

**HOUSING FINANCE AUTHORITY
OF BROWARD COUNTY
2019 FINANCIAL REPORTS
VOLUME I**

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
2019 FINANCIAL REPORTS
VOLUME I**

INDEX

MULTIFAMILY ISSUES

1996 SERIES BANYAN BAY PROJECT

1996 SERIES LOS PRADOS PROJECT

1998 SERIES PROSPECT PARK PROJECT

2000 SERIES SUMMERLAKE APARTMENTS PROJECT

2002 SERIES COLONIAL PARK APARTMENTS PROJECT

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors’ Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements.....	6-12	
 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13-14



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Banyan Bay Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721



CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Banyan Bay Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Banyan Bay Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ 4,505
Total current assets	<u>4,505</u>

Non-current assets (restricted):

Cash equivalents	151
Other asset	164,377
Note receivable from developer	<u>23,207,991</u>
Total non-current assets	<u>23,372,519</u>
Total Assets	<u><u>\$ 23,377,024</u></u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	\$ 144,307
Other accrued liabilities	<u>24,575</u>
Total current liabilities	<u>168,882</u>

Non-current liabilities:

Deposits in escrow	151
Bonds payable	23,207,991
Total non-current liabilities	<u>23,208,142</u>
Total Liabilities	<u>23,377,024</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on mortgage note receivable	\$ 1,958,847
Other income	<u>52,772</u>
Total revenue	<u>2,011,619</u>

Expenses:

Bond interest	1,958,847
General and administrative	<u>52,772</u>
Total expenses	<u>2,011,619</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (52,772)
Other cash receipts	<u>52,893</u>
Net cash provided by operating activities	<u>121</u>

Cash flows from investing activities:

Interest on note receivable	<u>1,755,741</u>
Net cash provided by investing activities	<u>1,755,741</u>

Cash flows from capital and related financing activities:

Interest payments on bonds payable	<u>(1,755,741)</u>
Net cash used in capital and related financing activities	<u>(1,755,741)</u>

Change in cash equivalents (Unrestricted)	121
Cash equivalents (Unrestricted), beginning of year	<u>4,384</u>
Cash equivalents (Unrestricted), end of year	<u><u>\$ 4,505</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	1,958,847
Interest income on note receivable	(1,958,847)
Amortization of discount on note receivable from Developer	203,106
Amortization of discount on bonds payable	(203,106)
Decrease (increase) in certain assets:	
Other assets	<u>121</u>
Net cash provided by operating activities	<u><u>\$ 121</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 1985 Series Banyan Bay Project Guaranteed Multifamily Housing Revenue Bonds (the "1985 Series Bonds") were originally issued to finance a loan (the "Lender Loan") between the Authority and Lincoln Savings & Loan Association (the "Original Lender"). The Original Lender used the proceeds of the Lender Loan to make a development loan to Banyan Bay, Ltd., a Georgia limited partnership (the "Original Developer"), for the acquisition and construction of a multifamily rental housing development in Broward County, Florida. The Original Lender has assigned all rights under the development loan to the Authority.

On October 5, 1989, the Original Lender was closed by order of the Office of Thrift Supervision. The Resolution Trust Corporation was appointed as Receiver. The Lincoln Federal Savings and Loan Association (the "New Thrift") was formed. The New Thrift assumed all responsibilities and commitments as lender under this bond program. The Office of Thrift Supervision appointed the Resolution Trust Corporation as Conservator of the New Thrift.

On April 1, 1991, Mutual Benefit Life Insurance Company ("Mutual Benefit") assumed all responsibilities and commitments as lender under this bond program. Mutual Benefit was also the Guarantor and the ultimate parent of the Original Developer's sole general partner, Muben Realty Company. The 1985 Series Bonds were originally backed by the payments pursuant to the loan agreement, a mortgage note on the housing development, and a guaranty by Mutual Benefit.

On July 16, 1991, Mutual Benefit (the "Lender" and "Guarantor") was taken over by the State Insurance Commissioner of New Jersey for the purpose of undergoing rehabilitation.

During 1991, The Bank of New York Trust Company (the "Trustee") was advised that the rating on the 1985 Series Bonds, determined by a review of the Guarantor, had been suspended by Standard and Poor's Corporation. In addition, the remarketing agent for the 1985 Series Bonds notified the Trustee of intent to resign. The resignation became effective upon the appointment of a successor remarketing agent.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose (cont'd)

On December 5, 1991, the Trustee of the 1985 Series Bonds advised the bondholders that the rehabilitation proceedings did not appear to constitute an event of default pursuant to Section 6.01 of the mortgage with the Original Developer unless the Guarantor failed to make a required payment under the 1985 Series Bond or the guaranty. As a result, the Trustee did not believe any action could be taken against the Project at that time.

On January 13, 1992, the Trustee of the 1985 Series Bonds notified the bondholders that a Standstill Agreement with the Guarantor's Deputy Rehabilitator had been approved. The Standstill Agreement provided, among other things, that the Original Developer would remit interest payments on a monthly basis rather than semi-annually. The Standstill Agreement expired August 15, 1992. The Trustee was advised that the Standstill Agreement would not be extended. All payments were made pursuant to the Standstill Agreement.

On August 3, 1992, the Rehabilitator filed the Plan of Rehabilitation (the "Plan") of Mutual Benefit with the New Jersey Court. On January 15, 1993, the Rehabilitator filed an Amended Plan of Rehabilitation (the "Amended Plan") with the New Jersey Court. The Plan and Amended Plan were not approved by the New Jersey Court in entirety.

On April 28, 1994, the Trustee of the 1985 Series Bonds notified the bondholders that the Trustee executed a Modification Agreement between the Trustee, the Original Developer, and Mutual Benefit on April 21, 1994.

As a result of the Modification Agreement, which required bondholder approval, the Original Developer ceased making semi-annual interest payments pursuant to the current debt service requirements of the note receivable. In lieu of the scheduled semi-annual payments, the Original Developer remitted monthly payments from available cash flow, as defined, to cover debt service requirements, including Base Interest (5.03% per annum), Contingent Interest (1.48% per annum for the first seven years and 3.77% per annum thereafter), and Principal Payments on the note receivable, as defined in the Modification Agreement.

The Modification Agreement, among other things, provided optional methods to restructure the 1985 Series Bonds, refund the 1985 Series Bonds, extend the maturity of the 1985 Series Bonds, or otherwise provide payment to bondholders. The Modification Agreement was subject to approval by the bondholders, although the Original Developer commenced making payments pursuant to the Modification Agreement in 1994.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose (cont'd)

As a result of the rehabilitation proceedings, the guaranty by Mutual Benefit was treated as a general unsecured claim. As a result, the bondholders were awarded a pro rata interest in the stock trust that holds the common stock of a former subsidiary of Mutual Benefit that liquidated.

On October 16, 1995, the Trustee executed settlement documents ("the Settlement Agreements") with, among other parties, the Original Developer, MBL Life Assurance Corporation, and Mutual Benefit. The Settlement Agreements collectively provide for the disposition of the 1985 Series Bonds and/or Project to be accomplished by a prepackaged bankruptcy of the Original Developer. On October 17, 1995, counsel for the Original Developer filed a petition with the Rehabilitation Court seeking approval of the Original Developer to reorganize the debt or dispose of the 1985 Series Bonds and/or Project as described in the Settlement Agreements.

On December 13, 1995, as part of a Prepackaged Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code (the "Prepackaged Plan"), the Authority adopted a Resolution authorizing the issuance of the 1996 Series Multifamily Housing Revenue Refunding Bonds to effect the refinancing of the 1985 Series Bonds. In January 1996, the Prepackaged Plan was filed and provided for the resolution of the bondholders' claims and for the settlement of disputes, litigation, and pending litigation arising from, among other things, defaults of the Original Developer and Mutual Benefit under the 1985 Series Bonds. In March 1996, the Original Developer's Prepackaged Plan was confirmed by the United States Bankruptcy Court.

On May 2, 1996, in connection with the restructuring, \$24,528,181 in Series 1996 A and B Multifamily Housing Revenue Refunding Bonds (the "Series 1996 A Bonds" and the "Series 1996 B Bonds", respectively, and collectively the "1996 Series Bonds") were issued to provide for the refunding of the outstanding principal and interest on the 1985 Series Bonds. On the refunding date, Banyan Bay, Ltd. merged into Consolidated Apartment Ventures, L.P.

On June 18, 1996, also in connection with the restructuring under the Prepackaged Plan, GE-BCC L.P. purchased the 1996 Series Bonds at a discount for the total amount of \$18,479,003 from Mutual Benefit, the former lender and guarantor of the 1985 Series Bonds. GE-BCC L.P. was a limited partnership affiliated with Mutual Benefit and the Developer, and was also the Sole General Partner of GEBAM Tax Exempt, L.P. ("GEBAM") which provides certain services relating to the 1996 Series Bonds.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose (cont'd)

On June 22, 1999, Banyan Bay Apartments was sold to CGL Banyan Bay, L.P., a Delaware limited partnership (the "Developer"), that assumed the financing agreement and the mortgage obligations of the former owner, Consolidated Apartments Venture, L.P. On the same date, the Bonds which were held by GE-BCC L.P. were sold to Merrill Lynch Portfolio Management, Inc., a Delaware corporation.

Note 2 - Summary of Significant Accounting Policies

The 1996 Series Banyan Bay Project Multifamily Housing Revenue Refunding Bond Program Funds (the "Bond Program Funds") were created pursuant to the 1996 Series Bond Resolution, to account for the debt service requirements of the Bond indebtedness, and the redemption of the 1985 Series Bonds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Developer to (a) provide for payment of issuance costs resulting from the issuance of the Bonds described in Note 1, and (b) indemnify the Authority. Such amounts are classified as restricted cash equivalents with a corresponding liability included in deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Other asset/liability

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments and Cash Equivalents

Investments permitted by the Bond Program Funds are governed by certain provisions of the Trust Indenture that includes language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

As of September 30, 2019, the Bond Program Funds had a non-recourse note receivable from the Developer in the amount of \$24,528,181. The Developer is obligated under the loan to make payments which will be sufficient to pay the principal and interest on the 1996 Series Bonds when due. The loan requires monthly payments of interest to be deposited by the Developer.

The principal will be due and payable when payments become due on the 1996 Series Bonds at the maturity or redemption.

The note receivable from the Developer is shown net of an unamortized discount of \$1,320,190 as of September 30, 2019. The discount is associated with the discount recorded upon the refunding of the 1985 Series Bonds and will be amortized over the remaining term of the note receivable from Developer.

The Developer has also agreed to pay all reasonable costs and expenses associated with the 1996 Series Bonds, including Trustee and Authority fees and expenses.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable

In May 1996, the Authority issued \$24,528,181 of Series 1996 A Bonds and Series 1996 B Bonds. The Series 1996 A Bonds were issued in the amount of \$23,000,000 to provide for the refunding of the outstanding principal portion of the 1985 Series Bonds. The Series 1996 B Bonds are taxable bonds and were issued in the amount of \$1,528,181 to provide for the payment of a portion of the accrued and unpaid interest on the 1985 Series Bonds.

The 1996 Series Bonds are due April 1, 2026.

The 1996 Series Bonds shall bear interest at the bond rate that is in effect from time to time in accordance with the Trust Indenture. The Trust Indenture provides for interest to be determined using various methods over specified periods including the Initial Rate Period, the GEBAM Rate Period, and the Floating Rate Period.

The Initial Rate Period was from May 2, 1996 through June 18, 1996. During this period, the 1996 Series Bonds bore interest at a fixed rate of 7.06% per annum. The GEBAM Rate Period became effective June 18, 1996 and remains in effect until the 1996 Series Bonds are sold by GEBAM, an entity for which the Bondholder is the Sole General Partner (see Note 1). During this period, the 1996 Series Bonds shall bear interest at a variable rate determined weekly by an indexing agent and subject to a ceiling and floor with a pay rate and an accrual rate.

The interest calculated at the pay rate shall be payable on the first business day of each calendar month. Amounts calculated under the accrual rate in excess of amounts paid monthly shall be deferred and will continue bearing interest at the variable rate until such amounts are paid, before or on the purchase of the 1996 Series Bonds, as required under the Trust Indenture. The 1996 Series Bonds payable at September 30, 2019 of \$24,528,181 are shown net of an unamortized discount of \$1,320,190 which is being amortized over the remaining life of the 1996 Series Bonds. The interest rate at September 30, 2019 was 7.06%.

Should the 1996 Series Bonds be subsequently purchased in accordance with the provision of the Trust Indenture, the 1996 Series Bonds shall bear interest during the Floating Rate Period at a variable rate payable the first business day of each calendar month as determined by a remarketing agent. The variable rate is subject to conversion to a fixed rate at the election of the Developer. Upon conversion to a fixed rate, the interest shall be payable semi-annually on April 1 and October 1.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 1,760,551	\$ 1,760,551
2021	-	1,755,741	1,755,741
2022	-	1,755,741	1,755,741
2023	-	1,755,741	1,755,741
2024	-	1,760,551	1,760,551
2025-2026	<u>24,528,181</u>	<u>2,775,513</u>	<u>27,303,694</u>
Total	<u>\$ 24,528,181</u>	<u>\$ 11,563,838</u>	<u>\$ 36,092,019</u>

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 24,528,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,528,181</u>	<u>\$ -</u>

The 1996 Series Bonds are subject to redemption, in whole or in part at the option of the Developer from prepayments of the development loan, at prices ranging from 100% to 102% of par value, plus accrued interest to the redemption date. The 1996 Series Bonds are also subject to mandatory redemption upon conversion to a fixed rate or the variable rate during the Floating Rate Period. Further, the Developer shall obtain the prior written consent of the bondholders, or of its affiliates, during the GEBAM Rate Period, for any redemption.

The 1996 Series Bond Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which revenues are to be deposited in these accounts. Debt service on the 1996 Series Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Bond Program Funds (Banyan Bay Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors' Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements	6-12	
 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13-14



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Los Prados Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Los Prados Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Los Prados Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ 10,355
Interest receivable	<u>201,301</u>
Total current assets	<u>211,656</u>

Non-current assets (restricted):

Cash equivalents	237
Other asset	16,061
Note receivable	<u>28,176,175</u>
Total non-current assets (restricted)	<u>28,192,473</u>
Total Assets	<u><u>\$ 28,404,129</u></u>

LIABILITIES

Current liabilities:

Accrued interest payable	\$ 201,301
Other accrued liabilities	26,416
Deposits in escrow	<u>237</u>
Total current liabilities	<u>227,954</u>

Non-current liabilities:

Bonds payable, net	<u>28,176,175</u>
Total non-current liabilities	<u>28,176,175</u>
Total Liabilities	<u>28,404,129</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on mortgage note receivable	\$ 2,629,948
Other income	<u>61,815</u>
Total revenue	<u>2,691,763</u>

Expenses:

Bond interest	2,629,948
General and administrative	<u>61,815</u>
Total expenses	<u>2,691,763</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u>\$ -</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (61,815)
Other cash receipts	<u>62,048</u>
Net cash provided by operating activities	<u>233</u>

Cash flows from non-capital and related financing activities:

Interest on bonds payable	<u>(2,449,161)</u>
Net cash used in non-capital and related financing activities	<u>(2,449,161)</u>

Cash flows from investing activities:

Interest received on note receivable	<u>2,449,161</u>
Net cash provided by investing activities	<u>2,449,161</u>

Change in cash equivalents (Unrestricted)	233
Cash equivalents (Unrestricted), beginning of year	<u>10,122</u>
Cash equivalents (Unrestricted), end of year	<u><u>\$ 10,355</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	2,629,948
Interest income on note receivable	(2,629,948)
Amortization of discount on bonds payable	180,787
Amortization of discount on note receivable	(180,787)
Decrease (increase) in other assets:	
Other assets	233
Restricted cash	(4)
Increase (decrease) in certain liabilities:	
Deposits to escrow	<u>4</u>
Net cash provided by operating activities	<u><u>\$ 233</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 1985 Series Los Prados Project Guaranteed Multifamily Housing Revenue Bonds (the "1985 Series Bonds") were originally issued to finance a loan between the Authority and Lincoln Savings and Loan Association (the "Original Lender"). The Original Lender used the proceeds of the loan to make a development loan to Los Prados, Ltd., a Georgia limited partnership (the "Original Developer"), for the acquisition and construction of a low to moderate income rental housing development (the "Project") in Broward County, Florida. The Original Lender assigned all rights under the development loan to the Authority.

On October 5, 1989, the Original Lender was closed by order of the Office of Thrift Supervision. The Resolution Trust Corporation was appointed as Receiver. The Lincoln Federal Savings and Loan Association (the "New Thrift") was formed. The New Thrift assumed all responsibilities and commitments as lender under this bond program. The Office of the Thrift Supervision appointed the Resolution Trust Corporation as Conservator of the New Thrift.

On April 1, 1991, Mutual Benefit Life Insurance Company ("Mutual Benefit") assumed all responsibilities and commitments as lender under this bond program. Mutual Benefit was also the Guarantor. The 1985 Series Bonds were originally backed by all monies and investments held by The Bank of New York Trust Company (the "Trustee"), payments pursuant to the Lender Loan, the Development Loan and mortgage on the development and a guaranty of the Development Loan by Mutual Benefit.

On July 16, 1991, Mutual Benefit (the "Lender" and "Guarantor") was taken over by the State Insurance Commissioner of New Jersey for the purpose of undergoing rehabilitation.

During 1991, the Trustee of the 1985 Series Bonds was advised that the rating on the 1985 Series Bonds, determined by a review of the Guarantor, had been suspended by Standard and Poor's Corporation. In addition, the remarketing agent for the 1985 Series Bonds notified the Trustee of intent to resign. The resignation became effective upon the appointment of a successor remarketing agent.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose (cont'd)

On December 5, 1991, the Trustee of the 1985 Series Bonds advised the bondholders that the rehabilitation proceedings did not appear to constitute an event of default pursuant to Section 8.01 of the mortgage with the Original Developer unless the Guarantor failed to make a required payment under the 1985 Series Bonds or the Guaranty. As a result, the Trustee did not believe any action could be taken against the Project at that time.

On January 13, 1992, the Trustee of the 1985 Series Bonds notified the bondholders that a Standstill Agreement with the Guarantor's Deputy Rehabilitator had been approved. The Standstill Agreement provided, among other things, that the Original Developer would remit interest payments on a monthly basis rather than semi-annually. The Standstill Agreement expired August 15, 1992 and the Trustee was advised that the Standstill Agreement would not be extended. All payments were made pursuant to the Standstill Agreement.

On August 3, 1992, the Rehabilitator filed the Plan of Rehabilitation (the "Plan") of Mutual Benefit with the New Jersey Court. On January 15, 1993, the Rehabilitator filed an Amended Plan of Rehabilitation (the "Amended Plan") with the New Jersey Court. The Plan and Amended Plan were not approved by the New Jersey Court in entirety.

On April 28, 1994, the Trustee of the 1985 Series Bonds notified the bondholders that the Trustee executed a Modification Agreement between the Trustee, the Original Developer, and Mutual Benefit on April 21, 1994. As a result of the Modification Agreement which required bondholder approval, the Original Developer ceased making semi-annual interest payments pursuant to the current debt service requirements of the note receivable. In lieu of the scheduled semi-annual payments, the Original Developer remitted monthly payments from Available Cash Flow, as defined, to cover debt service requirements, including Base Interest (5.35% per annum), Contingent Interest (1.6% per annum for the first seven years, and 4.01% per annum thereafter), and Principal Payments on the note receivable, as defined in the Modification Agreement.

The Modification Agreement provided, among other things, optional methods to restructure the 1985 Series Bonds, refund the 1985 Series Bonds, extend the maturity of the 1985 Series Bonds, or otherwise provide payment to bondholders. The Modification Agreement was subject to approval by the bondholders. The Original Developer commenced making payments pursuant to the Modification Agreement in 1994.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose (cont'd)

As a result of the rehabilitation proceedings, the guaranty by Mutual Benefit was treated as a general unsecured claim. As such, the bondholders were awarded a pro rata interest in the stock trust which held the common stock of a former subsidiary of Mutual Benefit that was in liquidation.

On October 16, 1995, the Trustee executed settlement documents (the "Settlement Agreements") with, among other parties, the Original Developer, MBL Life Assurance Corporation, and Mutual Benefit. The Settlement Agreements collectively provided for the disposition of the 1985 Series Bonds and/or Project to be accomplished by a prepackaged bankruptcy of the Original Developer. On October 17, 1995, counsel for the Original Developer filed a petition with the Rehabilitation Court seeking approval of the Original Developer's intent to reorganize the debt or dispose of the 1985 Series Bonds and/or the Project as described in the Settlement Agreements.

On December 13, 1995, as part of a Prepackaged Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code (the "Prepackaged Plan"), the Authority adopted a Resolution authorizing the issuance of the 1996 Series Multifamily Housing Revenue Refunding Bonds to effect the refinancing of the 1985 Series Bonds. In January 1996, the Prepackaged Plan was filed and provided for the resolution of the bondholders' claims and for the settlement of disputes, litigation, and pending litigation arising from, among other things, default of the Original Developer and Mutual Benefit under the 1985 Series Bonds. In March 1996, the Original Developer's Prepackaged Plan was confirmed by the United States Bankruptcy Court.

On May 2, 1996, in connection with the restructuring, \$29,351,292 in Series 1996 A and B Multifamily Housing Revenue Refunding Bonds Series 1996 A and B (the "Series 1996 A Bonds" and the "Series 1996 B Bonds," respectively, and collectively the "1996 Series Bonds") were issued to provide for the refunding of the outstanding principal and interest on the 1985 Series Bonds. On the refunding date, Los Prados, Ltd. merged into Consolidated Apartment Ventures, L.P. (the "Developer"). On June 18, 1996, also in connection with the restructuring under the Prepackaged Plan, GE-BCC, L.P. purchased the 1996 Series Bonds from Mutual Benefit, the former lender and guarantor of the 1985 Series Bonds. GE-BCC, L.P. was a limited partnership affiliated with Mutual Benefit and the Developer, and was also the Sole General Partner of GEBAM Tax Exempt, L.P. ("GEBAM") which provides certain services relating to the 1996 Series Bonds.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies

On June 22, 1999, Los Prados Apartments was sold to CGL Los Prados, L.P., a Delaware limited partnership, which assumed the financing agreement and the mortgage obligations of the former owner, Consolidated Apartment Ventures, L.P. On the same date, the 1996 Series Bonds which were held by GE-BCC, L.P. were sold to Merrill Lynch Portfolio Management, Inc., a Delaware corporation.

The 1996 Series Los Prados Project Multifamily Housing Revenue Refunding Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution, to account for the debt service requirements of the 1996 Series Bond indebtedness, and the redemption of the 1985 Bonds. These financial statements reflect only the activities of the funds created pursuant to the Bonds Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Other asset

Other asset represents the cumulative results of operations of the bond issue which may be remitted to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

As of September 30, 2019, the Bond Program Funds had a non-recourse note receivable from the Developer in the amount of \$29,351,292. The Developer is obligated under the loan to make payments which will be sufficient to pay the principal and interest on the 1996 Series Bonds when due. The loan requires monthly payments of interest to be deposited by the Developer. The principal on the 1996 Series Bonds will be due and payable when payments are due at maturity or redemption.

The Note, as of September 30, 2019, is shown net of an unamortized discount of \$1,175,117. The discount is associated with the discount recorded upon the refunding of the 1985 Series Bonds and will be amortized over the remaining life of the Note from the Developer.

The Developer has also agreed to pay all reasonable costs and expenses associated with the 1996 Series Bonds, including Trustee and Authority fees and expenses.

Note 5 - Bonds Payable

In May 1996, the Authority issued \$29,351,292 of the Series 1996 A Bonds and the Series 1996 B Bonds. The Series 1996 A Bonds were issued in the amount of \$26,600,000 to provide for the refunding of the outstanding principal portion of the 1985 Series Bonds. The Series 1996 B Bonds are taxable Bonds and were issued in the amount of \$2,751,292 to provide for the payment of a portion of the accrued unpaid interest on the 1985 Series Bonds. On June 18, 1996, GE-BCC, L.P. purchased the 1996 Series Bonds from Mutual Benefit at a discount in connection with the refunding (see Note 1). The 1996 Series Bonds are due April 1, 2026.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

The 1996 Series Bonds shall bear interest at the bond rate that is in effect from time to time in accordance with the Trust Indenture. The Trust Indenture provides for interest to be determined using various methods over specified periods including the Initial Rate Period, the GEBAM Rate Period, and the Floating Rate Period.

The Initial Rate Period was from May 2, 1996 through June 18, 1996. During this period, the 1996 Series Bonds bore interest at a fixed rate of 8.23% per annum. The GEBAM Rate Period became effective June 18, 1996 and remains in effect until the 1996 Series Bonds are sold by GEBAM, an entity for which the bondholder is the Sole General Partner (see Note 1). During this period, the 1996 Series Bonds shall bear interest at a variable rate, determined weekly by an indexing agent and subject to a ceiling and floor with a pay rate and an accrual rate.

The interest calculated at the pay rate shall be payable on the first business day of each calendar month. Amounts calculated under the accrual rate in excess of amounts paid monthly shall be deferred and will continue bearing interest at the variable rate until such amounts are paid, before or on the purchase of the 1996 Series Bonds as required under the Trust Indenture.

The 1996 Series Bonds payable at September 30, 2019, are shown net of an unamortized discount of \$1,175,117 which is being amortized over the remaining life of the 1996 Series Bonds. At September 30, 2019, the interest rate was approximately 8.23%.

Should the 1996 Series Bonds be subsequently purchased in accordance with the provisions of the Trust Indenture, the 1996 Series Bonds shall bear interest during the Floating Rate Period at a variable rate payable the first business day of each calendar month as determined by a remarketing agent. The variable rate is subject to conversion to a fixed rate at the election of the Developer. Upon conversion to a fixed rate, the interest shall be payable semi-annually on April 1 and October 1.

The 1996 Series Bonds are subject to redemption, in whole or in part at the option of the Developer from prepayments of the development loan at prices ranging from 100% to 102% of par value, plus accrued interest to the redemption date. The 1996 Series Bonds are also subject to mandatory redemption upon conversion to a fixed rate or the variable rate during the Floating Rate Period. Further, the Developer shall obtain the prior written consent of the bondholder or of its affiliates, during the GEBAM Rate Period, for any redemption.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 2,455,872	\$ 2,455,872
2021	-	2,449,162	2,449,162
2022	-	2,449,162	2,449,162
2023	-	2,449,162	2,449,162
2024	-	2,455,872	2,455,872
2025-2026	<u>29,351,292</u>	<u>3,871,688</u>	<u>33,222,980</u>
Total	<u>\$ 29,351,292</u>	<u>\$ 16,130,918</u>	<u>\$ 45,482,210</u>

The 1996 Series Bond Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which program revenues are to be deposited in the accounts. Debt service on the 1996 Series Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 29,351,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,351,292</u>	<u>\$ -</u>

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds (Los Prados Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors' Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements	6-10	
 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		11-12



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 1998 Series A and B Multifamily Housing Revenue Bond Program Funds (Prospect Park Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 1998 Series A and B Multifamily Housing Revenue Bond Program Funds (Prospect Park Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 1998 Series A and B Multifamily Housing Revenue Bond Program Funds (Prospect Park Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ 89,901
Interest receivable	<u>21,369</u>
Total current assets	<u>111,270</u>

Non-current assets (restricted):

Cash equivalents	55,960
Loan receivable	<u>4,570,761</u>
Total non-current assets (restricted)	<u>4,626,721</u>
Total Assets	<u>4,737,991</u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	41,710
Bonds payable - current portion	<u>115,000</u>
Total current liabilities	<u>156,710</u>

Non-current liabilities:

Other liabilities	95,321
Deposits in escrow	55,960
Bonds payable	<u>4,430,000</u>
Total non-current liabilities	<u>4,581,281</u>
Total Liabilities	<u>4,737,991</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 264,303
Net increase in fair value of long-term financial instruments	692
Other income	<u>16,317</u>
Total revenue	<u>281,312</u>

Expenses:

Bond interest	254,082
General and administrative	<u>27,230</u>
Total expenses	<u>281,312</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u>\$ -</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (27,230)
Other cash receipts	<u>26,018</u>
Net cash used in operating activities	<u>(1,212)</u>

Capital and related financing activities:

Interest payments on bonds payable	(255,174)
Principal payments on bonds payable	<u>(120,000)</u>
Net cash used in capital and related financing activities	<u>(375,174)</u>

Cash flows from investing activities:

Interest received on financial instruments	263,392
Principal paydown on financial instruments	<u>117,676</u>
Net cash provided by investing activities	<u>381,068</u>

Increase in cash and cash equivalents (Unrestricted)	4,682
Cash and cash equivalents (Unrestricted), beginning of year	<u>85,219</u>
Cash and cash equivalents (Unrestricted), end of year	<u>\$ 89,901</u>

Reconciliation of change in net position to net cash provided by (used in) operating activities:

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	254,082
Interest income on financial instruments	(264,303)
Net decrease in fair value of long-term financial instruments	(692)
Decrease (increase) in certain assets:	
Restricted cash	(1,064)
Increase (decrease) in certain liabilities:	
Deposits in escrow	1,064
Other liabilities	<u>9,701</u>
Net cash used in operating activities	<u>\$ (1,212)</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 1998 Series A and B Multifamily Housing Revenue Bonds (Prospect Park Project) (the "Bonds") were issued in the amount of \$6,000,000 to finance construction of a 125-unit multifamily rental housing development (the "Project") in Broward County, Florida, by Prospect Park Housing Associates, Ltd., a Florida limited partnership (the "Developer").

Such financing is accomplished in part through The Bank of New York Trust Company's (the "Trustee") acquisition of a fully-modified mortgaged backed security by the Government National Mortgage Association (the "GNMA Certificate"), issued by Reilly Mortgage Group, Inc. (the "Lender"), which guarantees timely payment of principal and interest by GNMA. The proceeds of the 1998 Bonds used to acquire the GNMA Certificate were used by the Lender to make a mortgage loan (the "Loan Receivable") to the Developer. The Loan Receivable is evidenced by a nonrecourse note (the "Note") secured by a mortgage (the "Mortgage"). Two types of GNMA Certificates were issued by the Lender in connection with the financing of the Project: (a) Construction Loan Certificates ("CLCs") which were issued with respect to the construction loan advances under the Loan Receivable, and (b) a Permanent Loan Certificate ("PLC") which was issued with respect to the permanent Loan Receivable.

The Bonds are backed by the payments pursuant to the Loan Receivable, all the amounts held by the Trustee, and payments under the GNMA Certificate.

Note 2 - Summary of Significant Accounting Policies

The 1998 Series A and B Prospect Park Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the loan to the Developer made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represent amounts held by the Trustee and received from the Developer to provide for a reserve for the indemnification of the Authority. Such amounts are classified as restricted cash with a corresponding liability included in deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other liabilities

Other liabilities represent the cumulative results of operations of the bond issue which may be remitted to the Developer upon maturity of the bond program fund. The Developer has agreed to pay all reasonable costs and expenses associated with the Bonds, including Trustee and Authority fees and expenses.

Net position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Upon redemption of the Bonds, any remaining assets will be refunded to the Authority for use in future issues.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in the money market accounts held by the Trustee.

Investment risk

The Bond Program Funds investment policy includes language that limits credit and custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk as defined in GASB Statement No. 40. The GNMA Certificates are collateralized and insured and are not subject to credit and custodial risk, concentration of credit risk, interest rate risk or foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Fair Value Measurements

The Authority's financial instruments measured and reported at fair value are classified according to the following hierarchy:

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

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

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

The categorization of financial instruments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The Loan Receivable classified in Level 2 of the fair value hierarchy is valued using prices quoted in active markets for similar securities.

	<u>Level 2</u>
Loan Receivable	<u>\$4,570,761</u>
Total financial instruments by fair value level	<u>\$4,570,761</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 4 - Fair Value Measurements (cont'd)

As of September 30, 2019, the financial instrument reported at fair value consists of a GNMA Pass-Through Certificate evidenced by the Loan Receivable with the Developer. The GNMA Pass-Through Certificate bears interest at 0.25% less than the interest rate on the Loan Receivable, which bears interest at 5.863%. GNMA is obligated under the GNMA Pass-Through Certificate to make payments of principal and interest corresponding to the required payments under the Loan Receivable. The Loan Receivable requires the Developer to make monthly payments corresponding to the required payments sufficient to pay interest and principal on the Bonds when due to the mortgage lender, Reilly Mortgage Group, Inc.

The contractual maturity of the GNMA Pass-Through Certificate is August 1, 2039. The actual maturity may differ from contractual maturity due to the Developer having the right to call or prepay the obligation without a prepayment penalty.

Note 5 - Bonds Payable

In March 1998, the Authority issued \$6,000,000 in Bonds.

The following is a summary of the outstanding Bonds at September 30, 2019:

Term Bonds Series A, bearing interest at 5.45%, payable semi-annually; with principal amounts maturing semi-annually commencing February 1, 2017, with final maturity on August 1, 2028.	\$ 1,345,000
Term Bonds Series A, bearing interest at 5.53% payable semi-annually; with principal amounts maturing semi-annually commencing February 1, 2029, with final maturity on August 1, 2039.	<u>3,200,000</u>
	<u>\$ 4,545,000</u>

The Bonds are subject to redemption at par, in part or in whole, from GNMA Certificate principal prepayments, excess revenues, and mandatory sinking fund payments.

The Bonds are subject to redemption at the option of the Authority under direction of the Developer from the prepayment of the entire mortgage on or after February 1, 2008, at prices ranging from 100% to 102% of par value, plus accrued interest to the redemption date.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1998 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PROSPECT PARK PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 115,000	\$ 248,764	\$ 363,764
2021	125,000	242,360	367,360
2022	135,000	235,411	370,411
2023	145,000	227,918	372,918
2024	150,000	219,879	369,879
2025 - 2029	865,000	967,330	1,832,330
2030 - 2034	1,220,000	692,494	1,912,494
2035 - 2039	<u>1,790,000</u>	<u>286,453</u>	<u>2,076,453</u>
Total	<u>\$ 4,545,000</u>	<u>\$ 3,120,609</u>	<u>\$ 7,665,609</u>

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 4,665,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ 4,545,000</u>	<u>\$ 115,000</u>

The Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which program revenues are to be deposited in the accounts. Debt service on the Bonds and the related expenses are paid through these accounts, which are managed by the Trustee.

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued.

On November 25, 2019, the Bonds were called for full redemption.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 1998 Series A and B Multifamily Housing Revenue Bond Program Funds (Prospect Park Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
SEPTEMBER 30, 2019**

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors’ Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements	6-8	
 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		9-10



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2000 Series Multifamily Housing Revenue Bond Program Funds (Summerlake Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2000 Series Multifamily Housing Revenue Bond Program Funds (Summerlake Apartments Project) (as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2000 Series Multifamily Housing Revenue Bond Program Funds (Summerlake Apartments Project) (internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ 63,327
Total current assets	<u>63,327</u>
Total Assets	<u>63,327</u>

LIABILITIES

Current liabilities:

Other accrued liabilities	<u>11,249</u>
Total current liabilities	<u>11,249</u>

Non-current liabilities:

Deposits in escrow	51,235
Other liabilities	<u>843</u>
Total non-current liabilities	<u>52,078</u>
Total Liabilities	<u>63,327</u>

NET POSITION

\$ -

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income	\$ 285,828
Other income	<u>44,655</u>
Total revenue	<u>330,483</u>

Expenses:

Bond interest	307,507
General and administrative	<u>22,976</u>
Total expenses	<u>330,483</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (16,823)
Other cash receipts	<u>92,840</u>
Net cash provided by operating activities	<u>76,017</u>

Cash flows from investing activities:

Interest received on note receivable	316,502
Principal paydown on note receivable	<u>4,697,402</u>
Net cash provided by investing activities	<u>5,013,904</u>

Cash flows from non-capital and related financing activities:

Interest on bonds payable	(336,476)
Principal payments on bonds payable	<u>(4,697,533)</u>
Net cash used in non-capital and related financing activities	<u>(5,034,009)</u>

Increase in cash equivalents (Unrestricted)	55,912
Cash and cash equivalents (Unrestricted), beginning of year	<u>7,415</u>
Cash and cash equivalents (Unrestricted), end of year	<u>\$ 63,327</u>

Reconciliation of change in net position to net cash provided by (used in) operating activities:

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	307,507
Interest income on note receivable	(285,828)
Decrease (increase) in certain assets:	
Restricted cash	320,217
Other assets	(3,050)
Increase (decrease) in certain liabilities:	
Accrued liabilities	6,153
Deposits in escrow	<u>(268,982)</u>
Net cash provided by operating activities	<u>\$ 76,017</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2000 Series Multifamily Housing Revenue Bonds (Summerlake Apartments Project) (the "Bonds") were issued in the amount of \$5,600,000 to provide funds for a loan (the "Loan") between the Authority and Summerlake Apartments, Ltd., a Florida limited partnership (the "Developer"), for the purpose of financing the construction of 108 residential rental apartment units (the "Project") in Broward County, Florida.

The Bonds are backed by the payments pursuant to the Loan Agreement, and all amounts held by The Bank of New York Trust Company (the "Trustee").

Note 2 - Summary of Significant Accounting Policies

The 2000 Series Summerlake Apartments Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the 2000 Series Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Loan to the Developer made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Developer for (a) bond issuance costs, (b) an indemnity deposit in the event of a default, (c) construction equity, (d) replacement reserves, and (e) property taxes and insurance. Such amounts are classified as restricted cash equivalents, with a corresponding liability included in deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other liability

Other liability represents the cumulative results of operations of the bond issue which is due from the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2000 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(SUMMERLAKE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 4 - Note Receivable From Developer

As of September 30, 2019, the 2000 Summerlake Apartments Project Bond Program Funds had a note receivable (the "Note") from the Developer. The Note is made pursuant to the Loan Agreement. The Developer is obligated under the Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds. The Loan Agreement requires monthly payments (per the amortization schedule) to be made by the Developer by depositing the principal due by the next succeeding Bond Payment Date commencing April 1, 2002, and thereafter, and the interest due on the next Interest Payment Date commencing on the first month after Bond closing. The payments required from the Developer are net of interest earned on investments. Gross interest earned on the Note for the year ended September 30, 2019 was \$285,828.

In addition, the Developer has agreed to pay all reasonable costs, fees, and expenses associated with the Bonds, according to certain time schedules as described in the Loan Agreement.

Note 5 - Bonds Payable

In March 2000, the Authority issued \$5,600,000 of 2000 Series Tax Exempt Term Bonds.

The Bonds were redeemed in full on August 22, 2019.

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 4,697,533	\$ -	\$ (4,697,533)	\$ -	\$ -

The Trust Indenture established certain accounts held by the Trustee and determined the order in which program revenues are to be deposited in these accounts. Debt service on the Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2000 Series Multifamily Housing Revenue Bond Program Funds (Summerlake Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
SEPTEMBER 30, 2019**

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors' Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements	6-10	
 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		11-12



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Colonial Park Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Colonial Park Apartments Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Colonial Park Apartments Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ 9,908
Interest receivable	44,004
Due from developer	<u>22,277</u>
Total current assets	<u>76,189</u>

Non-current assets (restricted):

Cash equivalents	510,835
Note receivable	<u>7,543,564</u>
Total non-current assets	<u>8,054,399</u>
Total Assets	<u><u>\$ 8,130,588</u></u>

LIABILITIES AND RETAINED EARNINGS

Current liabilities:

Accrued bond interest payable	\$ 44,004
Other accrued liabilities	32,185
Deposits in escrow	510,835
Bonds payable	<u>116,440</u>
Total current liabilities	<u>703,464</u>

Non-current liabilities:

Bonds payable	<u>7,427,124</u>
Total non-current liabilities	<u>7,427,124</u>
Total Liabilities	<u>8,130,588</u>

NET POSITION

\$ -

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 531,577
Other income	<u>151,105</u>
Total revenue	<u>682,682</u>

Expenses:

Bond interest	531,577
General and administrative	<u>151,105</u>
Total expenses	<u>682,682</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (151,158)
Other cash receipts	<u>151,353</u>
Net cash provided by operating activities	<u>195</u>

Cash flows from investing activities:

Interest received on note receivable	532,211
Principal paydown on note receivable from developer	<u>108,589</u>
Net cash provided by investing activities	<u>640,800</u>

Cash flows from non-capital and related financing activities:

Interest payments on bonds payable	(532,211)
Principal payments on bonds payable	<u>(108,589)</u>
Net cash used in non-capital and related financing activities	<u>(640,800)</u>

Change in cash equivalents (Unrestricted)	195
Cash equivalents (Unrestricted), beginning of year	<u>9,713</u>
Cash equivalents (Unrestricted), end of year	<u>\$ 9,908</u>

Reconciliation of change in net position to net cash provided by (used in) operating activities:

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	531,577
Interest income on note receivable	(531,577)
Decrease (increase) in certain assets:	
Restricted cash equivalents	82,034
Other assets	248
Increase (decrease) in certain liabilities:	
Accrued liabilities	(52)
Deposits in escrow	<u>(82,034)</u>
Net cash provided by operating activities	<u>\$ 195</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2002 Series A and B Multifamily Housing Revenue Bonds (Colonial Park Apartments Project) (the "Bonds") were issued to provide funds for a loan (the "Loan") between the Authority and Reflections Housing Limited Partnership, a Florida limited partnership (the "Developer"), for the purpose of financing the acquisition and construction of 160 residential rental apartment units (the "Project") in Broward County, Florida.

Pursuant to the terms of the Loan Agreement, the Developer has executed and delivered a promissory note (the "Note") in the amount of \$8,575,000, payable to the Authority, due June 1, 2044. As security for the payments required to be made by the Developer to the Authority under the Note, the Developer has agreed to grant the Authority a first priority mortgage and security interest in the premises and the Project.

Note 2 - Summary of Significant Accounting Policies

The 2002 Series A and B Colonial Park Apartments Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Note made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Bank of New York Trust Company (the "Trustee") and received from the Developer to (a) indemnify the Authority, (b) provide for the required equity funds, (c) provide for replacement reserves, and (d) pay taxes and insurance. Such amounts are classified as restricted cash equivalents with a corresponding liability recorded as deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other asset/liability

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

The Authority has assigned all rights to the Note from the Developer to the 2002 Series A and B Colonial Park Apartments Project Program Funds. The terms of this Note require the Developer to pay sufficient amounts into the trust accounts to pay principal, premium (if any), and interest on the Bonds, and certain fees and expenses as provided in the Trust Indenture, net of amounts held in the related reserve accounts.

The payments required from the Developer are net of interest earned on investments from reserves and undisbursed project funds. Gross interest earned on the Note for the year was \$531,577. The Developer's obligation to make such payments is limited and payable solely from the Development Loan proceeds, related interest earned therefrom, and revenues derived from operation or sale of the Project. This obligation is collateralized by a mortgage on the Project, and on assignment of related leases and rents.

The Project completed construction in July 2003 and received its Certificate of Occupancy. Accordingly, the aforementioned assignment of leases and rents is a future event that is contingent on attracting viable tenants.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable

The following is a summary of the Bonds outstanding at September 30, 2019:

\$8,200,000, Term Bonds, bearing interest at 7.5% until August 31, 2003 and 7.0% thereafter, payable monthly; maturing in varying installments beginning April 1, 2012, with final maturity on June 1, 2044. \$ 7,543,564

The Bonds are subject to mandatory redemption on the first Interest Payment Date for which notice can be given following receipt of the Certificate of Occupancy indicating the Project completion date, in whole or in part, from proceeds of the Bonds remaining in the Bonds Proceeds Sub-account.

The Bonds are backed by the payments pursuant to the Loan Agreement, and the amounts held by the Trustee.

Prior to maturity, on any Interest Payment Date on or after June 1, 2019, the Bonds are subject to optional redemption, in whole or in part from prepayments of the Loan by the Developer at a redemption price equal to the principal amount, plus accrued interest to the date fixed for redemption.

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 116,440	\$ 524,361	\$ 640,801
2021	124,856	515,943	640,799
2022	133,881	506,918	640,799
2023	143,560	497,239	640,799
2024	153,939	486,861	640,800
2025 - 2029	953,607	2,250,393	3,204,000
2030 - 2034	1,351,856	1,852,145	3,204,001
2035 - 2039	1,916,423	1,287,576	3,203,999
2040 - 2044	<u>2,649,002</u>	<u>486,547</u>	<u>3,135,549</u>
Total	<u>\$ 7,543,564</u>	<u>\$ 8,407,983</u>	<u>\$ 15,951,547</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(COLONIAL PARK APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 7,652,153	\$ -	\$ (108,589)	\$ 7,543,564	\$ 116,440

The Trust Indenture established certain reserve accounts and determined the order in which revenues are to be deposited in these accounts. Debt service on the Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 6 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued.

On June 4, 2020, the Bonds were called for full redemption.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Colonial Park Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY
OF BROWARD COUNTY
2019 FINANCIAL REPORTS
VOLUME II**

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
2019 FINANCIAL REPORTS
VOLUME II**

INDEX

MULTIFAMILY ISSUES

2002 SERIES MERIDIAN APARTMENTS PROJECT

2004 SERIES CYPRESS GROVE APARTMENTS PROJECT

2004 SERIES PINNACLE VILLAGE APARTMENTS PROJECT

2006 SERIES WOODSDALE OAKS APARTMENTS PROJECT

2008 SERIES DRIFTWOOD TERRACE APARTMENTS PROJECT

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
SEPTEMBER 30, 2019**

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors' Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements	6-9	
 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		10-11



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ <u>7,799</u>
Total current assets	<u>7,799</u>

Non-current assets (restricted):

Cash equivalents	447,633
Note receivable	<u>7,848,535</u>
Total non-current assets (restricted)	<u>8,296,168</u>
Total Assets	<u><u>\$ 8,303,967</u></u>

LIABILITIES

Current liabilities:

Bonds payable	\$ <u>88,887</u>
Total current liabilities	<u>88,887</u>

Non-current liabilities:

Deposits in escrow	447,633
Other liabilities	7,799
Bonds payable	<u>7,759,648</u>
Total non-current liabilities	<u>8,215,080</u>
Total Liabilities	<u>8,303,967</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 552,574
Other income	<u>33,427</u>
Total revenue	<u>586,001</u>

Expenses:

Bond interest	552,574
General and administrative	<u>33,427</u>
Total expenses	<u>586,001</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u>\$ -</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (33,427)
Other cash receipts	<u>33,099</u>
Net cash used in operating activities	<u>(328)</u>

Cash flows from investing activities:

Interest received on note receivable	552,574
Principal paydowns on note receivable	<u>82,894</u>
Net cash provided by investing activities	<u>635,468</u>

Cash flows from non-capital and related financing activities:

Interest payments on bonds payable	(552,574)
Principal payments on bonds payable	<u>(82,894)</u>
Net cash used in non-capital and related financing activities	<u>(635,468)</u>

Decrease in cash equivalents (Unrestricted)	(328)
Cash equivalents (Unrestricted), beginning of year	<u>8,127</u>
Cash equivalents (Unrestricted), end of year	<u><u>\$ 7,799</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities:

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	552,574
Interest income on note receivable	(552,574)
Decrease (increase) in certain assets:	
Restricted cash equivalents	(36,096)
Increase (decrease) in certain liabilities:	
Deposits in escrow	36,096
Other liabilities	<u>(328)</u>
Net cash used in operating activities	<u><u>\$ (328)</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2002 Series A and B Multifamily Housing Revenue Bonds (Meridian Apartments Project) (the "Bonds") were issued to provide funds for a loan (the "Loan") between the Authority and Meridian Housing Limited Partnership, a Florida limited partnership (the "Developer"), for the purpose of financing the acquisition and construction of 160 residential rental apartment units (the "Project") in Broward County, Florida.

Pursuant to the terms of the Loan Agreement, the Developer has executed and delivered a promissory note (the "Note") in the amount of \$8,630,000, payable to the Authority, due April 1, 2044. As security for the payments required to be made by the Developer to the Authority under the Note, the Developer has agreed to grant the Authority a first priority mortgage and security interest in the premises and the Project.

The Bonds are backed by the payments pursuant to the Loan Agreement, and all the amounts held by The Bank of New York Trust Company (the "Trustee").

Note 2 - Summary of Significant Accounting Policies

The 2002 Series A and B Meridian Apartments Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the 2002 Series Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Note made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Developer to (a) indemnify the Authority, (b) pay taxes and insurance, and (c) provide for the required equity funds. Such amounts are classified as restricted cash, with a corresponding liability recorded as deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other liabilities

Other liabilities represent the cumulative results of operations of the bond issue which is due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Investments and Cash Equivalents (cont'd)

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

The 2002 Series A and B Meridian Apartments Project Program Funds have been assigned from the Lender, all rights to the note receivable from the Developer. The terms of the Note require the Developer to pay amounts which, when combined with amounts held in the reserve accounts, will be sufficient to pay principal, premium (if any), and interest on the Bonds, and certain fees and expenses as provided in the Trust Indenture.

The payments required from the Developer are net of interest earned on investments. Gross interest earned on the Loan for the year ended September 30, 2019 was \$552,574. The Developer's obligation to make such payments is a limited obligation of the Developer, payable solely from the Development Loan and the revenues therefrom. The Developer's obligation to make payments required by the Development Loan is collateralized by a mortgage on the Project.

Any assignment of leases and rents is contingent on the attraction of viable tenants.

Note 5 - Bonds Payable

The following is a summary of the outstanding Bonds at September 30, 2019:

\$8,255,000, Term Bonds, bearing interest at 7.5% until June 30, 2003 and 7.0% thereafter, payable monthly, maturing in varying installments beginning January 1, 2014, with final maturity on April 1, 2044. \$ 7,848,535

The Bonds are subject to mandatory redemption on the first Interest Payment Date for which notice can be given following receipt of the Certificate of Occupancy indicating the Project completion date, in whole or in part, from proceeds of the Bonds remaining in the Bonds Proceeds Sub-account.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

Prior to maturity, on any Interest Payment Date on or after May 1, 2019, the Bonds are subject to optional redemption, in whole, but not in part, from prepayments of the Loan by the Developer at a redemption price equal to the principal amount, plus accrued interest to the date fixed for redemption.

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 88,887	\$ 546,582	\$ 635,469
2021	95,312	540,156	635,468
2022	102,202	533,266	635,468
2023	109,591	525,878	635,469
2024	117,513	517,955	635,468
2025 - 2029	727,958	2,449,384	3,177,342
2030 - 2034	1,031,971	2,145,370	3,177,341
2035 - 2039	1,462,948	1,714,393	3,177,341
2040 - 2044	<u>4,112,153</u>	<u>1,040,435</u>	<u>5,152,588</u>
Total	<u>\$ 7,848,535</u>	<u>\$ 10,013,419</u>	<u>\$ 17,861,954</u>

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 7,931,429</u>	<u>\$ -</u>	<u>\$ (82,894)</u>	<u>\$ 7,848,535</u>	<u>\$ 88,887</u>

The Trust Indenture established certain accounts held by the Trustee and determined the order in which program revenues are to be deposited in these accounts. Debt service on the Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued.

On April 1, 2020, the Bonds were called for full redemption.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2004 SERIES A & B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditors' Report	1-2
 Financial Statements	
Statement of Net Position	3
Statement of Revenue, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 271,036
Interest receivable	<u>35,430</u>
Total current assets	<u>306,466</u>

Non-current assets (restricted):

Restricted cash equivalents	108,109
Note receivable	<u>34,407,168</u>
Total non-current assets (restricted)	<u>34,515,277</u>
Total Assets	<u><u>\$ 34,821,743</u></u>

LIABILITIES

Current liabilities:

Accrued interest payable	\$ 35,430
Other accrued liabilities	<u>9,829</u>
Total current liabilities	<u>45,259</u>

Non-current liabilities:

Deposits in escrow	108,109
Other liabilities	268,375
Bonds payable	<u>34,400,000</u>
Total non-current liabilities	<u>34,776,484</u>
Total Liabilities	<u><u>34,821,743</u></u>

NET POSITION

\$ -

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 486,698
Other income	<u>110,286</u>
Total revenue	<u>596,984</u>

Expenses:

Bond interest	486,698
General and administrative	<u>110,286</u>
Total expenses	<u>596,984</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (110,346)
Other cash receipts	<u>116,853</u>
Net cash provided by (used in) operating activities	<u>6,507</u>

Cash flows from investing activities:

Interest received on note receivable	490,636
Principal paydown on note receivable from developer	<u>598,294</u>
Net cash provided by investing activities	<u>1,088,930</u>

Cash flows from non-capital and related financing activities:

Interest payments on bonds payable	(490,636)
Principal payments on bonds payable	<u>(600,000)</u>
Net cash used in non-capital and related financing activities	<u>(1,090,636)</u>

Increase in cash and cash equivalents (Unrestricted)	4,801
Cash and cash equivalents (Unrestricted), beginning of year	<u>266,235</u>
Cash and cash equivalents (Unrestricted), end of year	<u>\$ 271,036</u>

Reconciliation of change in net position to net cash provided by (used in) operating activities:

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	486,698
Interest income on note receivable	(486,698)
Decrease (increase) in certain assets:	
Restricted cash	(2,056)
Prepaid expense	6,525
Increase (decrease) in certain liabilities:	
Accrued liabilities	(60)
Deposits in escrow	2,056
Other liabilities	<u>42</u>
Net cash provided by operating activities	<u>\$ 6,507</u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the Authority, the State of Florida, or any political subdivision thereof.

The 2004 Series A and B Multifamily Housing Revenue Bonds (Cypress Grove Apartments Project) (the "Bonds") were issued in the amount of \$37,500,000 to provide, among other things, money to fund a loan (the "Loan") to Reliance-Cypress Grove Associates, Ltd., a Florida limited partnership (the "Developer"). The Developer used the proceeds of the Loan to pay for the costs for the acquisition, construction, and rehabilitation of an 814-unit multifamily rental housing development located in the City of Lauderhill, Broward County, Florida (the "Project"). The "Loan" to the "Developer" is pursuant to a Loan Agreement (the "Loan Agreement") dated September 1, 2004 between the Authority and the Developer.

On September 1, 2004, the Developer entered into a Payment and Standby Purchase Agreement (the "Agreement") with AIG SunAmerica Life Assurance Company (the "Initial Credit Provider"). The Agreement provides for draws by The Bank of New York Trust Company (the "Trustee") sufficient to pay principal and interest on the Bonds. The payment obligations of the Credit Provider under the Credit Facility are further guaranteed by American International Group, Inc. (the "Guarantor") pursuant to a Guarantee delivered by the Guarantor.

Payments of principal and interest on the Bonds, including any payments to be made with respect to an optional or mandatory redemption of the Bonds are backed by all the amounts held by the Trustee, payments pursuant to a mortgage securing the Loan, Assignment of Rents and Security Agreement, the Financing Agreement, and the Standby Purchase Agreement which was assigned to the Trustee for the benefit of the owners or purchasers of the Bonds. The Developer is also responsible for payment of fees and expenses associated with the Bonds.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies

The 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the loan to the Developer made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash and cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Developer to (a) provide for payment of issuance costs resulting from the issuance of the Bonds described in Note 1, and (b) indemnify the Authority. Such amounts are classified as restricted cash equivalents with a corresponding liability included in deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Other liability

Other liability represents the cumulative results of operations of the bond issue which may be remitted to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments, Cash and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Deposits

Public deposits in the State of Florida are collateralized under the provisions of Chapter 280, *Florida Statutes*. Losses to public depositors are covered by the sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Included in cash and cash equivalents are deposits which are deemed insured and, therefore, not subject to credit risk.

Note 4 - Mortgage Loan Receivable from Developer

As of September 30, 2019, the 2004 A and B Bond Program Funds had a mortgage loan receivable from the Developer. The terms of the Loan Agreement require the Developer to pay amounts which will be sufficient to pay interest and principal, when due, on the Bonds. The payments required from the Developer are secured by a Credit Facility.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable

As of September 30, 2019, \$34,400,000 of the Bonds was outstanding. The Bonds shall mature on September 1, 2037, or earlier on the demand of the owner(s) thereof, on each Optional or Mandatory Tender Date.

The Bonds shall initially bear interest at a Weekly Rate, as determined weekly by a remarketing agent. The interest rate is subject to conversion to a Commercial Paper Rate or a Fixed Rate at the option of the Developer subject to the consent of the Initial Credit Provider. At September 30, 2019, the interest rate for the Series A Bonds was 1.620% and the rate for the Series B Bonds was 6.850%. The Bonds are subject to mandatory tender for purchase pursuant to the conditions set forth in the Trust Indenture. The Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which Bond proceeds and program revenues are to be deposited in these accounts. Debt service on the Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

The Bonds are subject to optional or mandatory tender redemption, and purchase in lieu of redemption prior to their stated maturity. In addition, the maturity of the Bonds may be accelerated upon the occurrence of certain conditions described in the Trust Indenture.

The following is a summary of the outstanding bonds at September 30, 2019:

Series A

\$33,230,000, Term Bonds bearing interest at a weekly rate determined by remarketing agent, with a final maturity on September 1, 2037.	\$ 30,130,000
---	---------------

Series B

\$4,270,000, Term Bonds bearing interest at a weekly rate determined by remarketing agent, with a final maturity on September 1, 2037.	<u>4,270,000</u>
	<u><u>\$ 34,400,000</u></u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 781,314	\$ 781,314
2021	-	779,888	779,888
2022	-	780,601	780,601
2023	-	780,601	780,601
2024	-	781,133	781,133
2025 - 2029	-	3,902,473	3,902,473
2030 - 2034	-	3,903,005	3,903,005
2035 - 2037	<u>34,400,000</u>	<u>2,341,803</u>	<u>36,741,803</u>
Total	<u>\$ 34,400,000</u>	<u>\$ 14,050,818</u>	<u>\$ 48,450,818</u>

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 35,000,000</u>	<u>\$ -</u>	<u>\$ (600,000)</u>	<u>\$ 34,400,000</u>	<u>\$ -</u>

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued.

On March 1, 2020, the Bonds were called for full redemption.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
SEPTEMBER 30, 2019**

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors’ Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements.....	6-9	
 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		10-11



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Interest receivable	\$ 3,403
Total current assets	<u>3,403</u>

Non-current assets (restricted):

Cash and cash equivalents	726,197
Due from developer	19,817
Notes receivable	<u>5,383,333</u>
Total non-current assets (restricted)	<u>6,129,347</u>
Total Assets	<u><u>\$ 6,132,750</u></u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	\$ 3,403
Other accrued liabilities	3,150
Bonds payable	<u>200,000</u>
Total current liabilities	<u>206,553</u>

Non-current liabilities:

Deposits in escrow	726,197
Bonds payable	<u>5,200,000</u>
Total non-current liabilities	<u>5,926,197</u>
Total Liabilities	<u>6,132,750</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 88,862
Other income	<u>33,058</u>
Total revenue	<u>121,920</u>

Expenses:

Bond interest	88,862
General and administrative	<u>33,058</u>
Total expenses	<u>121,920</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (33,029)
Cash received from developer	<u>33,029</u>
Net cash provided by (used in) operating activities	<u>-</u>

Cash flows from investing activities:

Interest received on note receivable	89,097
Principal paydowns on note receivable	<u>200,000</u>
Net cash provided by investing activities	<u>289,097</u>

Cash flows from non-capital and related financing activities:

Interest payments on bonds payable	(89,097)
Principal payments on bonds payable	<u>(200,000)</u>
Net cash used in non-capital and related financing activities	<u>(289,097)</u>

Change in cash and cash equivalents (Unrestricted)	-
Cash and cash equivalents (Unrestricted), beginning of year	<u>-</u>
Cash and cash equivalents (Unrestricted), end of year	<u><u>\$ -</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	88,862
Interest income on note receivable	(88,862)
Decrease (increase) in certain assets:	
Restricted cash equivalents	(25,642)
Other asset	(29)
Increase (decrease) in certain liabilities:	
Accrued liabilities	29
Deposits in escrow	<u>25,642</u>
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159, *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the Authority, the State of Florida, or any political subdivision thereof.

The 2004 Series Multifamily Housing Revenue Bonds (Pinnacle Village Apartments Project) (the "Bonds") were issued in the amount of \$9,200,000 to provide, among other things, money to fund a loan ("the Loan") to Pinnacle Village, Ltd., a Florida limited partnership (the "Developer"). The Developer used the proceeds of the Loan to pay for the costs for the acquisition, construction, and equipping of twenty-two (22) townhouse style and ground floor flat residential buildings containing 148 units (the "Project") in Broward County, Florida. The Lender has assigned all rights under the Loan to the Authority.

On June 23, 2004, the Developer entered into an Irrevocable Direct-Pay Letter of Credit Agreement (the "Agreement") with Citibank, Federal Savings Bank. The Agreement provides for draws by The Bank of New York Trust Company (the "Trustee") not to exceed \$9,200,000, and it expires June 24, 2021. The Developer entered into a Reimbursement Agreement to reimburse Citibank for drawings made under the Letter of Credit. (Also see Note 5, "Bonds Payable.")

The Bonds are backed by all the amounts held by the Trustee, payments pursuant to a mortgage securing the Loan, Assignment of Rents and Security Agreement, the Financing Agreement, and the Reimbursement Agreement. The Developer is also responsible for payment of fees and expenses associated with the Bonds. Payments of principal and interest on the Bonds, including any payments to be made with respect to an optional or mandatory redemption of the Bonds are secured by the irrevocable direct-pay letter of credit (the "Agreement") issued to the Trustee for the benefit of holders of the Bonds.

Note 2 - Summary of Significant Accounting Policies

The 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the loan to the Developer made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less at the time of purchase to be cash and cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Developer to pay all reasonable costs and expenses due under the Loan Agreement and the Bond Indenture, including Trustee and Authority fees and expenses. Such amounts are classified as restricted cash with a corresponding liability included in deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other asset

Other asset represents the cumulative results of operations of the bond issue which is due from the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Upon redemption of the Bonds, any remaining assets will be refunded to the Authority for use in future issues.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Investments, Cash and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Deposits

Public deposits in the State of Florida are collateralized under the provisions of Chapter 280, *Florida Statutes*. Losses to public depositors are covered by the sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Included in cash and cash equivalents are deposits which are deemed insured and, therefore, not subject to credit risk.

Note 4 - Mortgage Loan Receivable from Developer

As of September 30, 2019, the Bond Program Funds had a mortgage loan receivable from the Developer. The terms of the Loan Agreement require the Developer to pay amounts which will be sufficient to pay interest and principal, when due, on the Bonds. The payments required from the Developer are net of interest earned on investments.

Note 5 - Bonds Payable

As of September 30, 2019, \$5,400,000 of the Bonds was outstanding. The Bonds are due July 15, 2036, or earlier on the demand of the owner(s) thereof, on each Mandatory Tender Date. Mandatory Tender Date includes each Adjustment Date, Substitution Date or Extension Date as described in the Trust Indenture.

The Bonds bear interest, payable monthly, at a rate determined weekly by a remarketing agent. Subject to satisfaction of certain conditions in the Indenture, the Bonds may be adjusted to a Term Interest Rate Period. The interest rate is subject to conversion to the Term Interest Rate Period at the option of the Developer subject to the consent of the Letter of Credit issuer. The Bonds are subject to mandatory tender for purchase pursuant to the conditions set forth in the Trust Indenture. The effective interest rate at September 30, 2019 was 1.67%.

The Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which Bond proceeds and program revenues are to be deposited in these accounts. Debt service on the Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING REVENUE BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding the Bonds are shown below:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 200,000	\$ 88,845	\$ 288,845
2021	200,000	85,385	285,385
2022	200,000	82,105	282,105
2023	200,000	78,765	278,765
2024	200,000	75,476	275,476
2025 - 2029	1,500,000	309,711	1,809,711
2030 - 2034	1,900,000	169,190	2,069,190
2035 - 2036	<u>1,000,000</u>	<u>18,905</u>	<u>1,018,905</u>
Total	<u>\$ 5,400,000</u>	<u>\$ 908,382</u>	<u>\$ 6,308,382</u>

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 5,600,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 5,400,000</u>	<u>\$ 200,000</u>

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued.

On January 15, 2020, \$100,000 of the Bond principal amount was redeemed, at 100% of the Redemption Price, together with interest accrued to that date. This redemption comprised entirely of scheduled sinking fund maturities of the Bond maturing July 15, 2036.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors’ Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements.....	6-9	
 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		10-11



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Interest receivable	\$ 36,151
Total current assets	<u>36,151</u>

Non-current assets (restricted):

Cash equivalents	608,061
Note receivable	<u>6,864,710</u>
Total non-current assets (restricted)	<u>7,472,771</u>
Total Assets	<u>7,508,922</u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	36,151
Bonds payable	<u>85,382</u>
Total current liabilities	<u>121,533</u>

Non-current liabilities:

Deposits in escrow	608,061
Bonds payable	<u>6,779,328</u>
Total non-current liabilities	<u>7,387,389</u>
Total Liabilities	<u>7,508,922</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 441,257
Other income	<u>32,355</u>
Total revenue	<u>473,612</u>

Expenses:

Bond interest	441,257
General and administrative	<u>32,355</u>
Total expenses	<u>473,612</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (32,355)
Other cash receipts	<u>32,355</u>
Net cash provided by (used in) operating activities	<u>-</u>

Cash flows from investing activities:

Interest received on note receivable	442,145
Decrease in note receivable	<u>80,102</u>
Net cash provided by investing activities	<u>522,247</u>

Cash flows from non-capital and related financing activities:

Interest on bonds payable	(442,145)
Payments on bonds payable	<u>(80,102)</u>
Net cash used in non-capital and related financing activities	<u>(522,247)</u>

Change in cash equivalents (Unrestricted)	-
Cash equivalents (Unrestricted), beginning of year	<u>-</u>
Cash equivalents (Unrestricted), end of year	<u><u>\$ -</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
-------------------------	------

Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:

Bond interest expense	441,257
Interest income on note receivable	(441,257)
Decrease in certain assets:	
Other assets	(5,878)
Restricted cash	(128,531)
Increase in certain liabilities:	
Deposits in escrow	<u>134,409</u>
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2006 Series Multifamily Housing Revenue Bonds (Woodsdale Oaks Apartments Project) (the "Bonds") were issued to provide funds for a mortgage loan (the "Loan") between the Authority and Woodsdale Oaks Preservation, Limited Partnership (the "Borrower") duly organized and validly existing under the laws of the State of Delaware, and authorized to transact business in the State of Florida for the purpose of financing the acquisition and rehabilitation of 120 multifamily residential rental apartment units (the "Project") in Broward County, Florida.

Pursuant to the terms of the Financing Agreement, the Borrower executed and delivered a mortgage note (the "Note") in the amount of \$7,525,000, payable to the Authority, due July 1, 2048, to be secured by a mortgage on the project (the "Mortgage")

The Bonds are backed by payments pursuant to the Mortgage Loan Agreement, all the amounts held by The Bank of New York Trust Company (the "Trustee"), and payments under the investment agreement.

Note 2 - Summary of Significant Accounting Policies

The 2006 Series Woodsdale Oaks Apartments Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Loan to the Borrower made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Borrower.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Borrower to (a) provide for payment of issuance costs resulting from the issuance of the Bonds described in Note 1, and (b) indemnify the Authority. Such amounts are classified as restricted cash with a corresponding liability included in deposits in escrow in the accompanying statement of net position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other asset/liability

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Investments and Cash Equivalents (cont'd)

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

As of September 30, 2019, the Bond Program Funds had a note receivable of \$6,864,710 from the Borrower. The Note is made pursuant to the Mortgage Loan Agreement. The Borrower's obligated under the Mortgage Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds.

In addition, the Developer has agreed to pay all reasonable costs, fees and expenses associated with the Bonds according to certain time schedules as described in the Mortgage Loan Agreement and the Trust Indenture, including Trustee and Authority fees and expenses.

Note 5 - Bonds Payable

As of September 30, 2019, there were Bonds outstanding in the amount of \$6,864,710. The Bonds bear interest at the rate of 6.40% and are due July 1, 2048. Interest is paid on the first day of each month and on each Bond payment date.

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 85,382	\$ 436,866	\$ 522,248
2021	91,011	431,238	522,249
2022	97,008	425,239	522,247
2023	103,402	418,845	522,247
2024	110,218	412,030	522,248
2025 - 2029	670,116	1,941,120	2,611,236
2030 - 2034	922,056	1,689,185	2,611,241
2035 - 2039	1,268,707	1,342,532	2,611,239
2040 - 2044	1,745,688	865,552	2,611,240
2045 - 2048	<u>1,771,122</u>	<u>230,827</u>	<u>2,001,949</u>
Total	<u>\$ 6,864,710</u>	<u>\$ 8,193,434</u>	<u>\$ 15,058,144</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 6,944,812</u>	<u>\$ -</u>	<u>\$ (80,102)</u>	<u>\$ 6,864,710</u>	<u>\$ 85,382</u>

The Bonds are subject to optional and mandatory redemption by the issuer and purchase in lieu of redemption by the Borrower prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and such in such manner as is set forth in the Indenture.

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
SEPTEMBER 30, 2019**

TABLE OF CONTENTS

	<u>PAGE(S)</u>	
Independent Auditors’ Report	1-2	
 Financial Statements		
Statement of Net Position	3	
Statement of Revenue, Expenses and Changes in Net Position	4	
Statement of Cash Flows	5	
Notes to Financial Statements.....	6-9	
 Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		10-11



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited the accompanying financial statements of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) (the "Bond Program") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) as of September 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Program's internal control over financial reporting and compliance.



Miramar, FL
June 8, 2020

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

ASSETS

Current assets:

Cash equivalents	\$ 20,591
Total current assets	<u>20,591</u>

Non-current assets (restricted):

Other asset	24,024
Note receivable	<u>8,742,593</u>
Total non-current assets (restricted)	<u>8,766,617</u>
Total Assets	<u><u>\$ 8,787,208</u></u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	\$ 44,587
Bonds payable	<u>94,713</u>
Total current liabilities	<u>139,300</u>

Non-current liabilities:

Bonds payable	<u>8,647,908</u>
Total non-current liabilities	<u>8,647,908</u>
Total Liabilities	<u>8,787,208</u>

NET POSITION	<u><u>\$ -</u></u>
---------------------	--------------------

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Revenue:

Interest income on note receivable	\$ 538,024
Other income	<u>25,835</u>
Total revenue	<u>563,859</u>

Expenses:

Bond interest	537,570
General and administrative	<u>26,289</u>
Total expenses	<u>563,859</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (26,289)
Other cash receipts	<u>26,529</u>
Net cash provided by operating activities	<u>240</u>

Cash flows from investing activities:

Interest received on note receivable	538,024
Payments received on note receivable	<u>88,901</u>
Net cash provided by investing activities	<u>626,925</u>

Cash flows from non-capital and related financing activities:

Interest payments on bonds payable	(538,024)
Payments on bonds payable	<u>(88,901)</u>
Net cash used in non-capital and related financing activities	<u>(626,925)</u>

Increase in cash equivalents (Unrestricted)	240
Cash equivalents (Unrestricted), beginning of year	<u>20,351</u>
Cash equivalents (Unrestricted), end of year	<u><u>\$ 20,591</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Bond interest expense	537,570
Interest income on note receivable	(538,024)
Decrease in other assets:	<u>694</u>
Net cash provided by operating activities	<u><u>\$ 240</u></u>

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the “Authority”) was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2008 Series Multifamily Housing Revenue Bonds (Driftwood Terrace Apartments Project) (the “Bonds”) were issued to provide funds for a mortgage loan (the “Loan”) between the Authority and Driftwood Preservation, Limited Partnership (the “Borrower”) duly organized and validly existing under the laws of the State of Delaware, and authorized to transact business in the State of Florida for the purpose of financing the acquisition, rehabilitation and equipping of 176 multifamily residential rental apartment units (the “Project”) in Broward County, Florida.

Pursuant to the terms of the Financing Agreement, the Borrower executed and delivered a mortgage note (the “Note”) in the amount of \$10,500,000, payable to the Authority, due September 1, 2040, to be secured by a mortgage on the project (the “Mortgage”)

The Bonds are backed by payments pursuant to the Mortgage Loan Agreement, all the amounts held by The Bank of New York Trust Company (the “Trustee”), and payments under the investment agreement.

Note 2 - Summary of Significant Accounting Policies

The 2008 Series Driftwood Apartments Project Multifamily Housing Revenue Bond Program Funds (the “Bond Program Funds”) were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Loan to the Borrower made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Borrower.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 - Summary of Significant Accounting Policies (cont'd)

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Other asset

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2019, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 4 - Note Receivable from Developer

As of September 30, 2019, the Bond Program Funds had a note receivable of \$8,742,593 from the Borrower. The Note is made pursuant to the Mortgage Loan Agreement. The Borrower's obligated under the Mortgage Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds.

In addition, the Developer has agreed to pay all reasonable costs, fees and expenses associated with the Bonds according to certain time schedules as described in the Mortgage Loan Agreement and the Trust Indenture, including Trustee and Authority fees and expenses.

Note 5 - Bonds Payable

As of September 30, 2019, there were bonds amounting to \$8,742,621 outstanding. The 2008 bonds are due September 1, 2040. Interest is paid at a fixed rate of 6.12% on the first day of each month and on each Bond payment date.

The Bonds are subject to optional and mandatory redemption by the issuer and purchase in lieu of redemption by the Borrower prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and such in such manner as is set forth in the Indenture.

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 94,713	\$ 532,422	\$ 627,135
2021	100,906	526,454	627,360
2022	107,505	520,095	627,600
2023	114,535	513,321	627,856
2024	122,023	506,104	628,127
2025 - 2029	740,753	2,404,623	3,145,376
2030 - 2034	1,016,733	2,138,656	3,155,389
2035 - 2039	1,395,529	1,773,599	3,169,128
2040	<u>5,049,924</u>	<u>299,735</u>	<u>5,349,659</u>
Total	<u>\$ 8,742,621</u>	<u>\$ 9,215,009</u>	<u>\$ 17,957,630</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 8,831,522</u>	<u>\$ -</u>	<u>\$ (88,901)</u>	<u>\$ 8,742,621</u>	<u>\$ 94,713</u>

Note 7 - Subsequent Events

Management has evaluated subsequent events through June 8, 2020, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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.



Miramar Office

3350 SW 148th Avenue | Suite 110
Miramar, Florida 33027
(954) 874-1721

CLIENT FOCUSED: SOLUTION DRIVEN

info@abcpasolutions.com

Miami Office

801 Brickell Avenue | Suite 900
Miami, Florida 33131
(305) 789-6673

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

Purpose of this Report

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



Miramar, FL
June 8, 2020