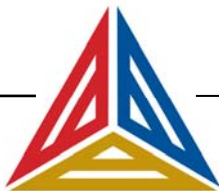


**HOUSING FINANCE AUTHORITY
OF BROWARD COUNTY, FLORIDA
2016 FINANCIAL REPORTS**

VOLUME I



S. DAVIS & ASSOCIATES, P.A.
Certified Public Accountants & Consultants

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2016 FINANCIAL REPORTS
VOLUME I**

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SINGLE FAMILY ISSUES

1985 SERIES B

2006 SERIES A, B, & C

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**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE REVENUE
REVENUE BOND PROGRAM FUNDS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

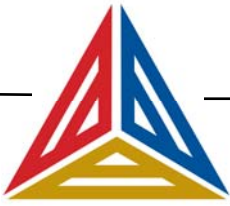


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
SEPTEMBER 30, 2016

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S 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, 1985 Series B Home Mortgage Revenue Bond Program Funds (the "Bond Program") as of and for the year ended September 30, 2016, 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

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and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 1985 Series B Home Mortgage Revenue Bond Program Funds as of September 30, 2016, 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 7, 2017 on our consideration of the Housing Finance Authority of Broward County, Florida, 1985 Series B Home Mortgage Revenue Bond Program Funds' 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.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and date.

Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Restricted Assets

Current assets:

Interest receivable	\$ <u>6,502</u>
Total current assets	<u>6,502</u>

Non-current assets:

Cash and cash equivalents	<u>145,535</u>
Total non-current assets	<u>145,535</u>
Total assets	<u>152,037</u>

Liabilities

Current liabilities:

Bonds payable - current portion	<u>1,155,000</u>
Total liabilities	<u>1,155,000</u>

Net Position	<u><u>\$ (1,002,963)</u></u>
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See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue:

Interest income	\$ 12,894
Fee income	5,168
Total revenue	<u>18,062</u>

Expenses:

Interest on bonds payable	109,933
General and administrative	1,974
Total expenses	<u>111,907</u>

Change in net position	<u>(93,845)</u>
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Net position - beginning of year	(885,857)
Prior period adjustment	(23,261)
Net position -beginning of year, as restated	<u>(909,118)</u>

Net position - end of year	<u>\$ (1,002,963)</u>
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See notes to financial statements.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Cash flows from operating activities:

Cash received from interest on investment agreement	\$ 12,469
Cash paid for general and administrative expenses	(1,974)
Net cash provided by operating	10,495
Net increase in cash equivalents	10,495
Cash equivalents, beginning of year	135,040
Cash equivalents, end of year	\$ 145,535

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 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 B Home Mortgage Revenue Bonds (the “Bonds”) were originally issued to finance the acquisition of \$18,070,000 of mortgage loans on owner-occupied single-family housing units in Broward County, Florida.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 1985 Series B Home Mortgage Revenue Bond Program Funds (the “Bond Program Funds”) were created by the 1985 Series B Bond Resolution adopted by the Authority to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the mortgage loans on eligible single-family residential housing purchased with Bond proceeds.

Basis of Accounting

The Bond Program Funds use the accrual basis of accounting. The Bond Program Funds have adopted Governmental Accounting Standards Board (“GASB”) Statement No. 20 by electing to apply all of the GASB pronouncements as well as the pronouncements of the Financial Accounting Standards Board dated prior to November 30, 1989.

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.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Commitment fees

Commitment fees collected from participating mortgage lenders were deferred and are recognized as income over the life of the mortgage loans using the straight-line method.

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. The Authority has a surety agreement with the Financial Guarantee Insurance Corporation (FGIC). The FGIC agreement requires that upon redemption of the 1985 Series B bonds if assets are insufficient to make interest and principal payments required under the Trust Indenture, the deficit will be funded by the FGIC.

Date of management’s review

Management has evaluated subsequent events through June 7, 2017, the date on which the financial statements were available to be issued.

NOTE 3 – PRIOR PERIOD ADJUSTMENT

The Notice of Continuing Events of Default and Additional Event of Default dated November 18, 2016 and filed by the Trustee (the “Default Notice”) includes a statement that all underlying mortgage loans that comprise the underlying mortgage receivables have matured and were paid according to their terms in prior years. As a result, net position has been restated as follows:

Beginning net position, as previously reported	\$ (885,857)
Mortgage loans receivable overstated in prior year	<u>(23,261)</u>
Beginning net position as restated	<u>\$ (909,118)</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 4 – INVESTMENTS AND CASH AND CASH EQUIVALENTS

Investments, which are included in cash equivalents at September 30, 2016, represent the Bond Program Funds' ownership interests in investment agreements and money market accounts held by The Bank of New York Trust Company (the "Trustee").

Investment agreement

The Authority and the Trustee have entered into an investment agreement (the "Agreement") with Citibank, N.A. ("Citibank") whereby substantially all monies held in the Bond Program Funds accounts are deposited with Citibank. The Agreement provides for the establishment of fixed rates of return on amounts invested with Citibank. Citibank pays interest on the investment amounts credited to the following accounts on deposit with Citibank at the rates of (a) 9.5% per annum on amounts credited to the Mortgage Reserve Account and the Program Reserve Account, and (b) 7.25% per annum on amounts credited to the Revenue Account, the Principal Account, the Interest Account, and the Expense Account. The Agreement matures October 1, 2016 and provides that the Trustee must give Citibank at least fifteen business days' notice for the withdrawal of funds invested with Citibank. It is the obligation of Citibank to repay the amounts invested with interest at the specified rates. As of September 30, 2016, the amounts on deposit under the Agreement with Citibank totaled \$139,204.

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.

NOTE 5 – BONDS PAYABLE

In October 1985, the Authority issued \$20,000,000 of the 1985 Series B Bonds for the purpose of providing the Authority with funds to acquire newly originated mortgage loans on family residences owned by eligible families in Broward County, Florida.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE - Continued

The following is a summary of the 1985 Series B Bonds outstanding at September 30, 2016:

\$357,306, Capital Appreciation Term Bonds (CABS) accreted value, priced to yield 10.256% at the maturity value of \$1,705,000 on October 1, 2016, subject to mandatory redemption in part, semi-annually beginning October 1, 2013 \$ 1,155,000

All interest is compounded semiannually and paid at maturity or redemption. The principal is the original price of the Bond at the date of issue. The principal and capitalized interest of the outstanding 1985 Series B Bonds as of September 30, 2016, is shown below:

Year Ending September 30:	Principal	Interest	Total
2017	52,206	1,102,794	1,155,000
Total	<u>\$ 52,206</u>	<u>\$ 1,102,794</u>	<u>\$ 1,155,000</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	<u>\$ 1,045,067</u>	<u>\$ 109,933</u>	<u>\$ -</u>	<u>\$ 1,155,000</u>	<u>\$ 1,155,00</u>

The 1985 Series B Bonds are subject to mandatory redemption, in whole or in part, in amounts based on excess revenues, prepayments of principal on the mortgage loans and on certain Bond proceeds not applied to acquire mortgage loans. The 1985 Series B Bonds maturing after October 1, 1995, except the Capital Appreciation Bonds, are also subject to optional redemption beginning October 1, 1995, in whole or in part, at various dates, at prices ranging from 100% to 103% of par value. The 1985 Series B Bonds are insured by the Financial Guaranty Insurance Company (FGIC) for the benefit of the Bondholders for any portion of the principal and interest which shall become due for payment, but shall be unpaid by the issuer.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1985 SERIES B HOME MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

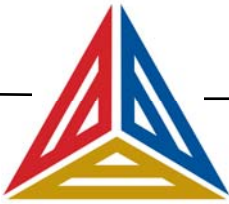
NOTE 5 – BONDS PAYABLE - Continued

All assets and revenues of the Bond Program Funds are pledged as collateral for the payment of principal and interest on the Bonds.

The 1985 Series B Home Mortgage Revenue Bond Trust Indenture established certain accounts and determined the order in which Bond proceeds and program revenues are to be deposited in these accounts, which are managed by the Trustee. The Indenture specifies that a minimum of \$1,000,000 must be invested in the Program Reserve account to provide for any shortfall in principal or interest payments.

NOTE 7 – SUBSEQUENT EVENTS

As stated in the Default Notice, the Trustee is communicating with FGIC and FGIC's claims paying agent ("Wilmington Trust") to coordinate the details for presentation of physical certificates and distribution of payments. FGIC has provided notice to the Trustee regarding its objections to all or part of the policy claim and they are proposing to pay \$50,808 in cash for the claim.



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

To the 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, 1985 Series B Home Mortgage Revenue Bond Program Funds (the "Bond Program"), as of and for the year ended September 30, 2016, 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 7, 2017.

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 opinion 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 Bond Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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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 Housing Finance Authority of Broward County, Florida, 1985 Series B Home Mortgage Revenue Bond Program Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 Bond Program'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 Bond Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." is written over a light blue rectangular background.

Hollywood, Florida
June 7, 2017

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

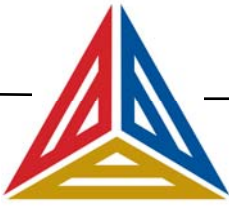


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
SEPTEMBER 30, 2016

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S 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 A, B and C Single Family Mortgage Revenue Refunding Bond Program Funds (the "Bond Program") as of and for the year ended September 30, 2016, 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

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of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 A, B and C Single Family Mortgage Revenue Refunding Bond Program Funds as of September 30, 2016, 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 7, 2016 on our consideration of the Housing Finance Authority of Broward County, Florida, 2006 Series A, B and C Single Family Housing Revenue Refunding Bond Program Funds' 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.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and address.

Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Restricted Assets

Current assets:

Interest receivable	\$ 5,294
Total current assets	<u>5,294</u>

Non-current assets:

Cash and cash equivalent	169,629
Mortgage note receivable	121,681
Long-term investments	<u>1,368,699</u>
Total non-current assets	<u>1,660,009</u>
Total assets	<u>1,665,303</u>

Liabilities

Current liabilities:

Accrued bond interest payable	41,333
Other accrued liabilities	6,719
Bonds payable – current portion	<u>30,000</u>
Total current liabilities	<u>78,052</u>

Non-current liabilities:

Bonds payable, net of current portion	1,645,000
Bond premium	<u>39,178</u>
Total non-current liabilities	<u>1,684,178</u>
Total liabilities	<u>1,762,230</u>

Net Position

\$ (66,927)

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue

Interest income on investments	\$ 67,676
Other income	6,795
Total Revenue	<u>74,471</u>

Expenses

Interest on bonds payable	80,522
Net decrease in fair value of long-term investment	6,638
General and administrative	4,460
Total Expenses	<u>91,620</u>

Change in net position	(17,149)
Net position – beginning of year	<u>(49,778)</u>
Net position – end of year	<u>\$ (66,927)</u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:

Change in net position	\$ (18,733)
Net cash used in operating activities	<u>(18,733)</u>

Cash flows from investing activities:

Interest received from long-term investments	74,620
Principal paydowns on long term investments	<u>35,391</u>
Net cash provided by investing activities	<u>110,011</u>

Cash flows from noncapital and related financing activities:

Interest payments on bonds payable	(83,779)
Principal payments on bonds payable	<u>(30,000)</u>
Net cash used in non-capital and related financing activities	<u>(113,779)</u>

Decrease in cash and cash equivalents (22,501)

Cash and cash equivalents, beginning of year 192,130

Cash and cash equivalents, end of year \$ 169,629

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 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 A, B, and C Single Family Mortgage Revenue Refunding Bonds (the "Bonds"), together with commitment fees and certain other available monies, were issued to (a) refund certain outstanding obligations of the Authority, (b) finance mortgage loans on single family residences through the acquisition of fully-modified Government National Mortgage Association Certificates ("GNMA Certificates") and single pool Federal National Mortgage Association Securities ("FNMA Securities") as described in Note 3, (c) pay interest on the Bonds and pay certain program expenses, and (d) pay a portion of the costs of issuance relating to the Bonds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 2006 Series A, B, and C Single Family Mortgage Revenue Refunding Bonds Program Funds (the "Bond Program Funds") were created by the Bond Resolution adopted by the Authority to account for the proceeds from the sale of the Mortgage Revenue Refunding Bonds, the debt service requirements of the Bond indebtedness, and the mortgage loans on eligible single family residential housing purchased with the Bond proceeds.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting. The Bond Program Funds have adopted Governmental Accounting Standards Board ("GASB") Statement No. 20 by electing to apply all of the GASB pronouncements as well as the pronouncements of the Financial Accounting Standards Board dated prior to November 30, 1989.

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.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Long-term investments

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for benefit of the Bond Program Funds. Investments include direct obligations of and mortgage-backed securities guaranteed by the U.S. Government or certain of its agencies and deposits and guaranteed contracts with banks and financial institutions in compliance with the Bond Program Funds' investment policy.

Premiums on debt

Premiums on the Bonds were deferred and are amortized over the life of the Bonds using the interest method.

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 are to be refunded to the Authority for use in future issues.

Date of management's review

Management has evaluated subsequent events through June 7, 2017 the date on which the financial statements were available to be issued

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 3 – INVESTMENTS, CASH AND CASH EQUIVALENTS

Investments, which are included in cash equivalents at September 30, 2016, represent the Bond Program Funds' ownership interest in the investment agreement and money market accounts held by the Bank of New York Trust Company (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.

Investment agreement

The Trustee and Bayerische Landesbank (the "Depository"), entered into an investment agreement (the "Agreement") dated July 24, 2006, whereby substantially all the monies held in the Acquisition Account, Proceeds Account, and Float Account are deposited with the Depository. The agreement provides for the establishment of fixed rates of return on amounts credited to the accounts at the rates of (a) 5.511 % per annum on amounts credited to the Acquisition Account, maturing October 1, 2008, (b) 5.511 % per annum on amounts credited to the Proceeds Account, (which matured August 1, 2007), and (c) 4.76 % per annum on amounts credited to the Float Account, maturing October 1, 2038. The Agreement matures on the dates specified or earlier on the date in which all amounts invested have been withdrawn or the date on which no Bonds remain outstanding. The obligations of the Depository to repay the "Invested Moneys and Earnings" under "the Agreement" ranks on a parity with other deposits held by the Depository and the other unsecured and unsubordinated obligations of the Depository. As of September 30, 2016 the amounts on deposit under the Agreement, which are included in cash equivalents, totaled \$106,582 and represent the Bond Program Funds' ownership interest.

Deposit and 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 FNMA and FHLMC Securities are collateralized and insured or guaranteed and are not subject to credit and custodial risk, concentration of credit risk, interest rate risk or foreign currency risk.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

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 loans receivable classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

	Level 2
Loans receivable	\$ 1,368,699
Total financial Instruments by fair value	\$ 1,368,699

As of September 30, 2016, the financial instruments reported at fair value consist of FNMA and FHLMC Securities. Each FNMA and FHLMC Security is backed by a pool of mortgage loans originated by the designated Mortgage Lenders for the 2006 Series A, B, and C Bonds. GNMA Certificates and FNMA Securities bear interest at 0.50% less than the interest rate on the mortgage loans, which bear interest at 6.25%. Timely payment of principal and interest is guaranteed or insured by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The contractual maturities of the FNMA and FHLMC Securities at September 30, 2016 are greater than 10 years. Actual maturities may differ from contractual maturities due to borrowers having the right to prepay obligations without prepayment penalties.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – SECOND MORTGAGES

Second mortgages are shown net of an allowance for doubtful accounts of approximately \$40,673 as of September 30, 2016.

NOTE 6 – BONDS PAYABLE

In July 2006, the Authority issued \$17,495,000 of the Bonds for the purpose of providing the Authority with funds to acquire newly originated mortgage loans on single family residences owned by eligible families in Broward County, Florida. During 2016, \$30,000 of the bonds was redeemed.

The following is a summary of the outstanding Bonds at September 30, 2016:

2006 Series A

\$10,000,000, Bonds bearing interest at 4.95% per annum, payable semi-annually; maturing October 1, 2038, with mandatory redemption in varying installments, beginning April 1, 2009.	\$ 1,370,000
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2006 Series B

\$495,000, Bonds bearing interest at 5.40% per annum, payable semi-annually; maturing October 1, 2038.	<u>275,000</u>
--	----------------

Subtotal	1,645,000
Plus unamortized premium	<u>39,178</u>
Total bonds	<u><u>\$ 1,684,178</u></u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 6 – BONDS PAYABLE - Continued

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

Year Ending September 30:	Principal	Interest	Total
2017	\$ 30,000	\$ 82,294	\$ 112,294
2018	30,000	80,809	110,809
2019	35,000	79,324	114,324
2020	40,000	77,468	117,468
2021	40,000	75,487	115,487
2022-2026	235,000	345,138	580,138
2027-2031	310,000	279,180	589,180
2032-2036	400,000	193,174	593,174
2037-2039	525,000	56,182	581,182
Total	<u>\$ 1,645,000</u>	<u>\$ 1,269,056</u>	<u>\$ 2,914,056</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	<u>\$ 1,675,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 1,645,000</u>	<u>\$ 30,000</u>

The Bonds are subject to special mandatory redemption, in whole or in part, in amounts based on excess revenues, prepayments of principal on the mortgage loans and from certain Bond proceeds not applied to acquire mortgage loans. The Bonds are also subject to optional redemption at the option of the Authority, in whole or in part, at various dates, at prices ranging from 100% to 101.5% of par value.

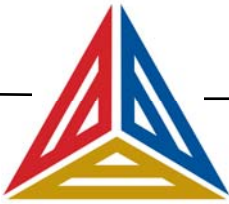
All assets and revenues of the Bond Program Funds are pledged as collateral for the payment of principal and interest on the Bonds, except for monies and securities held in the Rebate Fund, Program Expense Fund, and Cost of Issuance Fund.

The Single Family Mortgage Revenue Bond Trust Indenture established certain accounts and determined the order in which Bond proceeds and program revenues are to be deposited in these accounts, which are managed by the Trustee.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES A, B AND C SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016**

NOTE 6 – SUBSEQUENT EVENTS

On October 1, 2016, \$20,000 principal amount of the Bonds was called.



S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

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

To the 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 A, B and C Single Family Mortgage Revenue Refunding Bond Program Funds (the "Bond Program") as of and for the year ended September 30, 2016, 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 7, 2017.

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 opinion 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 Bond Program'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.

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American Institute of Certified Public Accountants

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 Housing Finance Authority of Broward County, Florida, 2006 Series A, B and C Single Family Mortgage Revenue Refunding Bond Program Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 Bond Program'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 Bond Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and address.

Hollywood, Florida
June 7, 2017

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

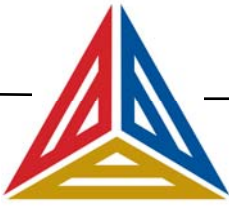


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
SEPTEMBER 30, 2016

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S 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, 2007 Series A, B, C and D Single Family Mortgage Revenue Bond Program Funds (the "Bond Program") as of and for the year ended September 30, 2016, 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

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of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2007 Series A, B, C and D Single Family Mortgage Revenue Refunding Bond Program Funds as of September 30, 2016, 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 June 7, 2017 on our consideration of the Housing Finance Authority of Broward County, Florida, 2007 Series A, B, C and D Single Family Housing Revenue Refunding Bond Program Funds' 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.



Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Restricted Assets

Current assets:

Interest receivable	\$ 22,194
Total current assets	22,194

Non-current assets:

Cash and cash equivalents	865,801
Mortgage note receivable	312,422
Long-term investments	4,268,252
Total non-current assets	5,446,475
Total assets	5,468,669

Liabilities

Current liabilities:

Accrued bond interest payable	108,434
Bonds payable - current	60,000
Total liabilities	168,434

Non-current liabilities:

Bonds payable, net of current portion	124,289
Bond premium	4,365,000
Total non-current liabilities	4,489,289
Total liabilities	4,657,723

Net Position

\$ 810,946

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue

Interest income on investments	\$ 210,563
Interest income	<u>53,134</u>
Total Revenue	<u>263,697</u>

Expenses

Interest on bonds payable	202,246
General and administrative	8,783
Net decrease in fair values of long-term investments	90,694
Other expenses	<u>500</u>
Total Expenses	<u>302,223</u>

Change in net position	(38,526)
Net position – beginning of year	<u>849,472</u>
Net position – end of year	<u>\$ 810,946</u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (9,283)
Net cash used in operating activities	<u>(9,283)</u>

Cash flows from investing activities:

Interest on received from long-term investments	276,731
Principal paydowns on long term investments	<u>870,726</u>
Net cash provided by investing activities	<u>1,147,457</u>

Cash flows from noncapital and related financing activities:

Interest payments on bonds payable	(242,499)
Principal payments on bonds payable	<u>(620,000)</u>
Net cash used in noncapital and related financing activities	<u>(862,499)</u>

Increase in cash and cash equivalents	275,675
Cash and cash equivalents, beginning of year	<u>590,126</u>
Cash and cash equivalents, end of year	<u><u>\$ 865,801</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 Single Family Mortgage Revenue Bonds, Series 2007A, the Single Family Mortgage Revenue Refunding Bonds, Series 2007B, the Single Family Mortgage Subordinate Revenue Bonds, Series 2007C and the Single Family Mortgage Revenue Bonds, Series 2007D (collectively, the "Bonds") were issued to provide funds to refund certain bonds previously issued by the Authority and to finance qualifying Mortgage Loans for single family residences located in Broward County, Florida through the purchase by the Trustee on behalf of the Authority of fully modified mortgage backed securities and the purchase by the Trustee on behalf of the Authority of related second lien mortgage loans.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 2007 Series A, B, C and D Single Family Mortgage Revenue Refunding Bonds Program Funds (the "Bond Program Funds") were created by the Bond Resolution adopted by the Authority to account for the proceeds from the sale of the Mortgage Revenue Refunding Bonds, the debt service requirements of the Bond indebtedness, and the mortgage loans on eligible single family residential housing purchased with the Bond proceeds.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting. The Bond Program Funds have adopted Governmental Accounting Standards Board ("GASB") Statement No. 20 by electing to apply all of the GASB pronouncements as well as the pronouncements of the Financial Accounting Standards Board dated prior to November 30, 1989.

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.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Long-term investments

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for benefit of the Bond Program Funds. Investments include direct obligations of and mortgage-backed securities guaranteed by the U.S. Government or certain of its agencies and deposits and guaranteed contracts with banks and financial institutions in compliance with the Bond Program Funds' investment policy.

Premiums on debt

Premiums on the Bonds were deferred and are amortized over the life of the Bonds using the interest method.

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 are to be refunded to the Authority for use in future issues.

Date of management's review

Management has evaluated subsequent events through June 7, 2017, the date on which the financial statements were available to be issued.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 3 - INVESTMENTS, CASH AND CASH EQUIVLENTS

Investments, which are included in cash equivalents at September 30, 2016, represent the Bond Program Funds' ownership interest in the investment agreement and money market accounts held by the Trustee.

Investment agreement

The Trustee entered into an investment agreement, dated April 12, 2007, with respect to the 2007A & C Acquisition Accounts, including the 2007A Bond Premium Subaccount, the Assisted Loan Subsidy First Mortgage Loan Subaccount, the 80/20 First Mortgage Loan Subaccount, the Low Rate Loan Subaccount, the 2007A Proceeds Refunding Subaccount, the 80/20 Second Mortgage Loan Subaccount and the 2007C Overcollateralization Subaccount therein (the "Acquisition Account Investment Agreement") with Calyon Corporate & Investment Banking (Wholly Owned by Credit Agricole, SA) (the "Acquisition Account Investment Agreement Provider"). The Acquisition Account Agreement Provider will pay interest on the amounts invested under the Acquisition Account Investment Agreement at the rate of 4.940% per annum until the business day prior to March 1, 2009 or earlier date of complete withdrawal or other termination.

In addition, the Trustee entered into an investment agreement with respect to the 2007A Revenue, Reserve, Subordinated Debt Service Reserve, Debt Service, Subordinated Debt Service, Special Redemption, Optional Redemption and the Capitalized Interest Accounts (the "General Investment Agreement") with Calyon Corporate & Investment Banking (Wholly owned by Credit Agricole, SA) (the "General Investment Agreement Provider"). The General Investment Agreement Provider will pay interest on the amounts invested under the General Investment Agreement at the rate of 4.307% per annum until the business day prior to April 1, 2039 or earlier date of complete withdrawal or other termination. As of September 30, 2016, the amounts on deposit under the Agreement, which are included in cash equivalents, totaled \$167,006 and represent the Bond Program Funds' ownership interest.

Investments 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 FNMA and FHLMC Securities, and 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.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO THE FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 4 - INVESTMENTS, CASH AND CASH EQUIVLENTS

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 loans receivable classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

	Level 2
Loans receivable	\$ 4,268,252
Total financial Instruments by fair value	\$ 4,268,252

As of September 30, 2016, the financial instruments reported at fair value consist of GNMA Certificates and FNMA and FHLMC Securities backed by pools of mortgage loans originated by the designated Mortgage Lenders for the 2007 Series A, B, C and D Bonds. GNMA Certificates and FNMA and FHLMC Securities bear interest at 0.50% less than the interest rate on the mortgage loans, which bear interest at rates between 4.75% and 6.15%. Timely payment of principal and interest is guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

The contractual maturities of the GNMA Certificates and FNMA and FHLMC Securities at September 30, 2016, are greater than 10 years. Actual maturities may differ from contractual maturities due to borrowers having the right to prepay obligations without prepayment penalties.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO THE FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – SECOND MORTGAGES

Second mortgages are shown net of an allowance for doubtful accounts of approximately \$103,942 as of September 30, 2016.

NOTE 5 – BONDS PAYABLE

In April 2007, the Authority issued \$32,670,000 of the Bonds for the purpose of providing the Authority with funds to acquire newly originated mortgage loans on single family residences owned by eligible families in Broward County, Florida. During 2016, \$620,000 of the bonds was redeemed.

The following is a summary of the outstanding Bonds at September 30, 2016:

2007 Series A

\$11,145,000 bearing interest at 5.05% per annum, payable semi-annually; maturing October 1, 2039, with mandatory redemption in varying installments, beginning April 1, 2024.	\$ 3,035,000
--	--------------

2007 Series B

\$6,360,000, bearing interest at 4.50% per annum, payable semi-annually; maturing April 1, 2027, with mandatory redemption in varying installments, beginning October 1, 2007.	1,180,000
--	-----------

2007 Series C

\$1,310,000, bearing interest at 5.00% per annum, payable semi-annually, maturing October 1, 2039.	<u>210,000</u>
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Subtotal	4,425,000
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Plus unamortized premium	<u>124,289</u>
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Total bonds	<u><u>\$ 4,549,289</u></u>
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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO THE FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE - Continued

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

Year Ending September 30:	Principal	Interest	Total
2017	\$ 60,000	\$ 216,193	\$ 276,193
2018	70,000	213,380	283,380
2019	80,000	210,118	290,118
2020	90,000	206,405	296,405
2021	100,000	202,243	302,243
2022-2026	915,000	920,023	1,835,023
2027-2031	955,000	667,855	1,622,855
2032-2036	1,055,000	429,735	1,484,735
2037-2040	1,100,000	127,776	1,227,776
Total	<u>\$ 4,425,000</u>	<u>\$ 3,193,728</u>	<u>\$ 7,618,728</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 5,045,000	\$ -	\$ (620,000)	\$ 4,425,000	\$ 60,000

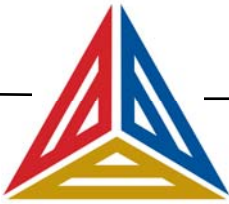
The Bonds are subject to special mandatory redemption, in whole or in part, in amounts based on excess revenues, prepayments of principal on the mortgage loans and from certain Bond proceeds not applied to acquire mortgage loans. The Bonds maturing after April 1, 2017 are also subject to redemption at the option of the Authority, in whole or in part, at any time on or after April 1, 2017, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

All assets and revenues of the Bond Program Funds are pledged as collateral for the payment of principal and interest on the Bonds, except for monies and securities held in the Rebate, Administration, Proceeds and Cost of Issuance Funds.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES A, B, C AND D SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BOND PROGRAM FUNDS
NOTES TO THE FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016**

NOTE 6 – SUBSEQUENT EVENTS

On October 1, 2016, \$550,000 of the principal amount of the Bonds was called.



S. DAVIS & ASSOCIATES, P.A.

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

To the 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, 2007 Series A, B, C and D Single Family Mortgage Revenue Refunding Bond Program Funds, as of and for the year ended September 30, 2016, 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 7, 2017.

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 opinion 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 Bond Program'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.

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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 Housing Finance Authority of Broward County, Florida, 2007 Series A, B, C and D Single Family Mortgage Revenue Refunding Bond Program Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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*.

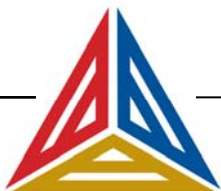
Purpose of this Report

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 Bond Program'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 Bond Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and date.

Hollywood, Florida
June 7, 2017

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

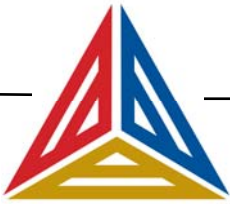


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
SEPTEMBER 30, 2016

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S 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, 2007 Series E and F Single Family Mortgage Revenue Refunding Bond Program Funds (the "Bond Program") as of and for the year ended September 30, 2016, 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

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no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2007 Series E and F Single Family Mortgage Revenue Refunding Bond Program Funds (the “Bonds Program”) as of September 30, 2016, 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 7, 2017 on our consideration of the Housing Finance Authority of Broward County, Florida, 2007 Series E and F Single Family Mortgage Revenue Refunding Bond Program Funds’ 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.



Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Restricted Assets

Current assets:

Interest receivable	\$ 16,494
Total current assets	16,494

Non-current assets:

Cash and cash equivalents	561,444
Long-term investments	1,068,739
Total non-current assets	1,630,183
Total restricted assets	1,646,677

Liabilities

Current liabilities:

Accrued bond interest payable	28,615
Other accrued liabilities	1,875
Bonds payables - current portion	20,000
Total current liabilities	50,490

Non-current liabilities:

Bonds payable, net of current portion	950,000
Premium on bonds payables	36,472
Total non-current liabilities	986,472
Total liabilities	1,036,962

Net Position

\$ 609,715

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue:

Interest income	\$	78,613
Unrealized gain on investments		10,516
Amortization of bond premium		1,504
Total revenue		90,633

Expenses:

Interest on bonds payable		57,672
General and administrative		5,703
Total expenses		63,375

Change in net position		27,258
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Net position – beginning of year		582,457
		582,457

Net position – end of year	\$	609,715
		609,715

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (5,703)
Net cash used in operating activities	<u>(5,703)</u>

Cash flows from investing activities:

Interest received on investment	(52,852)
Principal paydowns on long term investment	<u>(40,000)</u>
Net cash used in investing activities	<u>(98,852)</u>

Cash flows from noncapital and related financing activities:

Interest on bonds	68,888
Principal payments on bonds payable	<u>25,000</u>
Net cash provided by noncapital and related financing activities	<u>94,583</u>

Decrease in cash and cash equivalents	(9,972)
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Cash and cash equivalents, beginning of year	<u>571,416</u>
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Cash and cash equivalents, end of year	<u>\$ 561,444</u>
--	-------------------

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 Authority declares that the \$15,000,000 Single Family Mortgage Revenue Bonds, Series 2007E (the "2007E Bonds") were issued in order to provide funds to, and to refund and replace certain bonds and other indebtedness of the Authority and thereby provide additional funds to, acquire 2007E Guaranteed Mortgage Securities and make deposits in amounts, if any, required or authorized by the 2007 Series E and F Indenture to be paid into the Accounts and Subaccounts established hereby.

The Authority declares that the \$10,000,000 Single Family Mortgage Revenue Bonds, Series 2007F (the "2007F Bonds") were issued in order to preserve bond allocation to be used for the Issuer's single family mortgage revenue bond program in 2008.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 2007 Series E and F Single Family Mortgage Revenue Bonds Program Funds (the "Bond Program Funds") were created by the Bond Resolution adopted by the Authority to account for the proceeds from the sale of the Mortgage Revenue Bonds, the debt service requirements of the Bond indebtedness, and the mortgage loans on eligible single family residential housing purchased with the Bond proceeds.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting. The Bond Program Funds have adopted Governmental Accounting Standards Board ("GASB") Statement No. 20 by electing to apply all of the GASB pronouncements as well as the pronouncements of the Financial Accounting Standards Board dated prior to November 30, 1989.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 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.

Long-term investments

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for benefit of the Bond Program Funds. Investments include direct obligations of and mortgage-backed securities guaranteed by the U.S. Government or certain of its agencies and deposits and guaranteed contracts with banks and financial institutions in compliance with the Bond Program Funds' investment policy.

Premiums on debt

Premiums on the Bonds were deferred and are amortized over the life of the Bonds using the interest method.

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 are to be refunded to the Authority for use in future issues.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Date of management’s review

Management has evaluated subsequent events through June 7, 2017 the date, on which the financial statements were available to be issued.

NOTE 3 – INVESTMENTS AND CASH AND CASH EQUIVALENTS

Investments, which are included in cash equivalents at September 30, 2016, represent the Bond Program Funds’ ownership interest in the investment agreement and money market accounts held by the Bank of New York Trust Company (the “Trustee”).

Investment agreement

The Trustee and Calyon (the “Depository”), entered into an investment agreement (the “Agreement”) dated September 19, 2007, whereby substantially all the monies held in the Acquisition Account, Proceeds Account, and Float Account are deposited with the Depository. The agreement provides for the establishment of fixed rates of return on amounts credited to the accounts at the rates of (a) 4.856 % per annum on amounts credited to the Acquisition Account, maturing September 29, 2009, (b) 4.771 % per annum on amounts credited to the Proceeds Account, maturing September 29, 2039, and (c) 4.50 % per annum on amounts credited to the Float Account, maturing September 29, 2039.

The Agreement matures on the dates specified or earlier on the date in which all amounts invested have been withdrawn or the date on which no Bonds remain outstanding. The obligations of the Depository to repay the “Invested Moneys and Earnings” under the Agreement” ranks on a parity with other deposits held by the Depository and the other unsecured and unsubordinated obligations of the Depository. As of September 30, 2016, the amounts on deposit under the Agreement, which are included in cash equivalents, totaled \$500,647 and represent the Bond Program Funds’ ownership interest.

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 FHLMC Securities and GNMA Certificates are collateralized and guaranteed or 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.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

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 loans receivable classified in Level 2 of the fair value hierarchy is valued using prices quoted in active markets for similar securities.

	Level 2
Loans receivable	\$ 1,068,739
Total financial Instruments by fair value	\$ 1,068,739

As of September 30, 2016, the financial instruments reported at fair value consist of GNMA Certificates and FHLMC Securities. Each of the GNMA Certificates and FHLMC Securities is backed by a pool of mortgage loans originated by the designated Mortgage Lenders for the 2007 Series E and F Bonds. The GNMA Certificates and FHLMC Securities bear interest at 0.50% less than the interest rate on the mortgage loans, which bear interest at 6.10%. Timely payment of principal and interest is guaranteed or insured by the Government National Mortgage Association and the Federal Home Mortgage Loan Corporation.

The contractual maturities of the GNMA Certificates and FHLMC Securities at September 30, 2016 are greater than 10 years. Actual maturities may differ from contractual maturities due to borrowers having the right to prepay obligations without prepayment penalties.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 - BONDS PAYABLE

In September 2007, the Authority issued \$25,000,000 of the Bonds for the purpose of providing the Authority with funds to acquire newly originated mortgage loans on single family residences owned by eligible families in Broward County, Florida. During 2016, \$40,000 of the bonds was redeemed.

The following is a summary of the outstanding Bonds at September 30, 2016:

2007 Series E

\$15,000,000 bearing at 5.90% per annum, payable semi-annually; maturity October 1, 2039, with mandatory redemption in varying installments, beginning April 1, 2008	\$ 970,000
Plus unamortized premium	36,472
Total bonds	<u>\$ 1,006,472</u>

The maturing principal and interest (including sinking fund requirements) of the outstanding Bonds are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 20,000	\$ 56,935	\$ 76,935
2018	20,000	55,755	75,755
2019	20,000	54,575	74,575
2020	20,000	53,395	73,395
2021	20,000	52,215	72,215
2022-2026	145,000	238,065	383,065
2027-2031	200,000	188,653	388,653
2032-2036	275,000	120,212	395,212
2037-2040	250,000	30,680	280,680
Total	<u>\$ 970,000</u>	<u>\$ 850,485</u>	<u>\$ 1,820,485</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2007 SERIES E AND F SINGLE FAMILY MORTGAGE
REVENUE BOND PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 - BONDS PAYABLE - Continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 1,010,000	\$ -	\$ (40,000)	\$ 970,000	\$ 20,000

The 2007E Bonds are subject to special mandatory redemption, in whole or in part, on October 1, 2009 with moneys on deposit in the 2007E Acquisition Account based on excess revenues, prepayments of principal on the mortgage loans and from certain Bond proceeds not applied to acquire mortgage loans. The Bonds are also subject to optional redemption at the option of the Authority, in whole or in part, at various dates, at prices ranging from 100.5% to 104% of par value.

The 2007E Bonds are subject to mandatory redemption, in whole or in part, at redemption price equal to 100% of the principal amount, plus accrued interest to the date of redemption.

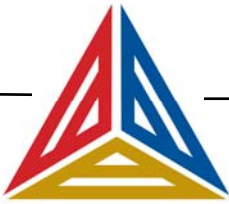
The 2007E Bonds are subject to mandatory Sinking Fund Redemption at a price equal to 100% of the principal amount plus accrued interest, at various dates and amounts.

All assets and revenues of the Bond Program Funds are pledged as collateral for the payment of principal and interest on the Bonds, except for monies and securities held in the Rebate Fund, Program Expense Fund, and Cost of Issuance Fund.

The Single Family Mortgage Revenue Bond Trust Indenture established certain accounts and determined the order in which Bond proceeds and program revenues are to be deposited in these accounts, which are managed by the Trustee.

NOTE 5 – SUBSEQUENT EVENTS

On October 1, 2016, \$35,000 principal amount of the Bonds was redeemed.



S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

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

To the 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, 2007 Series E and F Single Family Mortgage Revenue Refunding Bond Program Funds, (the "Bond Program") as of and for the year ended September 30, 2016, 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 7, 2017.

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 opinion 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 Bond Program'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.

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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 Housing Finance Authority of Broward County, Florida, 2007 Series E and F Single Family Mortgage Revenue Refunding Bond Program Funds' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 Bond Program'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 Bond Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above the typed name and date.

Hollywood, Florida
June 7, 2017