	-	36,325,283	-	36,325,283
Residential loan	-	1,258,861	426,861	1,685,722
Mortgage loans	-	12,004	-	12,004
Accrued interest:				
GNMA and FNMA	-	124,982	-	124,982
Other	1,865	-	-	1,865
Total Assets	$ 397,488	$ 49,367,565	$ 1,266,967	$ 51,032,020
Liabilities and Net Position				
Liabilities:				
Accrued interest	$ -	$ 148,014	$ -	$ 148,014
Due to other funds	50,000	-	-	50,000
Unearned revenue, net	99,729	276,032	81,921	457,682
Current portion of bonds payable	-	1,375,000	-	1,375,000
Long-term portion of bonds payable	-	27,130,000	-	27,130,000
Total Liabilities	149,729	28,929,046	81,921	29,160,696
Net Position:				
Restricted for loan programs	-	20,438,519	1,185,046	21,623,565
Unrestricted	247,759	-	-	247,759
Total Net Position	247,759	20,438,519	1,185,046	21,871,324
Total Liabilities and Net Position	$ 397,488	$ 49,367,565	$ 1,266,967	$ 51,032,020

The accompanying notes are an integral part of these financial statements.

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Administrative Fund	Single Family Mortgage Program Funds	Other Proprietary Funds	Total
Operating Revenues:				
Interest:				
Loans	$ -	$ 11,472	$ 1,413	$ 12,885
GNMA/FNMA	-	1,578,564	-	1,578,564
Total interest	-	1,590,036	1,413	1,591,449
Program income	-	-	-	-
Fees and charges	41,892	20,439	-	62,331
Total operating revenues	41,892	1,610,475	1,413	1,653,780
Operating Expenses:				
Legal expenses	32,462	8,870	-	41,332
Professional services	12,724	150,711	-	163,435
Other expenses	26,138	3,551	513	30,202
Administration	300,000	36,429	-	336,429
Total operating expenses	371,324	199,561	513	571,398
Net Operating Income (Loss)	(329,432)	1,410,914	900	1,082,382
Nonoperating Revenues (Expenses):				
Investment earnings	750	21,236	439	22,425
Bond interest	-	(937,589)	-	(937,589)
Realized gain on securities	-	(48,881)	-	(48,881)
Net changed in fair value of investments	-	(370,434)	-	(370,434)
Transfers in	225,000	-	-	225,000
Transfers out	-	(225,000)	-	(225,000)
Net nonoperating revenues (expenses)	225,750	(1,560,668)	439	(1,334,479)
Net Income (Loss)	(103,682)	(149,754)	1,339	(252,097)
Net Position:				
Beginning of year - as adjusted	351,441	20,588,273	1,183,707	22,123,421
End of Year	$ 247,759	$ 20,438,519	$ 1,185,046	$ 21,871,324

The accompanying notes are an integral part of these financial statements.

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Administrative Fund	Single Family Mortgage Program Funds	Other Proprietary Funds	Total
Cash from Operating Activities:				
Cash received for fees and charges	$ 41,892	$ -	$ -	$ 41,892
Cash received on asset-backed securities - principal	-	5,288,461	-	5,288,461
Cash received on asset-backed securities - interest	-	1,598,430	-	1,598,430
Cash received on loans - principal	-	35,816	28,798	64,614
Cash received on loans - interest	-	11,472	1,413	12,885
Cash paid for new loans	-	(711,233)	-	(711,233)
Cash paid to Allegheny County - Admin	(300,000)	(199,562)	-	(499,562)
Cash paid to vendors	(71,324)	-	(513)	(71,837)
Cash provided by (used in) operating activities	(329,432)	6,023,384	29,698	5,723,650
Cash from Financing Activities:				
Bond/note principal repayment	-	(5,540,000)	-	(5,540,000)
Interest paid	-	(1,034,904)	-	(1,034,904)
Transfers in	225,000	-	-	225,000
Transfers out	-	(225,000)	-	(225,000)
Cash provided by (used in) financing activities	225,000	(6,799,904)	-	(6,574,904)
Cash from Investing Activities:				
Interest income received	800	20,100	455	21,355
Cash paid for new investments	-	(215,291)	-	(215,291)
Cash provided by (used in) investing activities	800	(195,191)	455	(193,936)
Net Increase (Decrease) in Cash and Cash Equivalents	(103,632)	(971,711)	30,153	(1,045,190)
Cash and Cash Equivalents:				
Beginning of year	499,255	12,165,370	759,953	13,424,578
End of year	$ 395,623	$ 11,193,659	$ 790,106	$ 12,379,388
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Net operating income (loss)	$ (329,432)	1,410,914	900	1,082,382
Adjustments to reconcile net operating income (loss) to net cash flows provided by (used in) operating activities:				
GNMA/FNMA principal repayments made	-	28,598	-	28,598
Loan principal repayments made	-	35,816	28,798	64,614
New loans	-	(711,233)	-	(711,233)
Deferred revenue	-	(20,439)	-	(20,439)
(Increase)/decrease in GNMA and FNMA securities	-	5,259,863	-	5,259,863
(Increase)/decrease in accrued interest receivable	-	19,865	-	19,865
Cash Provided by (used in) operating activities	$ (329,432)	$ 6,023,384	$ 29,698	$ 5,723,650

The accompanying notes are an integral part of these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Allegheny County Residential Finance Authority (the Authority), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The significant accounting policies are described below.

1. **Organization and Purpose**

The purpose of the Allegheny County Residential Finance Authority is to broaden and stimulate the market for housing, and otherwise improve the quality of life for residents of Pennsylvania. The Authority's principal means of promoting this purpose is through programs that offer below-market interest rate financing for the acquisition of newly constructed or existing housing in the area encompassing the County of Allegheny (the County), with the exception of the City of Pittsburgh. The Authority has offered such financing both directly, by issuing mortgage loans, and indirectly, by acquiring Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) mortgage-backed securities originated specifically through Authority programs.

The Authority issues revenue bonds to enable funding of these programs. Each bond series is payable from receipts derived by the Authority from the corresponding program. In addition, substantially all other Authority assets are secured and are restricted to use for specified programs or debt service until the related debt is retired.

The Authority is a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania (the Commonwealth) established in 1981 pursuant to the Second Class County Code of the Commonwealth.

The County Executive appoints a Board of Directors (the Board), comprised of up to twelve County residents, which governs the Authority. The County has not included the Authority in its reporting entity because the County's accountability for the Authority does not extend beyond making these appointments.

2. **Basis of Accounting**

The Authority has various programs that are reported as separate Enterprise funds. The Authority accounts for its programs on the accrual basis of accounting in accordance with the provisions of the Government Accounting Standards Board ("GASB") Statements. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of interest of investments and loans and fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions, such as capital contributions, grants or ancillary activities.

When an expense is incurred, for purposes in which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses first to restricted net position, to the extent that such is available, and then to unrestricted net position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Description of Funds

These financial statements include all activities of the Authority using a fund accounting basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual net position, and changes therein, which are segregated for the purpose of carrying on activities in accordance with regulations, contractual restrictions, or other limitations.

The Authority reports the following major proprietary funds:

- *Administrative Fund:* The Administrative Fund accounts for centralized administrative support provided by the Authority to its enterprise funds. Administrative expense includes support services provided by the County's Department of Economic Development.

- *Single Family Mortgage Program Funds:* Each Single Family Mortgage Fund was established by the issuance of mortgage revenue bonds for the purpose of enabling The Authority to offer financing for the acquisition of newly constructed or existing single-family housing. The Authority offered financing directly for Single Family Services B, C, and D in the form of mortgage loans. These mortgage loans are recorded in the Bond Defeasance Fund. The Bond Defeasance Fund includes assets and related liabilities for single-family program where the related indebtedness has been retired. The remaining Series entail indirect financing through the acquisition of GNMA and FNMA mortgage-backed securities originated specifically for Authority programs. In both cases, the financings are characterized by interest rates below the rate prevailing in the market at the time of the program.

In addition, the Authority reports the following non-major proprietary funds.

- *Community Development Fund*: The Community Development Fund accounts for the revenues and expenses of community development block grant programs undertaken for the purpose of providing down-payment assistance to eligible residents of the County.

- *Housing Development Fund:* The Housing Development Fund accounts for collections of loans and grant funds on behalf of the County which were previously collected by the Housing Development Corporation (HDC). HDC was dissolved in 1994, and the assets of HDC were transferred to the County. In 1994, the Authority began collecting the loan and grant funds. The funds are held by the Authority in the Housing Development Fund pending a disbursement request by the County for use as permitted under the terms of the original grant agreements.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

5. **GNMA and FNMA Securities**

The GNMA and FNMA Securities are mortgage-backed securities guaranteed by the GNMA or FNMA, respectively. GNMA is wholly-owned corporate instrumentality of the United Sates within the Department of Housing and Urban Development. FNMA is a federally chartered, stockholder-owned corporation.

These securities are categorized by their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In the prior year these securities were reported at cost. See Note I – Adoption of Accounting Principle for further details.

6. **Unearned Revenue and Expenses**

The inception of Single Family and Multi-Family Mortgage Programs can entail several types of transactions for which related revenue or expense recognition is deferred. Bond issues can entail costs of issuance and underwriters discounts that are deferred expenses. Mortgage and GNMA inception can entail origination and commitment fees received by the Authority that are deferred revenues.

Program revenue, restricted as to its use by grant agreements, is recognized in the proprietary funds to the extent allowable expenses are incurred. Any excess of program income over expenses is recorded as unearned revenues.

7. **Net Position Components**

Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets: This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of these assets. There was no net investment in capital assets at year-end.

Restricted: This component of net position consists of constraints placed on net position use through external restrictions imposed by creditors (such as restrictions on usage by bond issuance). The Authority reports net position restricted for its lending and lending support programs at year-end.

Unrestricted: This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets." The net position of the Administrative Fund was unrestricted at year-end.

NOTE B – DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for Authority investment of governmental funds into certain authorized investment types, including insured or collateralized time deposits and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes. The Trustee for each bond series is responsible for investing funds pursuant to restrictions designed to mitigate the risk of investing funds, including monitoring entities that have provided guaranteed investment contracts.

The deposit and investment policy of the Authority adheres to state statutes. Deposits of the governmental funds are either maintained in demand deposits or money market accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," requires disclosures related to the following deposit and investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. The following is a description of the Authority's deposit and investment risks:

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2016, approximately $717,000 of the Authority's bank balance was exposed to custodial risk. However, this balance is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution's name.

The Authority also has deposits in various short-term investment vehicles, including the Pennsylvania Local Government Investment Trust ("PLGIT'). These funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. The Authority has approximately $220,000 invested with PLGIT and $11.6 million invested in other short-term investment vehicles.

Interest Rate Risk - Investments: 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. However, the investments held by the Authority are primarily comprised of assets securitized in the secondary market from loans issued from the various single family and multi-family loan programs. The maturities noted in the table below reflect the final maturity of the respective security and do not take into consideration routine repayments on principal as the underlying assets pay down, as it is not possible to forecast these repayments. It is management's intention to hold these securities until maturity. Interest rates on these investments are fixed, and principal and interest repayments from these investments will be used to repay the related debt service.

	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years
AEGON GIC	$ 452,776	$ -	$ -	$ -	$ -	$ -	$ 452,776	$ -
FNMA	3,392,197	-	-	-	-	1,573,245	1,743,817	75,135
GNMA	32,933,086	-	374,892	1,208,223	4,619,993	3,023,210	17,735,052	5,971,716
	$ 36,778,059	$ -	$374,892	$1,208,223	$4,619,993	$4,596,455	$19,931,645	$6,046,851

NOTE B – DEPOSITS AND INVESTMENTS – (Continued)

Credit Risk: The Authority does not have a formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2016, the Authority's investments are unrated.

Fair Value - Deposits: The Authority's investments in PGLIT and the other short term investments are exempt from fair classification since their value is calculated at amortized cost which approximates fair value fo short term investments.

Fair Value - Investments: The Authority's investments in FNMA and GNMA are classified as Level 1 under the fair value hierarchy. The Authority's investment in AEGON GIC is exempt from fair value classification.

NOTE C – SINGLE FAMILY PROGRAM MORTGAGE LOANS

The Authority issued Single Family Mortgage Loans for homes in the County, excluding the City of Pittsburgh, pursuant to programs each year from 1982 through 1985. The originating mortgage lender was required to ensure that each loan initiated under these programs, among other conditions, was:

1) Secured by a first lien mortgage on an insured title;
2) Made substantially in accordance with the current standard overwriting policies of the originating mortgage lender and the program;
3) Compliant with IRS Code §103(b) designating borrower eligibility requirements necessary for tax-exemption of the program's bond interest, and;
4) For an amount not exceeding 80% of the lesser of fair market value or purchase price, or was insured by a primary mortgage insurance policy that would pay the Authority's principal and accrued interest outstanding as well as certain administrative costs in the event of foreclosure.

These requirements at origination, combined with the efforts to entities contracted to service all outstanding mortgage loans, have allowed the Authority to incur no significant loan losses. The risk of loss is further mitigated by a mortgage pool insurance policy for each program against delinquencies. Based upon payment experience, insurance against losses and the status of loans at year-end, the Authority believes no provision for loan losses is necessary at December 31, 2016.

The total original principal amount was $139,140,000. As of December 31, 2016, the balance is $12,004.

The interest rate for Series D is 9.70%. During 1996, the interest rates for Series C (1984) mortgage loans initially bearing interest at 11% and 8% were reduced to 7.75% and 4.75%, respectively. During 1999, the interest rate for Series B (1984) mortgage loans initially bearing interest at 10.25% was reduced to 3.43%.

NOTE D – GNMA AND FNMA SECURITIES

The Single-Family Mortgage Program Fund, Series T&U, AA&BB, CC&DD, EE&FF, HH&H, JJ&KK, LL&MM, NN, OO&PP, QQ, RR&SS, TT, and UU&VV purchased GNMA and FNMA mortgage-backed securities during 2009. These securities provide payment of principal and interest and are backed by pools of mortgage loans that have been originated by a number of lending institutions to qualified persons to finance the

NOTE D – GNMA AND FNMA SECURITIES - (Continued)

purchase of single family residential housing within the County, excluding the City of Pittsburgh. These securities are not pledged to any one indenture but are available for repayment of bonds within the single-family mortgage program.

These GNMA and FNMA securities were acquired at original face value and are carried at face value adjusted for any discount or premium. The remaining principal, net of unamortized premium or discount where applicable and corresponding interest rates are:

Series	Principal	Interest Rate
Single Family Mortgage Fund	$ 34,577,706	4.5 – 6.5%

NOTE E – BONDS PAYABLE

The following table shows the changes in long-term debt for the year ended December 31, 2016:

	Outstanding Balance as of January 1, 2016	Additions	Deletions	Outstanding Balance as of December 31, 2016	Due within one year
Proprietary Funds					
Mortgage Revenue Bonds	$ 34,045,000	$ -	$ (5,540,000)	$ 28,505,000	$ 1,375,000
Long Term liabilities	$ 34,045,000	$ -	$ (5,540,000)	$ 28,505,000	$ 1,375,000

The Authority issues mortgage revenue bonds to finance its programs. These bonds are limited obligations of the Authority, secured solely by the assignment and pledge of substantially all of the corresponding mortgage program fund's assets. Because of this secured interest, the Authority is restricted in the use of virtually all assets of the mortgage program funds and has vested the rights and responsibilities of receiving, managing, and disbursing funds with trustees engaged for each bond issue. This restriction causes net position to be effectively restricted until the corresponding bond issue is retired. The bonds are not obligations of the County, the Commonwealth, or any political subdivision of the Commonwealth.

Most of the bond issues provide for retirements to be accelerated from the original schedule in the event of prepayments of the underlying mortgages, GNMA or FNMA securities or if funds are otherwise available as provided in the respective trust indentures. The maturity schedules presented on the following pages do not contemplate such accelerated retirements or mandatory sinking fund repayments, as these are difficult to predict due to the Authority's practice of calling bonds early.

NOTE E – BONDS PAYABLE - (Continued)

	Principal	Interest	Total
2017	$ 1,375,000	$ 875,075	$ 2,250,075
2018	1,410,000	823,751	2,233,751
2019	1,270,000	767,004	2,037,004
2020	1,210,000	723,797	1,933,797
2021	1,470,000	673,197	2,143,197
2022-2026	7,755,000	2,506,290	10,261,290
2027-2031	5,835,000	1,292,839	7,127,839
2032-2036	7,470,000	537,928	8,007,928
2037-2038	710,000	17,720	727,720
	$ 28,505,000	$ 8,217,601	$ 36,722,601

Single Family – Series NN, OO, & PP
During 2004, the Authority issued $14,800,000 of Single Family Mortgage Revenue Bonds. A portion of the proceeds of the Series NN & OO Bonds was used to provide funds for the partial refinancing of outstanding Single Family Series Y, and Z, as well as to repay a portion of the Authority's Single Family Mortgage Revenue Notes, Series 2002.

Series PP Bonds are variable rate term bonds due November 1, 2035. The bonds bear interest at a weekly rate, payable on May 1, and November 1. The weekly rate is determined by a remarketing agent, but the variable rate may not exceed 12%. The weekly rate at December 31, 2016 was 0.82%.

Interest is payable semi-annually in May and November. Interest on the fixed rate bonds, Series NN and OO, range from 2.55% to 4.75%. As of December 31, 2016, the Series NN, OO and PP Bonds had principal outstanding of $435,000, $935,000, and $3,900,000, respectively, with final maturity dates in the years 2017, 2024, and 2035, respectively.

Optional Redemption

The Series NN and Series OO bonds maturing on and after May 1, 2015 are redeemable at the option of the Authority, on and after November 1, 2014, in whole or in part, on any date, at the redemption price of 100% of the principal amount, plus accrued interest thereon to the date fixed for redemption.

Mandatory Redemption

The Series OO Bonds maturing on May 1, 2019 and November 1, 2024, respectively are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

The Series PP Bonds maturing on November 1, 2035 are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

NOTE E – BONDS PAYABLE - (Continued)

Single Family – Series TT

During 2006, the Authority issued $12,830,000 of Single Family Mortgage Revenue Bonds. The bonds will be used for the origination of single family mortgage loans.

Interest is payable semi-annually in May and November. Interest on the fixed rate bonds range from 3.90% to 5.75%.

As of December 1, 2016, the Series TT Bonds had principal outstanding of $1,915,000, with a final maturity in the year 2026.

Optional Redemption

The Series TT Bonds are subject to optional redemption. Bonds maturing after May 1, 2016 are redeemable at the option of the Authority on and after May 1, 2016, in whole or in part, on any date, from any maturities selected by the Authority, at the redemption price of 100% of principal plus accrued interest.

Mandatory Redemption

The Series TT Bonds maturing on November 1, 2022 and November 1, 2026, respectively are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

Single Family – Series UU&VV

During 2007, the Authority issued $16,045,000 of Single Family Mortgage Revenue Bonds. The bonds were used for the origination of single mortgage loans and to defease the Authority's outstanding Single Family Series W&X bonds.

Interest is payable semi-annually in May and November, commencing on November 1, 2006. Interest on the fixed rate bonds range from 4.00% to 4.95%. As of December 31, 2016, the Series UU and VV Bonds had principal outstanding of $-0- and $5,030,000, respectively, with final maturity dates in the years 2016 and 2027, respectively.

Optional Redemption

The Series VV Bonds are subject to optional redemption. Bonds maturing after May 1, 2017 are redeemable at the option of the Authority on and after May 1, 2017, in whole or in part, on any date, from any maturities selected by the Authority, at the redemption price of 100% of principal plus accrued interest.

Mandatory Redemption

The Series VV Bonds maturing on November 1, 2022 and November 1, 2027, respectively are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

NOTE E – BONDS PAYABLE - (Continued)

Single Family – Series XX

During November of 2010, the Authority released $5,750,000 of proceeds from the 2009 Escrowed Proceeds Account and redesignated such proceeds as the Series XX Bonds. The bonds were used for the origination of single family mortgage loans.

Interest is payable on February 23, 2011 and thereafter semi-annually in May and November, commencing on May 1, 2012. Interest on the bonds is 0.73% from November 23, 2010 to February 23, 2011 and 3.01% thereafter. As of December 31, 2016, the Series XX Bonds had principal outstanding of $3,630,000, with a final maturity in the year 2036.

Optional Redemption

The Series XX Bonds are subject to optional redemption. Bonds are redeemable at the option of the Authority on the first business day of each month, in whole or in part, on any date, from any maturities selected by the Authority, at the redemption price of 100% of principal plus accrued interest.

Mandatory Redemption

The Series XX Bonds are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

Single Family – Series YY

During August of 2011, the Authority released $7,000,000 of proceeds from the 2009 Escrowed Proceeds Account and redesignated such proceeds as the Series YY Bonds. The bonds were used for the origination of single family mortgage loans.

Interest is payable on November 1, 2011 and thereafter semi-annually in May and November, commencing on November 1, 2011. Interest on the bonds is 3.48%. As of December 31, 2016, the Series YY Bonds had principal outstanding of $4,910,000, with a final maturity in the year 2038.

Optional Redemption

The Series YY Bonds are subject to optional redemption. Bonds are redeemable at the option of the Authority on the first business day of each month, in whole or in part, on any date, from any maturities selected by the Authority, at the redemption price of 100% of principal plus accrued interest.

Mandatory Redemption

The Series YY Bonds are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

NOTE E – BONDS PAYABLE - (Continued)

Single Family – Series ZZ

During November of 2011, the Authority released $11,580,000 of proceeds from the 2009 Escrowed Proceeds Account and redesignated such proceeds as the Series ZZ Bonds. The bonds were used for the origination of single family mortgage loans.

Interest is payable on May 1, 2012 and thereafter semi-annually in May and November, commencing on May 1, 2012. Interest on the bonds is 2.32%. As of December 31, 2016, the Series ZZ Bonds had principal outstanding of $7,750,000, with a final maturity in the year 2038.

Optional Redemption

The Series ZZ Bonds are subject to optional redemption. Bonds are redeemable at the option of the Authority on the first business day of each month, in whole or in part, on any date, from any maturities selected by the Authority, at the redemption price of 100% of principal plus accrued interest.

Mandatory Redemption

The Series ZZ Bonds are subject to mandatory redemption prior to their stated maturity dates, in part, at principal amounts plus accrued interest to the date fixed for redemption.

2009 Escrowed Proceeds Account

This account was created under the Single Family New Issue Bond Program (the"NIBP Program") sponsored by the United States Department of the Treasury, Fannie Mae, and Freddie Mac. The Authority issued the Single Family – Series WW in the aggregate principal amount of $24,330,000 as escrow bonds under the NIBP Program. The Single Family – Series WW bonds were converted into the following tranches: Single Family – Series XX, $5,750,000, Single Family – Series YY, $7,000,000, and Single Family – Series ZZ, $11,580,000.

NOTE F – CONDUIT DEBT

During 2006, the Authority served as an issuer of $8,500,000 of Multi-Family housing revenue bonds for Cambridge Square Apartments. The bond proceeds were provided for the acquisition, rehabilitation, and/or equipping of a multi-family rental housing facility. The principal and interest on the bonds is to be repaid solely and exclusively by the borrower. The Authority has no-commitment for this debt and does not anticipate acting in any related ongoing administrative capacity. Accordingly, this no-commitment debt is not presented on the face of the Authority's financial statement.

During 2008, the Authority served as an issuer of $4,940,800 of Multi-Family housing revenue bonds, Series A, B, and C for the Broadview Manor Apartments, Allegheny Independence House Apartments, and Versailles-Archer apartments projects, respectively. The bond proceeds were provided for the acquisition and rehabilitation of the projects. The principal and interest on the bonds is to be repaid solely and exclusively by the borrower. The Authority has no-commitment for this debt and does not anticipate acting in any related ongoing administrative capacity. Accordingly, this no-commitment debt is not presented on the face of the Authority's financial statements.

NOTE F – CONDUIT DEBT – (Continued)

During 2009, the Authority served as an issuer of $3,485,000 of Multi-Family housing revenue bonds, Series 2009 for the Metowers Apartments project. The bond proceeds were provided for the acquisition and rehabilitation of the apartment. The principal and interest on the bonds is to be repaid solely and exclusively by the borrower. The Authority has no-commitment for this debt and does not anticipate acting in any related ongoing administrative capacity. Accordingly, this no-commitment debt is not presented on the face of the Authority's financial statements.

During 2013, the Authority served as an issuer of $4,500,000 of Multi-Family housing revenue bonds, Series 2013 for Rolling Woods Apartments LP. The bond proceeds were provided for the acquisition and rehabilitation of the apartment building. The principal and interest on the bonds is the be repaid solely and exclusively by the borrower. The Authority has no-commitment for this debt and does not anticipate acting in any related ongoing administrative capacity. Accordingly, this no-commitment debt is not presented on the face of the Authority's financial statements.

NOTE G – RELATED PARTIES

The County provides administrative services to the Authority. Administrative costs for 2016 were $300,000, which are included in the Administrative Fund in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE H – CORRECTION OF PRIOR YEAR FINANCIAL STATEMENTS

During the current year, the Authority made the following corrections to the Housing Development Fund:

- *Addition of Residential Loans in the amount of $455,659*
  These loans were originated by the former Housing Development Corporation of Allegheny County and assumed by the Authority upon dissolution of that organization but were not recorded in the Authority's financial statements.

- *Removal of Unrearned Revenue in the amount of $728,048.*
  This balance consisted primarily of payments of principal and interest on the Residential Loans and should have been recognized as reductions of the Residential Loans balance and interest income, respectively, in prior years.

The effect on the fund balance of the Housing Development Fund as of December 31, 2015 was to increase the fund balance from $-0- to $1,183,707.

NOTE I – ADOPTION OF ACCOUNTING STANDARD

During the current year, the Authority adopted Government Accounting and Standards Board Statement 72, *Fair Value Measurement and Application.* This statement clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements.

NOTE I – ADOPTION OF ACCOUNTING STANDARD – (Continued)

In the prior year, the Authority reported the investments in GNMA and FNMA securities in the Single Family Mortgage Program Funds at cost as was allowed prior to the adoption of GASB 72 since the Authority intends to hold these securities to maturity. GASB 72 eliminated this exception to reporting investments at cost.

The effect of adopting this standard on the opening net position of the Authority was as follows:

	Investments			Net Position	
	As Previously Reported	As Adjusted	Adjustment	As Previously Reported	As Adjusted
Series T&U	$ 97,927	$ 100,426	$ 2,499	$ 1,395,410	$ 1,397,909
Indenture Related Single Family Funds	39,817,121	41,932,633	2,115,512	10,396,521	12,512,033
Bond Defeasance	-	-	-	6,678,331	6,678,331
Total	$ 39,915,048	$ 42,033,059	$ 2,118,011	$ 18,470,262	$ 20,588,273

OTHER SUPPLEMENTARY INFORMATION

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
OTHER PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Community Development Fund	Housing Development Fund	Total
Assets			
Cash and cash equivalents	$ 31,921	$ 758,185	$ 790,106
Residential loans	-	426,861	426,861
Due from other fund	50,000	-	50,000
Total Assets	$ 81,921	$ 1,185,046	$ 1,266,967
Liabilities and Net Position			
Liabilities:			
Unearned revenue, net	$ 81,921	$ -	$ 81,921
Total Liabilities	81,921	-	81,921
Net Position			
Restricted for Loan Programs	-	1,185,046	1,185,046
Total Liabilities and Net Position	$ 81,921	$ 1,185,046	$ 1,266,967

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
OTHER PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community Development Fund	Housing Development Fund	Total
Operating Revenues:			
Loan Interest	$ -	$ 1,413	$ 1,413
Total operating revenues	-	1,413	1,413
Operating Expenses:			
Other expense	-	513	513
Total operating expenses	-	513	513
Net Operating Income (Loss)	-	900	900
Nonoperating Revenues (Expenses):			
Investment earnings	-	439	439
Net nonoperating revenues (expenses)	-	439	439
Net Income (Loss)	-	1,339	1,339
Net Position:			
Beginning of year - as adjusted	-	1,183,707	1,183,707
End of Year	$ -	$ 1,185,046	$ 1,185,046

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
OTHER PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community Development Fund	Housing Development Fund	Total
Cash from Operating Activities:			
Cash received on loans - principal	$ -	$ 28,798	$ 28,798
Cash received on loans - interest	-	1,413	1,413
Cash paid to vendors	-	(513)	(513)
Cash provided by (used in) operating activities	-	29,698	29,698
Cash from Financing Activities:			
Cash provided by (used in) financing activities	-	-	-
Cash from Investing Activities:			
Interest income received	16	439	455
Cash provided by (used in) investing activities	16	439	455
Net Increase (Decrease) in Cash and Cash Equivalents	16	30,137	30,153
Cash and Cash Equivalents:			
Beginning of year	31,905	728,048	759,953
End of year	$ 31,921	$ 758,185	$ 790,106
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:			
Net operating income (loss)	$ -	$ 900	$ 900
Adjustments to reconcile net operating income (loss) to net cash flows provided by (used in) operating activities:			
Loan principal repayments made	-	28,798	28,798
Cash Provided by (used in) operating activities	$ -	$ 29,698	$ 29,698

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE PROGRAM FUNDS

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2016

	Series T&U	Bond Defeasance Fund	Indenture Related Single Family Funds	Total
Assets				
Cash and cash equivalents	$ 1,332,015	$ 5,060,771	$ 4,800,873	$ 11,193,659
Investments for:				
Debt service	-	-	452,776	452,776
GNMA and FNMA securities	69,669	-	36,255,614	36,325,283
Residential loan	-	1,258,861	-	1,258,861
Mortgage loans	-	12,004	-	12,004
Accrued interest:				
GNMA and FNMA	399	-	124,583	124,982
Total Assets	$ 1,402,083	$ 6,331,636	$ 41,633,846	$ 49,367,565
Liabilities and Net Position				
Liabilities:				
Accrued interest	$ -	$ -	$ 148,014	$ 148,014
Unearned revenue, net	-	-	276,032	276,032
Current portion of bonds payable	-	-	1,375,000	1,375,000
Long-term portion of bonds payable	-	-	27,130,000	27,130,000
Total Liabilities	-	-	28,929,046	28,929,046
Net Position				
Restricted for Loan Programs	1,402,083	6,331,636	12,704,800	20,438,519
Total Net Position	1,402,083	6,331,636	12,704,800	20,438,519
Total Liabilities and Net Position	$ 1,402,083	$ 6,331,636	$ 41,633,846	$ 49,367,565

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE PROGRAM FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	Series T&U	Bond Defeasance Fund	Indenture Related Single Family Funds	Total
Operating Revenues:				
Interest:				
Loans	$ -	$ 11,472	$ -	$ 11,472
GNMA/FNMA	6,053	-	1,572,511	1,578,564
Total interest	6,053	11,472	1,572,511	1,590,036
Fees and charges	-	-	20,439	20,439
Total operating revenues	6,053	11,472	1,592,950	1,610,475
Operating Expenses:				
Legal expenses	-	8,870	-	8,870
Professional services	-	121,740	28,971	150,711
Other expenses	-	3,551	-	3,551
Administration	-	-	36,429	36,429
Total operating expenses	-	134,161	65,400	199,561
Net Operating Income (Loss)	6,053	(122,689)	1,527,550	1,410,914
Nonoperating Revenues (Expenses):				
Investment earnings	280	994	19,962	21,236
Bond interest	-	-	(937,589)	(937,589)
Realized gain on securities	-	-	(48,881)	(48,881)
Net changed in fair value of investments	(2,159)	-	(368,275)	(370,434)
Transfers in	-	-	-	-
Transfers out	-	(225,000)	-	(225,000)
Net nonoperating revenues (expenses)	(1,879)	(224,006)	(1,334,783)	(1,560,668)
Net Income (Loss)	4,174	(346,695)	192,767	(149,754)
Net Position:				
Beginning of year	1,397,909	6,678,331	12,512,033	20,588,273
End of Year	$ 1,402,083	$ 6,331,636	$ 12,704,800	$ 20,438,519

ALLEGHENY COUNTY RESIDENTIAL FINANCE AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Series T&U	Bond Defeasance Fund	Indenture Related Single Family Funds	Total
Cash from Operating Activities:				
Cash received on asset-backed securities - principal	$ 28,597	$ -	$ 5,259,864	$ 5,288,461
Cash received on asset-backed securities - interest	6,218	-	1,592,212	1,598,430
Cash received on loans - principal	-	35,816	-	35,816
Cash received on loans - interest	-	11,472	-	11,472
Cash paid for new loans	-	(711,233)	-	(711,233)
Cash paid to vendors	-	(134,161)	(65,401)	(199,562)
Cash provided by (used in) operating activities	34,815	(798,106)	6,786,675	6,023,384
Cash from Financing Activities:				
Bond/note principal repayment	-	-	(5,540,000)	(5,540,000)
Interest paid	-	-	(1,034,904)	(1,034,904)
Transfers out	-	(225,000)	-	(225,000)
Cash provided by (used in) financing activities	-	(225,000)	(6,574,904)	(6,799,904)
Cash from Investing Activities:				
Interest income received	280	994	18,826	20,100
Cash paid for new investments	-	-	(215,291)	(215,291)
Cash provided by (used in) investing activities	280	994	(196,465)	(195,191)
Net Increase (Decrease) in Cash and Cash Equivalents	35,095	(1,022,112)	15,306	(971,711)
Cash and Cash Equivalents:				
Beginning of year	1,296,920	6,082,883	4,785,567	12,165,370
End of year	$ 1,332,015	$ 5,060,771	$ 4,800,873	$ 11,193,659
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Net operating income (loss)	$ 6,053	$ (122,689)	$ 1,527,550	$ 1,410,914
Adjustments to reconcile net operating income (loss) to net cash flows provided by (used in) operating activities:				
GNMA/FNMA principal repayments made	28,598	-	-	28,598
Loan principal repayments made	-	35,816		35,816
New loans	-	(711,233)		(711,233)
Deferred revenue	-	-	(20,439)	(20,439)
(Increase)/decrease in GNMA and FNMA securities	-	-	5,259,863	5,259,863
(Increase)/decrease in accrued interest receivable	164	-	19,701	19,865
Cash Provided by (used in) operating activities	$ 34,815	$ (798,106)	$ 6,786,675	$ 6,023,384