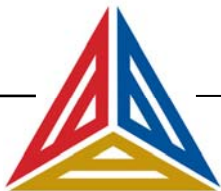


**HOUSING FINANCE AUTHORITY
OF BROWARD COUNTY, FLORIDA
2016 FINANCIAL REPORTS**

VOLUME III



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

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2015 FINANCIAL REPORTS
VOLUME III**

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MULTI FAMILY ISSUES

2002 SERIES MERIDIAN APARTMENTS PROJECT

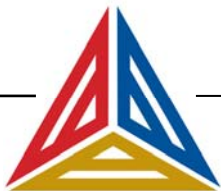
2004 SERIES CYPRESS GROVE APARTMENTS PROJECT

2004 SERIES PINNACLE VILLAGE APARTMENTS PROJECT

2006 SERIES WOODSDALE OAKS APARTMENTS PROJECT

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**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

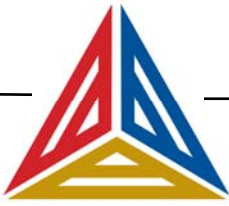


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
SEPTEMBER 30, 2016

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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, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) (the "Bond Program") as of and for the year ended September 30, 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 and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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MEMBER

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) as of September 30, 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, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds Meridian Apartments Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and true 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
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Assets

Current Assets:

Cash and cash equivalents	\$ 8,968
Total current assets	8,968

Non-current assets (restricted):

Cash on cash equivalents	484,976
Note receivable	8,080,829
Total non-current assets(restricted)	8,565,805
Total assets	8,574,773

Liabilities

Current liabilities:

Bonds payable – current	72,094
Total current liabilities	72,094

Non-current liabilities:

Deposits in escrow	484,976
Other liabilities	8,968
Bonds payable, net of current portion	8,008,735
Total non-current liabilities	8,502,679
Total liabilities	8,574,773

Net Position

\$ -

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue	
Interest income on note receivable	\$ 568,235
Other income	23,063
Total Revenue	<u>591,295</u>
Expenses	
Bond interest	568,235
General and administrative	23,060
Total Expenses	<u>591,295</u>
Change in net position	-
Net position – beginning of year	<u>-</u>
Net position – end of year	<u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (23,060)
Cash receipts	<u>22,660</u>
Net cash used in operating activities	<u>(400)</u>

Cash flows from investing activities:

Interest received on investments	568,235
Principal paydowns on note receivable	<u>67,234</u>
Net cash provided by investing activities	<u>635,469</u>

Cash flows from noncapital and related financing activities:

Interest on bonds payable	(568,235)
Principal payments on bonds payable	<u>(67,234)</u>
Net cash used in noncapital and related financing activities	<u>(635,469)</u>

Decrease in cash and cash equivalents	(400)
Cash and cash equivalents, beginning of year	<u>9,368</u>
Cash and cash equivalents, end of year	<u>\$ 9,968</u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 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 2002 Series A and B Multifamily Housing Revenue Bonds (Meridian Apartments Project) (the “Bonds”) were issued to provide funds for a loan (the “Loan”) between the Authority and Meridian Housing Limited Partnership, a Florida limited partnership (the “Developer”), for the purpose of financing the acquisition and construction of 160 residential rental apartment units (the “Project”) in Broward County, Florida.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

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

Restricted cash equivalents/deposits in escrow

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

Other liabilities

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

Net position

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

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
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 3 – CASH AND CASH EQUIVALENTS

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

Investment risk

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

NOTE 4 – NOTE PAYABLE FROM DEVELOPER

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

The payments required from the Developer are net of interest earned on investments. Gross interest earned on the Loan for the year ended September 30, 2016 was \$568,235. The Developer's obligation to make such payments is a limited obligation of the Developer, payable solely from the Development Loan and the revenues therefrom. The Developer's obligation to make payments required by the Development Loan is collateralized by a mortgage on the Project.

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE

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

Series A (Tax Exempt)

\$8,255,000, Term Bonds bearing interest at 7.5% until June 30, 2003;
 And 7.0% thereafter, payable monthly, maturing in varying installments
 Beginning January 1, 2014, with final maturity on April 1, 2044 \$ 8,080,829

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

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

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

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 72,094	\$ 563,374	\$ 635,468
2018	77,306	558,162	635,468
2019	82,894	552,574	635,468
2020	88,887	546,582	635,469
2021	95,312	540,156	635,468
2022-2026	590,431	2,586,910	3,177,341
2027-2031	837,010	2,340,331	3,177,341
2032-2036	1,186,567	1,990,775	3,177,342
2037-2041	1,682,107	1,495,235	3,177,342
2042-2044	3,368,221	513,430	3,881,651
Total	<u>\$ 8,080,829</u>	<u>\$ 11,687,529</u>	<u>\$ 19,768,358</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2002 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(MERIDIAN APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

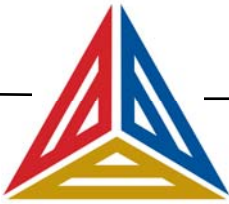
NOTE 5 – BONDS PAYABLE - Continued

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 8,148,063	\$ -	\$ (67,234)	\$ 8,080,829	\$ 72,094

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



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, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds (Meridian Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Finance Authority of Broward County, Florida, 2002 Series A and B Multifamily Housing Revenue Bond Program Funds Meridian Apartments Project's 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
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECT)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

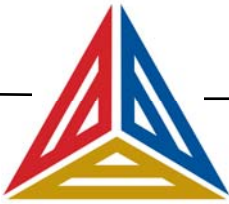


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
SEPTEMBER 30, 2016

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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, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) (the "Bond Program") as of and for the year ended September 30, 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 and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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MEMBER

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American Institute of Certified Public Accountants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) as of September 30, 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, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds Cypress Grove Apartments Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Assets

Current assets:

Cash and cash equivalents	\$ 258,317
Interest receivable	20,968
Total current assets	279,285

Non-current assets (restricted):

Restricted cash equivalents	104,635
Note receivable	36,071,500
Total non-current assets (restricted)	36,176,135
Total assets	36,455,420

Liabilities

Current liabilities:

Accrued interest payable	20,968
Other accrued liabilities	6,211
Total current liabilities	27,179

Non-current liabilities:

Deposits in escrow	104,635
Other liabilities	203,606
Bonds payable	36,100,000
Total non-current liabilities	36,428,241
Total liabilities	36,455,420

Net Position

\$ -

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue	
Interest income on note receivable	\$ 94,609
Other income	121,537
Total Revenue	<u>216,146</u>
 Expenses	
Bond interest	94,609
General and administrative	121,537
Total Expenses	<u>216,146</u>
 Change in net position	 -
 Net position – beginning of year	 <u>-</u>
 Net position – end of year	 <u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:	
Cash paid for general and administrative expenses	\$ (149,292)
Other cash receipts	124,940
Net cash provided by operating activities	<u>(24,352)</u>
Cash flows from investing activities:	
Interest on note receivable	74,970
Principle paydown on note receivable from developer	500,000
Net cash provided by investing activities	<u>574,970</u>
Cash flows from noncapital and related financing activities:	
Interest payments on bonds payable	(74,970)
Principal payments on bonds payable	(500,000)
Net cash used in noncapital and related financing activities	<u>(574,970)</u>
Increase in cash and cash equivalents (unrestricted)	(24,352)
Cash and cash equivalents (unrestricted), beginning of year	<u>161,507</u>
Cash and cash equivalents (unrestricted), end of year	<u>\$ 137,155</u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
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 Authority, the State of Florida, or any political subdivision thereof.

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

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

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

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

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

Restricted cash equivalents/deposits in escrow

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

Other liability

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net position

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

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 – CASH AND CASH EQUIVALENTS

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

Investment risk

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

Deposits

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

NOTE 4 – MORTGAGE NOTE RECEIVABLE FROM DEVELOPER

As of September 30, 2016, the 2004 A and B Bond Program Funds had a mortgage loan receivable from the Developer. The terms of the Loan Agreement require the Developer to pay amounts which will be sufficient to pay interest and principal, when due, on the Bonds. The payments required from the Developer are secured by a Credit Facility. (Also see Note 1, "Organization and Purpose").

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE

As of September 30, 2016, \$36,100,000 of the Bonds was outstanding. The Bonds shall mature on September 1, 2037, or earlier on the demand of the owner(s) thereof, on each Optional or Mandatory Tender Date.

The Bonds shall initially bear interest at a Weekly Rate, as determined weekly by a remarketing agent. The interest rate is subject to conversion to a Commercial Paper Rate or a Fixed Rate at the option of the Developer subject to the consent of the Initial Credit Provider. At September 30, 2016, the interest rate for the Series A Bonds was .804% and the rate for the Series B Bonds was 5.350%. The Bonds are subject to mandatory tender for purchase pursuant to the conditions set forth in the Trust Indenture. The Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which Bond proceeds and program revenues are to be deposited in these accounts. Debt service on the Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

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

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

Series A

\$33,230,000, Term Bonds bearing interest at a weekly rate determined by remarketing agent, with a final maturity on September 1, 2037.	\$ 32,330,000
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Series B

\$4,270,000, Terms Bonds bearing interest at a weekly rate determined By remarketing agent, with a final maturity on September 1, 2037.	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right;">4,270,000</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black;">\$ 36,600,000</td> </tr> </table>	4,270,000	\$ 36,600,000
4,270,000			
\$ 36,600,000			

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES A AND B MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(CYPRESS GROVE APARTMENTS PROJECTS)
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE - Continued

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

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	-	483,916	483,916
2018	-	484,358	484,358
2019	-	484,358	484,358
2020	-	484,801	484,801
2021	-	483,916	483,916
2022-2026	-	2,421,791	2,421,791
2027-2031	-	2,421,791	2,421,791
2032-2036	-	2,422,121	2,422,121
2037	36,100,000	484,028	36,584,028
Total	<u>\$ 36,100,000</u>	<u>\$ 10,171,080</u>	<u>\$ 46,271,080</u>

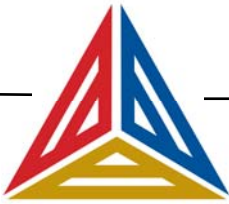
Changes in Long-Term Liabilities

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable	<u>\$ 36,600,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ 36,100,000</u>	<u>\$ -</u>

NOTE 6 – SUBSEQUENT EVENTS

October 1, 2016, \$100,000 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, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds (Cypress Grove Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 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, 2004 Series A and B Multifamily Housing Revenue Bond Program Funds Cypress Grove Apartments Project's 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
2004 SERIES MULTIFAMILY HOUSING
REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

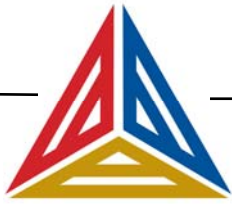


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
SEPTEMBER 30, 2016

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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, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) (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 and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) as of September 30, 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, 2004 Series Multifamily Housing Revenue Bond Program Funds Pinnacle Village Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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." is written over a light blue rectangular background.

Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Assets

Current Assets:

Interest receivable	\$ 1,088
Total current assets	1,088

Non-current assets (restricted):

Cash and cash equivalents	585,904
Due from developer	2,082
Note receivable	5,900,000
Total non-current assets	6,487,986
Total assets	6,489,074

Liabilities

Current liabilities:

Accrued bond interest payable	145
Other accrued liabilities	3,025
Bonds payable – current	100,000
Total current liabilities	103,170

Non-current liabilities:

Deposits in escrow	585,904
Bonds payable, net of current portion	5,800,00
Total non-current liabilities	6,385,904
Total liabilities	6,489,074

Net Position

\$ -

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENT PROJECT)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue	
Interest income on note receivable	\$ 16,014
Other income	27,908
Total Revenue	<u>43,922</u>
Expenses	
Interest on bonds payable	15,071
General and administrative	28,851
Total Expenses	<u>43,922</u>
Change in net position	-
Net position – beginning of year	<u>-</u>
Net position – end of year	<u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:	
Cash paid for general and administration expenses	\$ (28,957)
Cash received from developer	<u>42,063</u>
Net cash used in operating activities	<u>13,106</u>
Cash flows from investing activities:	
Interest on note receivable	26,920
Principal paydowns on note receivable	<u>175,000</u>
Net cash provided by investing activities	<u>201,920</u>
Cash flows from noncapital and related financing activities:	
Interest payments on bonds payable	(15,026)
Principal paydowns on bonds payable	<u>(200,000)</u>
Net cash used in noncapital and related financing activities	<u>(215,026)</u>
Change in cash and cash equivalents (unrestricted)	-
Cash and cash equivalents (unrestricted), beginning of year	<u>-</u>
Cash and cash equivalents (unrestricted), end of year	<u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
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, *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the Authority, the State of Florida, or any political subdivision thereof.

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

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

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

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

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

Restricted cash equivalents/deposits in escrow

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

Other asset

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, CASH AND CASH EQUIVALENTS

Investments permitted by the Bond Program Funds are governed by certain provisions of the Trust Indenture. Permitted 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 which meet standards for deposits as stipulated in agreements with the Authority for benefit of the Bond Program Funds.

Investment agreement

The Authority, the Trustee, and CDC Funding Corp., Inc., (the "Institution") entered into an investment agreement (the "Agreement") whereby substantially all the money held in the Bond Program Funds accounts were deposited with the Institution. The Agreement provides for the establishment of a fixed rate of return on amounts deposited with the institution a rate of 2.11%. The Agreement matured June 28, 2007.

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.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 4 – MORTGAGE NOTE RECEIVABLE FROM DEVELOPER

As of September 30, 2016, the Bond Program Funds had a mortgage loan receivable from the Developer. The terms of the Loan Agreement require the Developer to pay amounts which will be sufficient to pay interest and principal, when due, on the Bonds. The payments required from the Developer are net of interest earned on investments.

NOTE 5 – BONDS PAYABLE

As of September 30, 2016, \$5,900,000 of the Bonds was outstanding. The Bonds are due July 15, 2036, or earlier on the demand of the owner(s) thereof, on each Mandatory Tender Date. Mandatory Tender Date includes each Adjustment Date, Substitution Date or Extension Date as described in the Trust Indenture.

The Bonds bear interest, payable monthly, at a rate determined weekly by a remarketing agent. Subject to satisfaction of certain conditions in the Indenture, the Bonds may be adjusted to a Term Interest Rate Period. The interest rate is subject to conversion to the Term Interest Rate Period at the option of the Developer subject to the consent of the Letter of Credit issuer. The Bonds are subject to mandatory tender for purchase pursuant to the conditions set forth in the Trust Indenture. During 2016, the average interest rate was 0.252%. The effective interest rate at September 30, 2016 was 0.6285%.

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

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

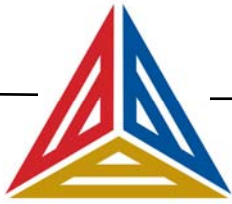
<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 100,000	\$ 3,405	\$ 103,405
2018	200,000	3,111	203,311
2019	200,000	3,195	203,195
2020	200,000	3,081	203,081
2021	200,000	3,961	202,961
2022-2026	1,200,000	12,973	1,212,973
2027-2031	1,600,000	8,995	1,608,995
2032-2036	2,200,000	3,493	2,203,493
Total	<u>\$ 5,900,000</u>	<u>\$ 41,414</u>	<u>\$ 5,941,414</u>

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2004 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(PINNACLE VILLAGE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE – Continued

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 6,100,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 5,900,000</u>	<u>\$ 100,000</u>



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, 2004 Series Multifamily Housing Revenue Bond Program Funds (Pinnacle Village Apartments Project) (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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MEMBER

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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, 2004 Series Multifamily Housing Revenue Bond Program Funds Pinnacle Village Apartment Project's 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 MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDING SEPTEMBER 30, 2016**

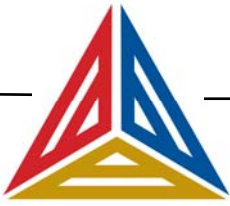


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
SEPTEMBER 30, 2016

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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 Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) (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 and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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American Institute of Certified Public Accountants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) as of September 30, 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, 2006 Series Multifamily Housing Revenue Bond Program Funds Woodsdale Oaks Apartments Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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." is written over a light blue rectangular background.

Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Assets

Current assets:

Interest receivable	\$ 37,816
Total current assets	37,816

Non-current assets (restricted):

Cash and cash equivalents	634,227
Note receivable	7,090,672
Total non-current assets	7,724,899
Total assets	7,762,715

Liabilities

Current liabilities:

Accrued bond interest payable	37,816
Bonds payable - current	70,505
Total current liabilities	108,321

Non-current liabilities:

Deposits in escrow	634,227
Other accrued liabilities	207
Bonds payable, net of current portion	7,019,960
Total non-current liabilities	7,654,394
Total liabilities	7,762,715

Net Position	\$ <u><u> -</u></u>
---------------------	-------------------------------------

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue	
Interest income on note receivable	\$ 455,838
Other income	24,753
Total Revenue	<u>480,591</u>
Expenses	
Bond interest	455,752
General and administrative	24,839
Total Expenses	<u>480,591</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position – end of year	<u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:	
Change in net position	\$ (35,669)
Increase in other accrued liabilities	35,669
Net cash provided by operating activities	<u>-</u>
Cash flows from investing activities:	
Interest on note receivable	456,191
Decrease on note receivable	66,057
Net cash provided by investing activities	<u>522,248</u>
Cash flows from noncapital and related financing activities:	
Interest payments on bonds payable	(456,105)
Payments on bonds payable	(66,143)
Net cash used in noncapital and related financing activities	<u>(522,248)</u>
Change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 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 2006 Series Multifamily Housing Revenue Bonds (Woodsdale Oaks Apartments Project) (the “Bonds”) were issued to provide funds for a mortgage loan (the “Loan”) between the Authority and Woodsdale Oaks Preservation, Limited Partnership.(the “Borrower”) duly organized and validly existing under the laws of the State of Delaware, and authorized to transact business in the State of Florida for the purpose of financing the acquisition and rehabilitation of 120 multifamily residential rental apartment units (the “Project”) in Broward County, Florida.

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

The Bonds are backed by payments pursuant to the Mortgage Loan Agreement, all the amounts held by The Bank of New York Trust Company (the “Trustee”), and payments under the investment agreement. (Note 3).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

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

Restricted cash equivalents/deposits in escrow

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

Other asset/liability

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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, CASH AND CASH EQUIVALENTS

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

Investment risk

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

NOTE 4 – MORTGAGE NOTE RECEIVABLE FROM DEVELOPER

As of September 30, 2016, the Bond Program Funds had a note receivable of \$7,090,672 from the Borrower. The Note is made pursuant to the Mortgage Loan Agreement. The Borrower's obligated under the Mortgage Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds.

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE

As of September 30, 2016, there were Bonds outstanding in the amount of \$7,090,465. The Bonds bear interest at the rate of 6.40% and are due July 1, 2048. Interest is paid on the first day of each month and on each Bond payment date.

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

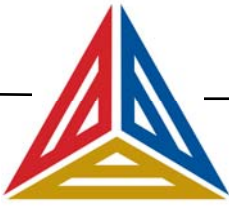
<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	70,505	\$ 451,745	\$ 522,250
2018	75,150	447,098	522,248
2019	80,102	442,145	522,247
2020	85,382	436,866	522,248
2021	91,011	431,238	522,249
2022-2026	553,335	2,057,903	2,611,238
2027-2031	761,365	1,849,873	2,611,238
2032-2036	1,047,605	1,563,632	2,611,237
2037-2041	1,441,464	1,169,776	2,611,240
2042-2046	1,983,392	627,848	2,611,240
2047-2048	901,154	56,300	957,454
Total	<u>\$ 7,090,465</u>	<u>\$ 9,534,424</u>	<u>\$ 16,624,889</u>

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 7,156,608</u>	<u>\$ -</u>	<u>\$ (66,143)</u>	<u>\$ 7,090,465</u>	<u>\$ 70,505</u>

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



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 Directions
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds (Woodsdale Oaks Apartments Project) (the "Bond Program"), as of and for the year ended September 30, 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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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American Institute of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds Woodsdale Oaks Apartments Project's 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
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

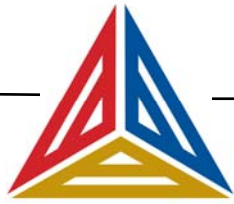


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HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
SEPTEMBER 30, 2016

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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, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) (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 and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) as of September 30, 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, 2008 Series Multifamily Housing Revenue Bond Program Funds Driftwood Terrace Apartments Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and true 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." is written over a light blue rectangular background.

Hollywood, Florida
June 7, 2017

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Assets

Current Assets:

Cash and cash equivalents	\$ 7,314
Total current assets	7,314

Non-current assets (restricted):

Other asset	38,580
Note receivable	8,993,262
Non-current assets (restricted)	9,031,842
Total assets	9,039,156

Liabilities

Current liabilities:

Accrued bond interest payable	45,866
Bonds payable - current	78,324
Total current liabilities	124,190

Non-current liabilities:

Bonds payable, net of current portion	8,914,966
Total non-current liabilities	8,914,966
Total liabilities	9,039,156

Net Position

\$ -

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Revenue	
Interest income on note receivable	552,851
Other income	26,060
Total Revenue	<u>578,911</u>
Expenses	
Bond interest	552,476
General and administrative	26,435
Total Expenses	<u>578,911</u>
Change in net position	-
Net position – beginning of year	<u>-</u>
Net position – end of year	<u><u>\$ -</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Cash flows from operating activities:	
Cash paid for general and administrative expenses	\$ (26,435)
Other cash receipts	26,468
Net cash used in operating activities	<u>33</u>
Cash flows from investing activities:	
Interest on note receivable	552,851
Payments received on note receivable	73,518
Net cash provided by investing activities	<u>626,369</u>
Cash flows from noncapital and related financing activities:	
Interest payments on bonds payable	(552,851)
Principal payments on bonds payable	(73,518)
Net cash used in noncapital and related financing activities	<u>(626,369)</u>
Decrease in cash and cash equivalents	33
Cash and cash equivalents, beginning of year	<u>7,281</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,314</u></u>

See notes to financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 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 2008 Series Multifamily Housing Revenue Bonds (Driftwood Terrace Apartments Project) (the “Bonds”) were issued to provide funds for a mortgage loan (the “Loan”) between the Authority and Driftwood Preservation, Limited Partnership (the “Borrower”) duly organized and validly existing under the laws of the State of Delaware, and authorized to transact business in the State of Florida for the purpose of financing the acquisition, rehabilitation and equipping of 176 multifamily residential rental apartment units (the “Project”) in Broward County, Florida.

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

The Bonds are backed by payments pursuant to the Mortgage Loan Agreement, all the amounts held by The Bank of New York Trust Company (the “Trustee”), and payments under the investment agreement. (Note 3).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO THE FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

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

Other asset

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

Net position

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

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO THE 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, CASH AND CASH EQUIVALENTS

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

Investment risk

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

NOTE 4 – MORTGAGE NOTE RECEIVABLE FROM DEVELOPER

As of September 30, 2016, the Bond Program Funds had a note receivable of \$8,993,262 from the Borrower. The Note is made pursuant to the Mortgage Loan Agreement. The Borrower’s obligated under the Mortgage Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds.

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

NOTE 5 – BONDS PAYABLE

As of September 30, 2016, there were bonds amounting to \$8,993,290 outstanding. The 2008 bonds are due September 1, 2040. Interest is paid at a fixed rate of 6.12% on the first day of each month and on each Bond payment date.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO THE FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2016

NOTE 5 – BONDS PAYABLE - Continued

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

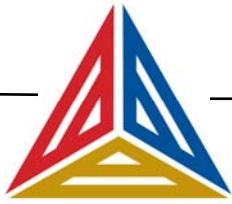
The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 78,324	\$ 548,218	\$ 626,542
2018	83,444	543,282	626,726
2019	88,901	538,024	626,925
2020	94,713	532,422	626,135
2021	100,906	526,454	627,360
2022-2026	612,566	2,528,159	3,14,725
2027-2031	840,791	2,308,217	3,149,008
2032-2036	1,154,033	2,006,332	3,160,365
2037-2040	5,939,612	1,313,424	7,253,036
Total	<u>\$ 8,993,290</u>	<u>\$ 10,844,532</u>	<u>\$ 19,837,822</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2106, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 9,066,808</u>	<u>\$ -</u>	<u>\$ (73,518)</u>	<u>\$ 8,993,290</u>	<u>\$ 78,324</u>



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 statement of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds (Driftwood Terrace Apartments Project) (the "Bond Program") as of and for the year ended September 30, 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, 2008 Series Multifamily Housing Revenue Bond Program Funds Driftwood Terrace Apartments Project's 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