

**BROWARD COUNTY HOUSING AUTHORITY
LAUDERDALE LAKES, FLORIDA**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT THEREON AND REPORTS ON INTERNAL
CONTROL AND COMPLIANCE IN ACCORDANCE WITH
THE UNIFORM GUIDANCE**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2017 AND 2016**



BROWARD COUNTY HOUSING AUTHORITY

FINANCIAL STATEMENTS AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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BROWARD COUNTY HOUSING AUTHORITY

FINANCIAL STATEMENTS AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE FISCAL YEAR ENDED SEPTEMBER 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Broward County Housing Authority
Lauderdale Lakes, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Broward County Housing Authority (the "Authority"), as of and for the years ended September 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Partnerships included in the discrete component units, which statements represent 64%, 56%, and 8% and 56%, 49%, and 7%, respectively, of the total assets, net position, and total revenues as of and for the year ended December 31, 2016 and 2015. Those financials statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Partnerships included in the discrete component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of September 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Authority's September 30, 2016 financial statements, which included the combining discrete component unit information for the year ended December 31, 2015 and the combining blended component unit information for the year ended September 30, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in proportional share of net pension liability and contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The accompanying financial data schedule and schedule of actual program costs and advances are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements. The accompanying combining financial schedules as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulation Part 2, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, part of the financial statements of the Authority.

The supplemental information listed above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

April 5, 2018
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

As management of the Broward County Housing Authority ("BCHA" or "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2017 and 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The Broward County Housing Authority was founded in 1969 as a special district under the State of Florida statutes Section 421.27. Broward County Housing Authority has been aggressive in utilizing nontraditional Public Housing Strategies to increase the pool of units available, and to serve a range of demographic needs. The Authority has been aggressive in the replacement of older units using a variety of resources.

The Authority's financial statements for the fiscal years ended September 30, 2017 and 2016 are presented in accordance with the Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34).

FINANCIAL HIGHLIGHTS

Entity-wide

- As of September 30, 2017 and 2016, assets and deferred outflows of the Authority exceeded liabilities and deferred inflows by \$52.2 million and \$53.6 million, respectively.
- As of September 30, 2017 and 2016, the Authority's net current assets (current assets minus current liabilities) were \$19.6 million and \$17.6 million, respectively.
- As of September 30, 2017 and 2016, unrestricted net position was \$15.4 million and \$13.6 million, respectively.

PROGRAM HIGHLIGHTS

Enterprise Fund

The Broward County Housing Authority financial statements are presented as a single governmental entity on a single enterprise fund basis with discrete component units. The various primary governmental activities include: Public Housing; Multi-family, Housing Choice Voucher Program ("Section 8" or "HCV"), and Other Enterprise activities, consisting of discrete Affordable Housing affiliates, Housing Counseling, Development and the Central Office Cost Center. As of September 30, 2017, Multi-family converted 373 apartments through the Rental Assistance Demonstration program ("RAD") from Public Housing during fiscal years 2014 and 2015; Housing Choice Voucher Program served approximately 5,900 renters, Shelter Plus Care Program served 339 participants, and there were 122 Affordable Housing units.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

PROGRAM HIGHLIGHTS (Continued)

In addition to providing housing services through the primary government, the BCHA has expanded affordable housing operations with Low Income Housing Tax Credit (LIHTC) financed limited partnerships. These limited partnerships have been included as discrete component units of the BCHA primary government because: the board of the affiliates may impose its will on the partnerships; the BCHA board and the affiliates' General Partner board consist of the same individuals; and, there is a financial benefit relationship between the Authority and the component units. The six tax credit limited partnerships consist of: Crystal Lakes, 190 units; East Village (Ehlinger) 155 units; Highland Gardens, 100 units; Progresso, 76 units; Tallman Pines I, 176 units; and Tallman Pines II, 24 units, for a total 721 LIHTC units. Each of these properties is disclosed as discrete component units.

The Authority through its affiliates has utilized its real estate assets by entering into contracts that leverage the properties with partners and private developers to create new and fully renovated homes to serve the housing needs of the County. Since 2003, the Authority has embarked on an ambitious development program where it has undertaken the replacement of older public housing that has approached or become physically and functionally obsolescent. This program so far has replaced 302 public housing units at sites located in two neighborhoods in Broward County with affordable housing units and added an additional 88 units to these sites for a total of 390 affordable housing units.

Additionally, the Authority through its affiliates has created 100 units of affordable housing on surplus land adjoining a public housing site providing housing for senior households. In addition to the replacement of existing obsolete public housing and the creation of additional housing units, the Authority has also received Housing Choice Vouchers from HUD to assist households as replacement for the public housing units demolished and disposed of as referenced above. The success of this effort is evidenced by the creation of the 490 units under the LIHTC Program and the addition since 2003 of the 302 Housing Choice Vouchers. Each of the development projects generated fees which were used by the Authority to improve its financial condition as well as assist in successfully financing newly created housing units.

The Authority has undertaken a responsible and well executed business model for its development program which limits risk and exposure for the public, generates development and related fee income, and results in public control of affordable housing real estate assets following the completion of the project's development obligation period. Under this business model, a skilled development partner assumes the major guarantees required to finance and construct the housing. Once the project is completed, the developer co-general partner passes control and Managing General Partner responsibilities over to the Authority's affiliate management/ownership entity, subject to the approval of all private and public investors.

Once the Authority, through an Affiliate nonprofit or for-profit corporation instrumentality, assumes control as Managing General partner of the management ownership entity it receives the benefit of all cash flow and related proceeds permitted under the financing arrangements with the investors. This business model has resulted in the ongoing provision of cash proceeds to the Authority's instrumentality which is then available for other development activities and related purposes consistent with the overall mission of the Authority.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

PROGRAM HIGHLIGHTS (Continued)

This has enabled the Authority to more than double its portfolio of units:

As of December 31, 2016

	Units	Capital Asset	Mortgage	Equity	Tax Credit Funding
Tallman Pines I	176	\$ 17,994,257	\$ 3,847,168	\$ 17,243,874	\$ 24,350,000
Tallman Pines II	24	3,617,555	3,610,923	308,799	1,958,270
Highland Gardens	100	10,630,749	1,890,963	10,209,831	15,000,000
Ehlinger	155	22,209,152	9,739,634	16,174,524	25,260,000
Progresso	76	16,449,543	1,648,324	11,589,089	19,450,850
Crystal Lakes	190	18,760,738	9,755,084	10,056,904	16,750,000
Totals	721	\$ 89,661,994	\$ 30,492,096	\$ 65,583,021	\$ 102,769,120

The Authority has been better able to serve the needs of the community through the provision of multi-family affordable housing which consists of sites with contemporary and energy efficient design more suitable to families and the elderly. All of the units created and mentioned above, while operating under the rules of the LIHTC Program, are income restricted and conform to the income restrictions of the public housing units they replaced.

In fiscal years 2017 and 2016, the Authority is reporting the revenue and expense associated with the Housing Choice Voucher (Section 8) families who move from another jurisdiction to Broward County. Revenues and expenses associated with that program were \$831,034 for 2017 and \$9,132 for 2016. In accordance with HUD regulations, those families who port-in from another jurisdiction are eligible to have their rents subsidized by the Authority. In conjunction with the rent subsidy, the Authority earns a modest fee from the originating jurisdiction for assisting the family.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- **Statement of Net Position** - reports the Authority's current financial resources (short-term expendable resources) with capital assets and long-term debt obligations.
- **Statement of Revenues, Expenses and Changes in Net Position** - reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- **Statement of Cash Flows** - presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, payables, etc.).
- **Notes to the Basic Financial Statements** - provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Authority may face.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authority's finances, "Is the Authority, as a whole, better or worse off as a result of the year's activities?" The attached analysis of entity-wide net position, revenue and expenses is provided to assist with providing an answer to this question.

The Authority presents its financial statements and results for the fiscal years ended September 30, 2017 and 2016 on an accrual basis and as a single governmental entity with blended component units on a single enterprise fund basis. The enterprise fund basis accounts for the operations of the Authority in a manner similar to a private business, where the determination of net income on a full accrual basis is made to determine sound financial administration. The full accrual method requires the recording of revenues when earned and expenses when incurred.

Our analysis also presents the Authority's net position and changes therein. The reader can think of the Authority's net position as the difference between what the Authority owns (assets) and deferred outflows and what the Authority owes (liabilities) and deferred inflows. The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net position are indicators of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other nonfinancial factors such as; changes in family composition, fluctuations in the local economy, U.S. Department of Housing and Urban Development (HUD) mandated program administrative changes, and the physical condition of the Authority's capital assets.

The Statement of Net Position provides information on the assets available to the Authority at the end of the fiscal year to support future operations and the liabilities owed by the Authority that have to be reduced or paid off by the liquidity of current or future assets. These Statements also identify the accumulated position of unrestricted net position and the impact of net operating results and non-operating transactions that has transpired since the inception of the Authority.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The Statement of Revenues, Expenses, and Changes in Net Position represents the results from normal operations of the activities managed by the Authority and the fiscal years' impact on the net position in the Authority's Statement of Net Position.

The Statement of Cash Flows contains the increases and decreases changes in the Authority's cash balances resulting from all of the financing, operating and investing activities of the Authority during the fiscal years. The combination of these three statements provides the reader with a comprehensive overview of the Authority's operational results for fiscal years 2017 and 2016, and its capabilities to support future operations and management of the Authority.

CURRENTLY KNOWN FACTS AND CONDITIONS

In fiscal year 2009, HUD approved the demolition of the Ehlinger Apartments in the Town of Davie, at the same time an adjacent parcel of land was purchased with the goal of a new larger affordable housing development called East Village. Construction began in fiscal year 2010 with opening of the new property in 2012 with stabilization during fiscal year 2017. Consistent with the business model described above, the Authority replaced 100 units of obsolete public housing with 155 units of new housing in a contemporary multi-family setting using \$25.3 million in tax credits. The Authority also completed construction of a new affordable housing development adjacent to the Crystal Lakes Apartments in the City of Hollywood called Crystal Lake Townhouses in 2013 consisting of ten units of multi-family housing using a \$500,000 Affordable Housing Program Grant to defray costs.

In partnership with the Reliance Housing Foundation, the Authority completed construction of a new workforce housing development in the City of Fort Lauderdale called Progresso Point with opening of the property in 2012 consisting of 76 units for small family and single person households using \$15 million partnership equity. Stabilization of the property occurred during fiscal year 2014.

In further efforts to diversify its housing portfolio, the Authority obtained Commitments to enter into Housing Assistance Payments ("CHAP") with HUD under the Rental Assistance Demonstration ("RAD") program for two of its public housing properties; Highland Gardens and Griffin Gardens properties converted during fiscal year 2014 and Parkridge, Meyers and Everglades converted during fiscal year 2015 to 20 year long-term Section 8 rental assistance contracts. These properties are now under multi-family. RAD is part of HUD's rental housing preservation strategy to preserve the nation's stock of deeply affordable rental housing, promote efficiency within and among HUD programs, and build strong, stable communities. This program allows market financing tools to be applied to public and assisted housing units. The program is part of a national competition, limited to 60,000 units under the first phase. The second phase raised the cap to 159,000 units nationally. Subsequent phases have increased the cap to 225,000 units.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

CURRENTLY KNOWN FACTS AND CONDITIONS (Continued)

During 2016, new construction commenced on Oakland Preserve, an 80 unit LIHTC property in partnership with Pinnacle Housing Group, located in Oakland Park. The Oakland Preserve construction was completed in 2017 with stabilization anticipated during 2018. Also in 2016, construction began at Manors at Middle River in the City of Fort Lauderdale consisting of 12 townhome units of affordable multi-family housing, with project completion and full occupancy in 2017.

FINANCIAL ANALYSIS

Primary Government Including Blended Affiliates

**Statements of Net Position
September 30, 2017, 2016 and 2015**

	2017	2016	2015	% 2017/ 2016	% 2016/ 2015
Current assets	\$ 20,879,863	\$ 18,582,072	\$ 18,409,966	12%	1%
Restricted assets	6,332,858	10,337,507	8,321,793	-39%	24%
Intangible assets	324,404	324,404	324,404	0%	0%
Capital assets, net of depreciation	31,140,504	30,367,405	29,718,626	3%	2%
Total Assets	58,677,629	59,611,388	56,774,789	-2%	5%
Deferred outflows	3,686,054	2,139,018	1,068,973	72%	100%
Current liabilities	1,230,300	981,357	982,517	25%	0%
Non-current liabilities payable					
from restricted assets	530,321	478,835	914,410	11%	-48%
Pension liabilities	6,407,793	5,651,097	3,774,260	13%	50%
Long-term liabilities	839,113	827,451	741,059	1%	12%
Total Liabilities	9,007,527	7,938,740	6,412,246	13%	24%
Deferred inflows	1,168,900	162,723	649,130	618%	-75%
Net investment in capital assets	30,995,259	30,325,433	29,984,910	2%	1%
Restricted	5,802,537	9,698,949	7,605,025	-40%	28%
Unrestricted	15,389,460	13,624,561	12,868,047	13%	6%
Total Net Position	\$ 52,187,256	\$ 53,648,943	\$ 50,457,982	-3%	6%

Assets and deferred outflows

At September 30, 2017, current assets increased by \$2.3 million from 2016 due to an increase in cash of \$1.9 million and a receivable of \$888 thousand due from HUD as settlement of a lawsuit for having improperly swept the Public Housing Operating Reserves back in 2012. Capital assets had a net increase of \$773 thousand due to completion of the Manors at Middle River affordable housing construction project. Deferred outflows increased by \$1.6 million due to the GASB 68 pension actuary FRS calculation.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

FINANCIAL ANALYSIS (Continued)

Primary Government Including Blended Affiliates (Continued)

Liabilities and deferred inflows

At September 30, 2017, Net Pension Liability and Deferred Inflows increased by \$757 thousand and \$1.0 million, respectively, due to the GASB 68 pension actuary FRS calculation.

Net Position

At September 30, 2017, 2016 and 2015 the Authority's net positions were \$52.2 million, \$53.6 million and \$50.5 million, respectively, of which unrestricted net positions were \$15.4 million (and restricted net position was \$5.8 million), \$13.6 million and \$12.9 million, respectively. Unrestricted net position increased in 2017 by \$1.8 million due to unrestricted cash increasing, and in 2016 increased by \$757 thousand due to non-HAP revenues exceeding expenditures. Restricted net position decreased by \$3.9 million due to a decrease in HAP equity from \$1.9 million to zero and completion of a construction project for which cash had been restricted.

**Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended September 30, 2017, 2016 and 2015**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>% 2017/ 2016</u>	<u>% 2016/ 2015</u>
Revenues					
Rental income and other income	\$ 6,325,547	\$ 4,325,055	\$ 2,161,233	46%	100%
Developer fees/ground lease	-	519,086	1,682,475	-100%	-69%
Management fees	831,034	2,972,158	2,809,927	-72%	6%
Interest earnings	52,655	50,862	35,414	4%	44%
Capital grants	33,221	-	2,710,097	100%	-100%
Federal grants and subsidies	82,309,126	81,485,980	76,238,567	1%	7%
Gain/(loss) on disposition of fixed assets	13,639	(36,685)	(33,697)	-137%	9%
Total Revenues	<u>89,565,222</u>	<u>89,316,456</u>	<u>85,604,016</u>	<u>0%</u>	<u>4%</u>
Expenses					
Administration	8,347,586	9,635,934	10,492,604	-13%	-8%
Tenant services	108,025	105,622	99,226	2%	6%
Utilities	328,741	319,634	323,301	3%	-1%
Maintenance and operations	1,838,984	1,531,881	1,443,831	20%	6%
Housing assistance payments and port-in expense	78,394,358	72,543,210	71,057,695	8%	2%
Depreciation	2,009,215	1,989,214	1,986,198	1%	0%
Total Expenses	<u>91,026,909</u>	<u>86,125,495</u>	<u>85,402,855</u>	<u>6%</u>	<u>1%</u>
Increase/(Decrease) in Net Position	<u>\$ (1,461,687)</u>	<u>\$ 3,190,961</u>	<u>\$ 201,161</u>	<u>-146%</u>	<u>1486%</u>

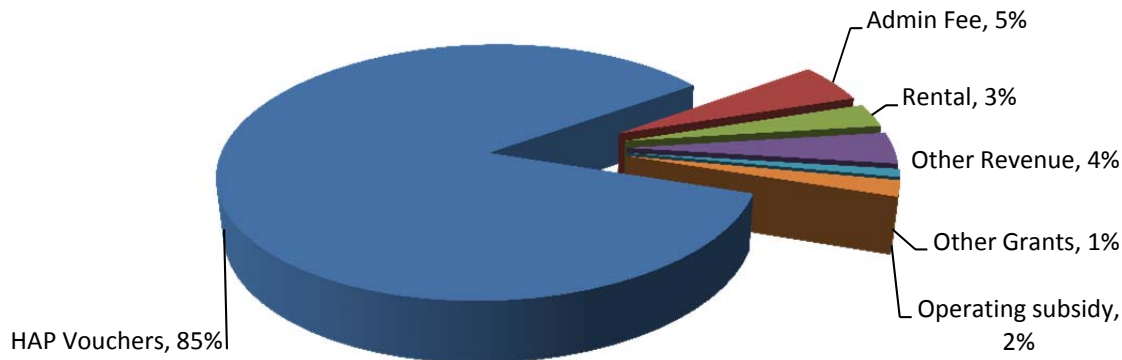
Broward County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2017 and 2016

FINANCIAL ANALYSIS (Continued)

Primary Government Including Blended Affiliates (Continued)

Revenues

Broward County Housing Authority
2017 Revenues
Primary Government Including Blended
Affiliates



Total revenues for the years ended September 30, 2017, 2016 and 2015 were \$89.6 million, \$89.3 million and \$85.6 million (before loss on disposal of capital assets), respectively.

For 2017, this is an increase of \$249 thousand, primarily due to:

- an increase in Housing Choice Voucher payments of \$54 thousand,
- a decrease in Housing Choice Voucher Program Administrative fees of \$118 thousand,
- an increase of \$87 thousand in rental income,
- an increase of \$33 thousand in Capital Grants,
- an increase of \$89 thousand in rent subsidy for Multi-family,
- a decrease of \$367 thousand in developer fees and ground lease revenues from discrete component units, and
- offset by increases in Port-in HAP revenue of \$831 thousand and a lawsuit settlement of \$888 thousand.

Broward County Housing Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2017 and 2016

FINANCIAL ANALYSIS (Continued)

Primary Government Including Blended Affiliates (Continued)

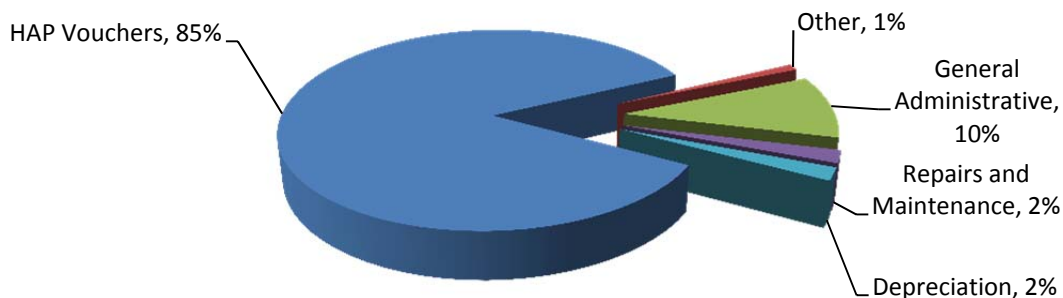
Revenues (Continued)

For 2016, this is an increase of \$3.7 million, primarily due to:

- an increase in Housing Choice Voucher payments of \$6.3 million,
- an increase in Housing Choice Voucher Program Administrative fees of \$718 thousand,
- an increase of \$200 thousand in rental income and other income,
- a decrease of \$2.7 million in Capital Grants, and
- a decrease of \$130 thousand in developer fees, reimbursement of expenses, and ground lease revenues from discrete component units, offset by a decrease in Port-in HAP revenue of \$619 thousand due to absorbing tenants.

Expenses

Broward County Housing Authority
2017 Expenses
Primary Government Including Blended
Affiliates



Program expenditures for the years ended September 30, 2017, 2016 and 2015 were \$90.7 million, \$86.1 million and \$85.4 million, respectively.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

FINANCIAL ANALYSIS (Continued)

Primary Government Including Blended Affiliates (Continued)

Expenses (Continued)

For 2017, this is an increase of \$4.6 million primarily due to:

- increased expenditure of \$5.9 million for Housing Assistance Payments (HAP) and port-in expense,
- increased tenant services costs of \$2 thousand,
- increased depreciation expense of \$20 thousand,
- increased utilities expense of \$9 thousand, and
- decreased administrative and maintenance and operations expenses of \$1.3 million.

For 2016, this is an increase of \$723 thousand primarily due to:

- increased expenditure of \$1.5 million for Housing Assistance Payments (HAP),
- increased tenant services costs of \$6 thousand,
- increased depreciation expense of \$3 thousand,
- decreased utilities expense of \$4 thousand, and
- decreased administrative and maintenance and operations expenses of \$768 thousand.

Discrete Partnerships

The Authority is required to include its partnerships, which the affiliates or the Authority serves as managing partner, as discrete component units. Component units are related but legally separate entities that are evaluated for possible inclusion within the Authority's reporting entity depending on financial accountability and the nature and significance of the relationship. During 2015, the Authority adopted a new accounting policy for its partnerships to assure uniformity and consistency in accounting for new tax credit properties complying with the Governmental Accounting Standards Board ("GASB") 14, 39, 61 and 80. GASB is a private non-governmental organization that has been issuing generally accepted accounting principles ("GAAP") used by state and local governments in the U. S. since 1984.

This accounting policy states that as tax credit properties are developed and these projects meet the stabilization requirements as defined in the partnership agreements, the BCHA general partner affiliates become the managing partners. At this point, per the GASBs, the partnership entities become discrete component units of the BCHA primary government because they are legally separate and do not meet any of the blending criteria. Note that since the partnerships have different fiscal year ends than the primary government, per GASB, the latest audit reports that end during the current audit year are used for the component units.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

FINANCIAL ANALYSIS (Continued)

Discrete Partnerships (Continued)

**Discrete Partnerships Statements of Combined Net Position
December 31, 2016, 2015 and 2014**

	2016	2015	2014	% 2016/ 2015	% 2015/ 2014
Current assets	\$ 8,025,928	\$ 3,984,772	\$ 4,344,853	101%	-8%
Restricted assets	4,813,640	3,187,367	3,034,616	51%	5%
Capital assets, net of depreciation	89,661,994	69,846,422	72,613,739	28%	-4%
Total Assets	102,501,562	77,018,561	79,993,208	33%	-4%
Current liabilities	1,937,331	1,237,303	1,172,620	57%	6%
Non-current liabilities payable					
from restricted assets	23,481	26,817	7,228	-12%	271%
Long-term liabilities	34,934,248	24,660,160	25,079,663	42%	-2%
Total Liabilities	36,895,060	25,924,280	26,259,511	42%	-1%
Net investment in capital assets	54,968,662	45,669,626	47,848,108	20%	-5%
Restricted	3,368,162	2,095,104	1,926,831	61%	9%
Unrestricted	7,246,197	3,329,551	3,958,758	118%	-16%
Total Net Position	\$ 65,583,021	\$ 51,094,281	\$ 53,733,697	28%	-5%

Assets

Total assets of the partnership affiliates at December 31, 2016, 2015 and 2014 were \$102.5 million, \$77.0 million and \$80.0 million, respectively. Capital assets net of depreciation were \$89.7 million, \$69.8 million and \$72.6 million, respectively; current assets totaled \$8.0, \$4.0, million and \$4.3 million, respectively. Other assets of \$5.6 million, \$2.8 million and \$2.9 million, respectively, accounted for the majority of the current assets consisting of prepaid land leases and prepaid expenses. Restricted cash at December 31 2016, 2015 and 2014 was \$4.1 million, \$2.7 million and \$2.4 million, respectively.

Liabilities

Total liabilities at December 31, 2016, 2015 and 2014 were \$36.9 million, \$25.9 million and \$26.3 million, respectively, with current liabilities of \$1.9 million, \$1.2 million, and \$1.2 million, respectively and long-term liabilities of \$34.9 million, \$24.7 million and \$25.1 million, respectively, of which \$29.8 million, \$20.6 million and \$20.9 million were mortgages, respectively.

Net Position

At December 31, 2016, 2015 and 2014, the Discrete Component Units net position was \$65.6 million, \$51.1 million and \$53.7 million, of which unrestricted net position was \$7.2 million, \$3.3 million and \$4.0 million, respectively.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

FINANCIAL HIGHLIGHTS (Continued)

Discrete Partnerships (Continued)

Statements of Combined Revenues, Expenses, and Changes in Net Position For The Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014	% 2016/ 2015	% 2015/ 2014
Revenues					
Rental income	\$ 8,182,841	\$ 6,343,600	\$ 6,195,211	29%	2%
Expenses					
General administrative	2,221,974	1,826,928	1,752,262	22%	4%
Repairs and maintenance	1,214,877	732,742	714,312	66%	3%
Utilities	964,710	692,034	718,696	39%	-4%
Interest and other non-operating expenses	2,059,627	2,071,568	2,002,951	-1%	3%
Depreciation	3,491,737	2,848,199	2,972,502	23%	-4%
Total Expenses	9,952,925	8,171,471	8,160,723	22%	0%
Capital Distributions	(687,300)	(783,491)	-	-12%	100%
(Decrease) in Net Position	\$ (2,457,384)	\$ (2,611,362)	\$ (1,965,512)	-6%	33%

Revenues

Operating revenues for the years ended December 31, 2016, 2015 and 2014 were \$8.2 million, \$6.3 million and \$6.2 million, respectively. Dwelling rentals at Tallman Pines I, Highland Gardens and Crystal Lakes reached stabilization in 2010 as occupancy increased; Progresso stabilized in 2013; and East Village stabilized in 2017.

Expenses

Operating expenses for the years ended December 31, 2016, 2015 and 2014 were \$7.9 million, \$6.1 million and \$6.2 million, respectively.

CAPITAL ASSETS

Primary Government Including Blended Affiliates

At September 30, 2017, 2016 and 2015 the Authority had \$31.1 million, \$30.4 million and \$29.7 million, respectively, invested in a broad range of capital assets, net of depreciation, including land, buildings, furniture, equipment, and building improvements.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

CAPITAL ASSETS (Continued)

Primary Government Including Blended Affiliates (Continued)

During the year 2017, the net value of capital assets increased by \$0.8 million made up of the following:

- buildings for \$2.0 million and \$0.2 million in furniture and equipment and \$0.5 million in building improvements,
- less current depreciation of \$1.9 million.

During the year 2016, the net value of capital assets increased by \$0.7 million made up of the following:

- building improvements and construction in progress of \$2.7 million at a new town home community,
- less current depreciation of \$2.0 million.

	2017	2016	2015	% 2017/ 2016	% 2016/ 2015
Land	\$ 9,884,101	\$ 9,884,101	\$ 9,884,101	0%	0%
Buildings and Construction in Progress	36,475,718	34,464,937	34,018,770	6%	1%
Furniture and Equipment	4,170,827	3,981,752	3,586,247	5%	11%
Building Improvements	7,549,541	7,073,498	5,282,676	7%	34%
Total Capital Assets	58,080,187	55,404,288	52,771,794	5%	5%
Accumulated Depreciation	(26,939,683)	(25,036,883)	(23,053,168)	8%	9%
Total Net Capital Assets	\$31,140,504	\$30,367,405	\$29,718,626	3%	2%

Additional information relative to capital assets can be found in Note 5 to the financial statements.

Discrete Partnerships

At December 31, 2016, 2015 and 2014, the Component Units had \$89.7 million, \$69.8 million and \$72.6 million, respectively, invested in a broad range of capital assets, net of depreciation, including land, buildings, furniture, equipment, and building improvements, respectively.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

CAPITAL ASSETS (Continued)

Discrete Partnerships (Continued)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>% 2016 2015</u>	<u>% 2015/ 2014</u>
Land	\$ 2,280,000	\$ 2,280,000	\$ 2,280,000	0%	0%
Buildings	99,561,023	77,410,058	77,410,058	29%	0%
Furniture and Equipment	7,281,980	5,547,196	5,547,196	31%	0%
Land Improvements	8,650,434	5,455,952	5,455,952	59%	0%
Total Capital Assets	117,773,437	90,693,206	90,693,206	30%	0%
Accumulated Depreciation	(28,111,443)	(20,846,784)	(18,079,467)	35%	15%
Total Net Capital Assets	\$ 89,661,994	\$ 69,846,422	\$ 72,613,739	28%	-4%

Additional information relative to capital assets can be found in Note 5 to the financial statements.

LONG TERM LIABILITIES

Primary Government Including Blended Affiliates

Long-term liabilities activity as of September 30, 2017, 2016 and 2015 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>% 2017/ 2016</u>	<u>% 2016/ 2015</u>
Family Self-Sufficiency Escrow	\$ 530,321	\$ 478,835	\$ 470,647	10%	2%
Rehab Escrow	-	-	443,763	0%	-100%
Capital Leases	145,245	41,972	58,120	246%	-28%
Pension Obligation	6,407,793	5,651,097	3,774,260	13%	50%
Compensated Absences	693,868	815,479	682,939	-11%	19%
Total Long-Term Liabilities	\$ 7,777,227	\$ 6,987,383	\$ 5,429,729	12%	29%

Additional information relative to long term liabilities can be found in Note 6 to the financial statements.

Broward County Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2017 and 2016

LONG TERM LIABILITIES (Continued)

Discrete Partnerships

Long-term liabilities as of December 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014	% 2016/ 2015	% 2015/ 2014
Fee Payable to Affiliate Partners	\$ 23,481	\$ 26,817	\$ 7,228	-12%	271%
Asset Management Fee	8,671	4,492	3,939	93%	14%
Exchange Income Advanced	973,779	787,112	600,445	24%	31%
Tax Credit Exchange Program Loan	4,200,602	3,235,555	3,534,222	30%	-8%
Mortgages	29,751,196	20,633,001	20,941,057	44%	-1%
Total Long-Term Liabilities	\$34,957,729	\$24,686,977	\$25,086,891	42%	-2%

Additional information relative to long term liabilities can be found in Note 6 to the financial statements.

ECONOMIC FACTORS

The Authority is primarily dependent upon the U.S. Department of Housing and Urban Development for funding its operations; therefore, the Authority is more affected by the Federal Budget than local economic conditions. The Authority, like many other housing authorities, will be required to utilize some of its operating reserves for the upcoming budget year due to federal funding shortfalls.

The Capital Fund Grant Programs have multiple year budgets and funding has remained relatively stable, though will decline in the upcoming budget year as the Authority is converting Public Housing to RAD and these grants were used for the modernization of public housing properties.

CONTACTING THE HOUSING AUTHORITY

The Authority's financial report is designed to provide the public with a general overview of the Housing Authority's finances. If you have any questions about this report or wish to request additional financial information, please contact Mr. Peter S. Jannis, Chief Financial Officer, at (954) 739-1114, extension 1323.

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF NET POSITION
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES**

As of September 30,

	Total 2017	Total 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 18,928,363	\$ 17,033,683
Restricted cash equivalents	230,280	216,462
Receivables:		
Accounts receivable	1,220,428	445,171
Due from other governmental agencies	322,383	659,396
Tenants, net of allowance	25,075	19,367
Prepaid expenses	153,334	207,993
Total current assets	20,879,863	18,582,072
Noncurrent assets:		
Restricted cash equivalents	6,332,858	10,337,507
Intangible assets	324,404	324,404
Capital assets:		
Land	9,884,101	9,884,101
Buildings, CIP and equipment	48,196,086	45,520,187
Accumulated depreciation	(26,939,683)	(25,036,883)
Capital assets, net	31,140,504	30,367,405
Total assets	58,677,629	59,611,388
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension costs	3,686,054	2,139,018
LIABILITIES		
Current liabilities:		
Accounts payable	670,155	521,816
Accrued wages payable	245,637	213,079
Tenants' security deposits	230,280	216,462
Accrued compensated absences	30,000	30,000
HUD liability	54,228	-
Total current liabilities	1,230,300	981,357
Noncurrent liabilities:		
Liabilities from restricted assets		
Family Self-sufficiency Program escrow	530,321	478,835
Capitalized lease obligation	145,245	41,972
Net pension liability	6,407,793	5,651,097
Accrued compensated absences	693,868	785,479
Total noncurrent liabilities	7,777,227	6,957,383
Total liabilities	9,007,527	7,938,740
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension costs	1,168,900	162,723
NET POSITION		
Net investment in capital assets	30,995,259	30,325,433
Restricted- replacement reserves	5,802,537	7,808,585
Restricted-Housing Assistance Payments	-	1,890,364
Unrestricted	15,389,460	13,624,561
Total Net Position	\$ 52,187,256	\$ 53,648,943

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

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES**

For the Years Ended September 30,

	Total 2017	Total 2016
	<hr/>	<hr/>
OPERATING REVENUES		
Housing assistance payments	\$ 75,360,152	\$ 74,725,973
Housing choice voucher program administrative fees	4,791,749	5,168,264
Dwelling rental	2,448,370	2,361,095
Operating subsidy	1,612,536	1,522,968
Other revenue (Port-in)	831,034	9,132
Total Operating Revenues	<hr/> 85,043,841	<hr/> 83,787,432
OPERATING EXPENSES		
Housing assistance payments	77,553,966	72,543,210
General and administrative	8,132,284	9,168,362
Repairs and maintenance	1,838,984	1,531,881
Tenants' services	108,025	105,622
Utilities	328,741	319,634
Depreciation	2,009,215	1,989,214
Pension expense	215,302	458,440
Other expense (Port-in)	840,392	9,132
Total Operating Expenses	<hr/> 91,026,909	<hr/> 86,125,495
OPERATING (LOSS)	<hr/> (5,983,068)	<hr/> (2,338,063)
NON-OPERATING REVENUES (EXPENSES)		
Grants	544,689	68,775
Investment revenue/interest (expense)	52,655	50,862
Other revenue/(expense)	3,877,177	5,446,072
Gain/(loss) on disposal of capital assets	13,639	(36,685)
Total Nonoperating Revenues, net	<hr/> 4,488,160	<hr/> 5,529,024
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	<hr/> (1,494,908)	<hr/> 3,190,961
CAPITAL CONTRIBUTIONS		
Capital grants	33,221	-
CHANGE IN NET POSITION	<hr/> (1,461,687)	<hr/> 3,190,961
NET POSITION, Beginning	<hr/> 53,648,943	<hr/> 50,457,982
NET POSITION, Ending	<hr/> \$ 52,187,256	<hr/> \$ 53,648,943

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

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF CASH FLOWS
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES**

For the Years Ended September 30,

	Total 2017	Total 2016
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal and local agencies	\$ 83,054,447	\$ 81,372,204
Housing assistance payments	(78,358,903)	(72,510,806)
Cash paid to suppliers and contractors	(5,528,103)	(6,844,822)
Payments to employees	(5,634,087)	(4,914,628)
Other payments-dwelling rental and receipts	2,448,370	2,240,314
Net cash provided by (used in) operating activities	<hr/> (4,018,276) <hr/>	<hr/> (657,738) <hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operational grants	85,713	82,443
Other revenues and receipts	3,890,815	5,597,697
Net cash provided by (used in) non-capital financing	<hr/> 3,976,528 <hr/>	<hr/> 5,680,140 <hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition (sale/reclassification) of capital assets	<hr/> (1,844,182) <hr/>	<hr/> (2,106,874) <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net deposit in reserve for replacements	(262,876)	(543,645)
Interest income on investment	52,655	50,862
Net cash provided by (used in) investing activities	<hr/> (210,221) <hr/>	<hr/> (492,783) <hr/>
Net increase (decrease) in cash and cash equivalents	(2,096,151)	2,422,745
Cash and cash equivalents beginning of year	<hr/> 27,587,652 <hr/>	<hr/> 25,164,907 <hr/>
Cash and cash equivalents end of year	<hr/> \$ 25,491,501 <hr/>	<hr/> \$ 27,587,652 <hr/>
AS PRESENTED IN THE ACCOMPANYING STATEMENT OF NET POSITION:		
Cash and cash equivalents - unrestricted	\$ 18,928,363	\$ 17,033,683
Cash and cash equivalents - restricted current	230,280	216,462
Cash and cash equivalents - restricted noncurrent	6,332,858	10,337,507
	<hr/> \$ 25,491,501 <hr/>	<hr/> \$ 27,587,652 <hr/>

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

BROWARD COUNTY HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES

For the Years Ended September 30,

	Total 2017	Total 2016
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (5,983,068)	\$ (2,338,063)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,009,215	1,989,214
(Increase) decrease in:		
Receivables	(269,244)	(162,450)
Prepaid expenses	54,659	163,890
Increase (decrease) in:		
Accounts payable	(8,613)	215,794
Accrued expenses	58,616	(572,915)
HUD liability	54,228	-
Family Self-Sufficiency escrow	49,912	51,604
Tenants deposits	16,019	(4,812)
Total	\$ (4,018,276)	\$ (657,738)

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

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF NET POSITION
DISCRETE PARTNERSHIPS**

As of December 31,

	Highland 2016	Crystal Lakes 2016	Progresso 2016	Ehlinger 2016	Tallman Pines I 2016	Tallman Pines II 2016	Total 2016	Total 2015 Memorandum Only
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 287,692	\$ 541,655	\$ 36,454	\$ 837,008	\$ 590,313	\$ 153,691	\$ 2,446,813	\$ 1,132,945
Tenants accounts receivable, net of allowance	438	86	2	8	44	314	892	5,379
Prepaid expenses	14,556	34,075	10,978	19,258	34,935	3,920	117,722	110,051
Prepaid land lease	750,000	-	-	2,789,743	1,864,585	-	5,404,328	2,654,168
Other assets	7,215	-	36,370	5,050	7,513	25	56,173	82,229
Total current assets	1,059,901	575,816	83,804	3,651,067	2,497,390	157,950	8,025,928	3,984,772
Noncurrent assets:								
Restricted cash equivalents	462,964	701,219	679,479	1,401,989	712,602	191,071	4,149,324	2,664,481
Tax credit monitoring fees, net	78,974	79,112	133,466	203,562	145,951	23,251	664,316	522,886
Capital assets:								
Land	-	-	2,280,000	-	-	-	2,280,000	2,280,000
Buildings and equipment	14,373,428	26,769,895	16,501,886	27,080,231	25,829,416	4,938,581	115,493,437	88,413,206
Accumulated depreciation	(3,742,679)	(8,009,157)	(2,332,343)	(4,871,079)	(7,835,159)	(1,321,026)	(28,111,443)	(20,846,784)
Capital assets, net	10,630,749	18,760,738	16,449,543	22,209,152	17,994,257	3,617,555	89,661,994	69,846,422
Total noncurrent assets	11,172,687	19,541,069	17,262,488	23,814,703	18,852,810	3,831,877	94,475,634	73,033,789
Total assets	12,232,588	20,116,885	17,346,292	27,465,770	21,350,200	3,989,827	102,501,562	77,018,561
LIABILITIES								
Current liabilities								
Accounts payable	26,387	31,019	124,499	73,602	44,973	14,116	314,596	359,686
Tenants' security deposits	85,521	246,855	53,588	176,396	193,661	25,141	781,162	569,377
Accrued interest payable	11,215	24,374	9,036	32,900	17,376	28,619	123,520	-
Mortgages	37,650	109,707	19,252	487,220	87,705	-	741,534	308,240
Total current liabilities	160,773	411,955	206,375	770,118	343,715	67,876	1,960,812	1,237,303
Noncurrent liabilities:								
Liabilities from restricted assets								
Fee payable to affiliate partners	-	2,649	10,455	5,000	3,148	2,229	23,481	26,817
Asset management fee	8,671	-	-	-	-	-	8,671	4,492
Exchange income received in advance	-	-	973,779	-	-	-	973,779	787,112
Tax credit exchange program loan	-	-	2,936,888	1,263,714	-	-	4,200,602	3,235,555
Mortgages	1,853,313	9,645,377	1,629,706	9,252,414	3,759,463	3,610,923	29,751,196	20,633,001
Total noncurrent liabilities	1,861,984	9,648,026	5,550,828	10,521,128	3,762,611	3,613,152	34,957,729	24,686,977
Total liabilities	2,022,757	10,059,981	5,757,203	11,291,246	4,106,326	3,681,028	36,942,022	25,951,097
NET POSITION								
Net investment in capital assets	8,739,786	9,005,654	11,863,697	11,205,804	14,147,089	6,632	54,968,662	45,669,626
Restricted- Replacement Reserves	377,443	454,364	625,891	1,225,593	518,941	165,930	3,368,162	2,095,104
Unrestricted	1,092,602	596,886	(900,499)	3,743,127	2,577,844	136,237	7,222,716	3,329,551
Total Net Position	\$ 10,209,831	\$ 10,056,904	\$ 11,589,089	\$ 16,174,524	\$ 17,243,874	\$ 308,799	\$ 65,559,540	\$ 51,094,281

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

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETE PARTNERSHIPS**

For the Years Ended December 31,

	Highland 2016	Crystal Lakes 2016	Progresso 2016	Ehlinger 2016	Tallman Pines I 2016	Tallman Pines II 2016	Total 2016	Total 2015 Memorandum Only
OPERATING REVENUES								
Dwelling rental and other income	\$ 923,801	\$ 2,387,860	\$ 702,930	\$ 1,750,423	\$ 2,125,446	\$ 292,381	\$ 8,182,841	\$ 6,343,600
Total Operating Revenues	<u>923,801</u>	<u>2,387,860</u>	<u>702,930</u>	<u>1,750,423</u>	<u>2,125,446</u>	<u>292,381</u>	<u>8,182,841</u>	<u>6,343,600</u>
OPERATING EXPENSES								
General and administrative	247,404	541,488	331,425	460,575	540,202	100,880	2,221,974	1,826,928
Repairs and maintenance	142,175	447,792	89,278	249,950	260,317	25,365	1,214,877	732,742
Utilities	82,260	331,813	76,867	232,073	214,791	26,906	964,710	692,034
Depreciation/Amortization	398,256	709,727	494,013	1,033,305	723,831	132,605	3,491,737	2,848,199
Total Operating Expenses	<u>870,095</u>	<u>2,030,820</u>	<u>991,583</u>	<u>1,975,903</u>	<u>1,739,141</u>	<u>285,756</u>	<u>7,893,298</u>	<u>6,099,903</u>
OPERATING INCOME (LOSS)	<u>53,706</u>	<u>357,040</u>	<u>(288,653)</u>	<u>(225,480)</u>	<u>386,305</u>	<u>6,625</u>	<u>289,543</u>	<u>243,697</u>
NON-OPERATING REVENUES (EXPENSES)								
Investment revenue/interest (expense)	(146,649)	(541,075)	(132,893)	(242,207)	(217,316)	(30,214)	(1,310,354)	(907,027)
Other revenue/(expense)	(68,791)	(167,195)	176,870	(5,000)	(614,889)	(70,268)	(749,273)	(1,164,541)
Total Non-operating Revenues, net	<u>(215,440)</u>	<u>(708,270)</u>	<u>43,977</u>	<u>(247,207)</u>	<u>(832,205)</u>	<u>(100,482)</u>	<u>(2,059,627)</u>	<u>(2,071,568)</u>
CAPITAL CONTRIBUTIONS								
Capital contributions/(distributions)	(135,881)	(551,412)	-	-	(6)	(1)	(687,300)	(783,491)
CHANGE IN NET POSITION	<u>(297,615)</u>	<u>(902,642)</u>	<u>(244,676)</u>	<u>(472,687)</u>	<u>(445,906)</u>	<u>(93,858)</u>	<u>(2,457,384)</u>	<u>(2,611,362)</u>
NET POSITION, BEGINNING	10,518,618	10,972,207	11,837,224	16,675,568	17,691,284	404,056	68,098,957	53,733,697
Add (deduct) net effect of GASB 65 (Note 1-t)	(11,172)	(12,661)	(3,459)	(28,357)	(1,504)	(1,399)	(58,552)	(28,054)
NET POSITION, ENDING	<u>\$ 10,209,831</u>	<u>\$ 10,056,904</u>	<u>\$ 11,589,089</u>	<u>\$ 16,174,524</u>	<u>\$ 17,243,874</u>	<u>\$ 308,799</u>	<u>\$ 65,583,021</u>	<u>\$ 51,094,281</u>

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

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF CASH FLOWS
DISCRETE PARTNERSHIPS**

For the Years Ended December 31,

	Highland Gardens	Crystal Lakes	Progresso	Ehlinger	Tallman Pines I	Tallman Pines II	Total 2016	Total 2015 Memorandum Only
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash paid to suppliers and contractors	\$ (341,901)	\$ (972,735)	\$ (388,955)	\$ (707,705)	\$ (769,958)	\$ (109,159)	\$ (3,290,413)	\$ (2,456,234)
Payments to employees	(103,141)	(242,767)	(81,631)	(182,132)	(238,112)	(25,712)	(873,495)	(673,444)
Other payments-dwelling rental and receipts	923,801	2,349,658	702,930	1,750,423	2,125,446	292,381	8,144,639	6,310,538
Net cash provided by (used in) operating activities	478,759	1,134,156	232,344	860,586	1,117,376	157,510	3,980,731	3,180,860
CASH FLOWS FROM FINANCING ACTIVITIES								
Principal (payments) on mortgage	(35,010)	(8,240,007)	(17,872)	(63,558)	(83,744)	-	(8,440,191)	(290,168)
Principal proceeds on mortgage	-	8,624,000	-	-	-	-	8,624,000	-
Distribution to partners	(135,881)	(551,412)	-	-	(6)	(1)	(687,300)	(783,491)
Deferred loan costs paid	-	(216,102)	-	-	-	-	(216,102)	-
Net cash provided by (used in) financing	(170,891)	(383,521)	(17,872)	(63,558)	(83,750)	(1)	(719,593)	(1,073,659)
CASH FLOWS FROM INVESTING ACTIVITIES								
Change in reserve for replacements	982	11,682	50,597	51,923	(61)	(255)	114,868	(86,778)
Change in other reserves, net of withdrawals	(152)	(38,304)	-	123,106	4,082	(22)	88,710	(3,835)
Due from affiliates	-	-	-	-	(2,229)	-	(2,229)	(31,592)
Change in escrows	1,947	44,227	14,198	-	9,616	2,751	72,739	228
Other related party fees	(68,791)	(164,060)	-	-	(579,994)	(69,999)	(882,844)	(1,131,297)
Interest, net	(146,649)	(556,871)	(132,893)	(266,923)	(253,715)	(30,483)	(1,387,534)	(960,552)
Net cash provided by (used in) investing activities	(212,663)	(703,326)	(68,098)	(91,894)	(822,301)	(98,008)	(1,996,290)	(2,213,826)
Net increase (decrease) in cash and cash equivalents	95,205	47,309	146,374	705,134	211,325	59,501	1,264,848	(106,625)
Cash and cash equivalents beginning of year	655,451	1,195,565	569,559	1,533,863	1,091,590	285,261	5,331,289	3,904,051
Cash and cash equivalents end of year	\$ 750,656	\$ 1,242,874	\$ 715,933	\$ 2,238,997	\$ 1,302,915	\$ 344,762	\$ 6,596,137	\$ 3,797,426
AS PRESENTED IN THE ACCOMPANYING STATEMENT OF NET POSITION:								
Cash and cash equivalents - unrestricted	\$ 287,692	\$ 541,655	\$ 36,454	\$ 837,008	\$ 590,313	\$ 153,691	\$ 2,446,813	\$ 1,132,945
Cash and cash equivalents - restricted	462,964	701,219	679,479	1,401,989	712,602	191,071	4,149,324	2,664,481
\$ 750,656	\$ 1,242,874	\$ 715,933	\$ 2,238,997	\$ 1,302,915	\$ 344,762	\$ 6,596,137	\$ 3,797,426	

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

BROWARD COUNTY HOUSING AUTHORITY

**STATEMENTS OF CASH FLOWS (Continued)
DISCRETE PARTNERSHIPS**

For the Years Ended December 31,

	<u>Highland Gardens</u>	<u>Crystal Lakes</u>	<u>Progresso</u>	<u>Ehlinger</u>	<u>Tallman Pines I</u>	<u>Tallman Pines II</u>	<u>Total 2016</u>	<u>Total 2015 Memorandum Only</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 53,706	\$ 357,040	\$ (288,653)	\$ (225,480)	\$ 386,305	\$ 6,625	\$ 289,543	\$ 243,697
Adjustments to reconcile operating loss to net cash used in operating activities:								
Depreciation/amortization	409,428	722,387	497,472	1,061,662	723,831	134,004	3,548,784	2,871,471
Write off loan costs	-	78,869	-	-	-	-	78,869	-
Prepaid land lease, net	-	-	-	46,154	20,833	-	66,987	-
(Increase) decrease in:								
Receivables	1,803	(86)	(1,054)	2,651	1,294	254	4,862	3,012
Prepaid expenses	1,306	2,618	(3,565)	641	4,373	487	5,860	23,954
Other assets	-	(559)	15,903	(30,586)	1,504	14,100	362	(34,877)
Increase (decrease) in:								
Accounts payable	10,329	2,734	(4,991)	1,073	(3,676)	(189)	5,280	106,092
Accrued expenses	(1,796)	(8,740)	2,891	(139)	(1,572)	-	(9,356)	(46,755)
Accrued interest	(196)	(19,458)	9,036	(390)	(295)	-	(11,303)	(1,300)
Annual fee payable to/(fm) affiliate of LP	4,179	(649)	5,305	5,000	(15,221)	2,229	843	15,566
Total	\$ 478,759	\$ 1,134,156	\$ 232,344	\$ 860,586	\$ 1,117,376	\$ 157,510	\$ 3,980,731	\$ 3,180,860

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

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting entity

The Broward County Housing Authority (the "Authority") was formed in June 1969 under Chapter 421 of the Florida Statutes, as a dependent housing authority of Broward County, Florida. On December 17, 1990, the Authority became an independent special district.

The Authority was established to identify the social, economic and educational needs of low-income housing individuals. The Authority initiates economic expansion through community development, and promotes special programs and events in the fields of development and multi-ethnic cooperation. Geographic boundaries of the Authority correspond with those of Broward County, Florida. All the activities of the Authority are aimed towards the same purpose, for that reason the Authority considers all funds to be one fund. The Authority is governed by the Board of Commissioners (the "Board") which is composed of five members. The commissioners are appointed by the Governor of Florida for four-year terms. The Board of the Authority exercises all powers granted to the Authority pursuant to Chapter 421, Florida Statutes.

The Board has the final responsibility for:

1. Approving budgets
2. Exercising control over facilities and properties
3. Controlling the use of funds generated by the Authority
4. Approving the hiring and firing of key personnel
5. Financing improvements

The Authority receives no direct financial support from Broward County, Florida, (the "County"). Neither the State of Florida nor the County can impose its will over the Authority and the Authority does not provide a financial benefit to or impose a financial burden on either the State of Florida or the County. For these reasons, the Authority is not reported as a component unit of either the State of Florida or the County.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity" (as amended by GASB Statements No. 39, 61, and 80) in that the financial statements include all organizations, activities, functions and component units for which the Authority (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the Authority's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the Authority.

For entities which do not meet these criteria, in cases where the BCHA's general partner ownership interest does not constitute a majority general partnership interest, and they do not meet the requirements of blending, the Authority's accounting policy is to use the equity method of accounting.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

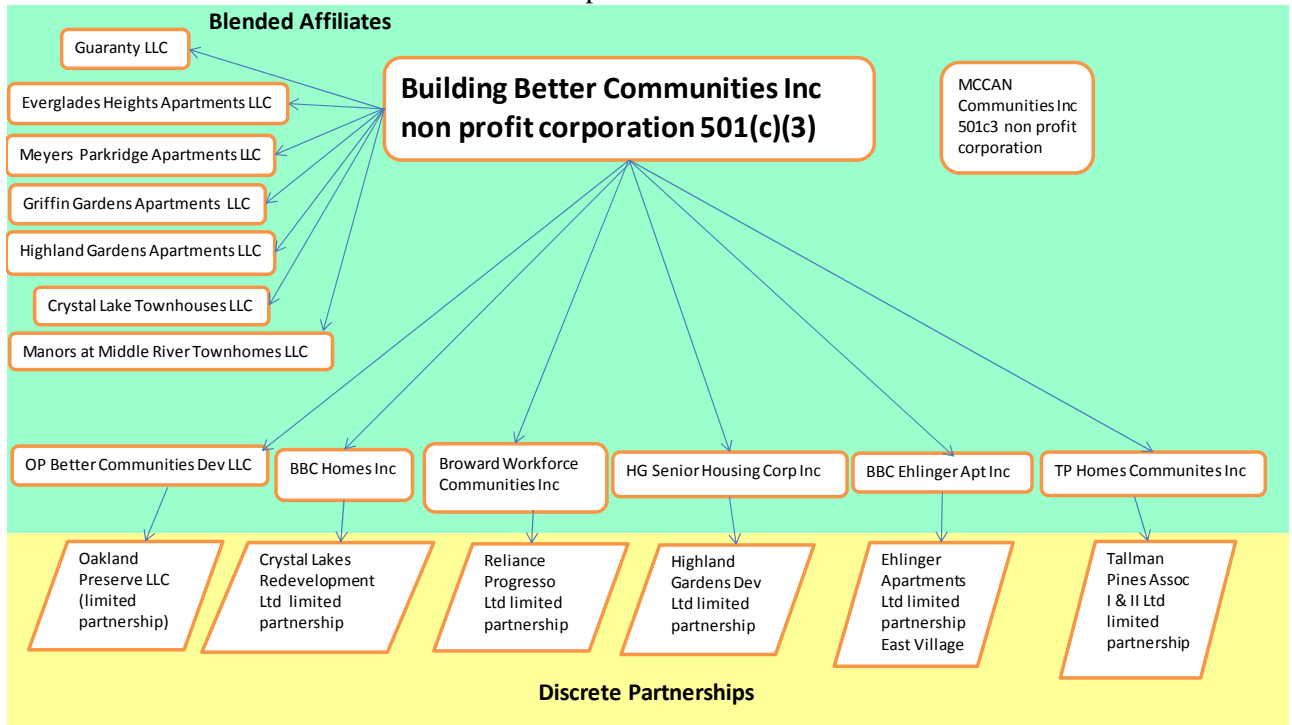
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (Continued)

Based upon the application of the criteria in GASB Statement No. 14, as amended, the financial statements of the component units listed below have been included in the Authority’s reporting entity as discrete component units. The Authority is required to include its investment in limited partnerships which qualify as discrete component units. Component units are related but legally separate entities that are evaluated for possible inclusion within the Authority’s reporting entity depending on financial accountability and the nature and significance of the relationship. Blended component units, although legally separate entities, are, in substance, part of the Authority’s operations. Accordingly, data from these component units are included with data of the Authority’s reporting entity.

The Authority follows GASB Statements 14, as amended, accounting standards for its partnerships and for new tax credit properties. As tax credit properties are developed and these projects meet the stabilization requirements as defined in the partnership agreements, the general partner affiliates become the managing partners. At this point, per the GASBs, the partnership entities become discrete component units of the BCHA primary government because; the discrete partnerships are legally separate and do not meet any of the blending criteria. Note that since the partnerships have different fiscal year ends than the primary government, per GASB, the latest audit reports dated December 31 that ended during the current audit year are used to report the component units.

The Blended Affiliates and the Discrete Partnerships:



Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (Continued)

Building Better Communities, Inc. (“BBC, Inc.”) - The BBC, Inc. was established as a nonprofit organization in March 2001 for charitable, education, and scientific purposes to aid disadvantaged families and individuals toward a life of self-sufficiency. The board of directors of BBC, Inc. approves the annual budget of BBC, Inc. The governing body of BBC, Inc. consists of the same members as that of the Authority and, therefore, BBC, Inc. is a blended component unit affiliate of BCHA.

BBC Homes, Inc. was established as a Subchapter S Corporation subsidiary in December 2005 to increase the housing, economic, educational, and community quality of life of the residents of Broward County, Florida, including members of the community with income below federal poverty guidelines and expand the opportunities available to those residents to develop financial and credit skills necessary for successful home ownership. BBC Homes, Inc. is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Crystal Lakes Redevelopment, Ltd. Crystal Lakes Redevelopment, Ltd., (the “Partnership”) was formed as a limited partnership on August 12, 2003 under the laws of the State of Florida for the purpose of acquiring, constructing, developing and operating a low-income housing project. The Project consists of 190 rental units with community facilities located in the City of Hollywood, Broward County, Florida and operates under the name Crystal Lakes Apartments (the “Project”). Effective May 19, 2008, PHG-Crystal, LLC executed an assignment of general partnership interest to assign its right as managing general partner to the administrative partner BBC Homes, Inc. making BBC Homes, Inc. the new managing partner. The special limited partner is MMA Special Limited Partner, Inc. and the investor limited partner is MMA Financial Housing Investments VIII. Crystal Lakes Redevelopment, Ltd. is a discrete component unit of BCHA.

HG Senior Housing, Inc. (“HG”) - HG was established in January 2006 as a Subchapter S Corporation subsidiary to raise the housing, economic, educational, and community quality of life of senior citizen residents of Broward County, Florida, including members of the community with income below federal poverty guidelines. The General Partner, HG, is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Highland Gardens, Ltd. Highland Gardens Development, Ltd. was formed as a limited partnership on January 26, 2006 under the laws of the State of Florida for the purpose of acquiring, constructing, developing and operating a low-income housing project. The property consists of 100 rental units with community facilities located in the City of Deerfield Beach, Broward County, Florida and operates under the name Highland Gardens Phase II. The managing general partner is HG Senior Housing Corporation. The investor limited partner is AHG Tax Credit Fund XVIII, LLC. Highland Gardens Development, Ltd. is a discrete component unit of BCHA.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (Continued)

OP-Better Communities Development, LLC was established in 2011 as a disregarded entity to acquire, construct, rehabilitate, and develop housing in Broward County for persons of low-income. OP- Better Communities, Inc. is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Highland Gardens Apartments, LLC was established in 2013 as a disregarded entity to operate the RAD project at the site under the HUD multi-family program providing housing in Broward County for persons of low-income. Highland Gardens is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Griffin Gardens Apartments, LLC was established in 2013 as a disregarded entity to operate the RAD project at the site under the HUD multi-family program providing housing in Broward County for persons of low-income. Griffin Gardens is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Everglades Heights Apartments, LLC was established in 2014 as a disregarded entity to operate the RAD project at the site under the HUD multi-family program providing housing in Broward County for persons of low-income. Everglades Heights is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Meyers Parkridge Apartments, LLC was established in 2014 as a disregarded entity to operate the RAD project at the site under the HUD multi-family program providing housing in Broward County for persons of low-income. Meyers Parkridge is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Crystal Lake Townhouses, LLC was established in 2011 as a disregarded entity to expand low cost housing opportunities in Broward County by constructing, acquiring, and rehabilitating housing for persons of low-income. Crystal Lake Townhouses, LLC is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Manors at Middle River Townhomes, LLC was established in 2016 as a disregarded entity to expand work force housing opportunities in Broward County by constructing, acquiring, and rehabilitating housing for persons of low-income. Manors at Middle River Townhomes, LLC is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (Continued)

Guaranty LLC (“Guaranty”) was established in 2012 as a disregarded entity to engage in any or all lawful business for which corporations may be organized under the Florida Business Corporation Act. The Guaranty will be used as a guarantor for future developments using the appraised value of College Gardens as the secured asset. Guaranty became a key principal on a \$1.5 million term note for Reliance Progresso in September 2012. Guaranty became a guarantor for Ehlinger Apartments LTD as required by Wells Fargo for the transfer of the managing general partner interest to BBC Ehlinger Apartments Inc. Guaranty will become a key principal on an approximately \$1.8 million loan for Oakland Preserve during 2018. Guaranty LLC is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Broward Workforce Communities, Inc. (“BWC”) - BWC was established in November 2007 as a Subchapter S Corporation subsidiary to raise the housing, economic, educational, and community quality of life of the residents of Broward County, Florida, including members of the community with income below federal poverty guidelines and expand the opportunities available to those residents to develop affordable housing opportunities designed, constructed, and equipped so as to improve and harmonize with the neighborhoods they occupy. The General Partner, BWC, is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA; the property under operation is Progresso.

Reliance Progresso, Ltd. Reliance Progresso, Ltd. was recognized by the State of Florida as a limited partnership as of November 30, 2005. The partnership’s purpose is to invest in real estate and the construction, operation, and sale and/or leasing of the partnership property. The partnership property consists of a 76-unit apartment complex known as Progresso, Ltd. located in Fort Lauderdale, Florida. Reliance Progresso, Ltd. is a discrete component unit of the BCHA.

McCan Communities, Inc. (“MCI”) - MCI was established in November 2002 as a nonprofit organization for the purpose of, among other things, raising the housing, economic, educational, and community quality of life of the residents of Broward County, Florida, including members of the community with income below poverty lines. The board of directors of MCI approves the annual budget of MCI. The governing body of MCI consists of the same members as that of the Authority and, therefore, MCI is a blended component unit of BCHA.

TP Homes and Communities, Inc. (“TP”) - TP was established in July 2006 as a Subchapter S Corporation subsidiary to raise the housing, economic, educational, and community quality of life of the residents of Broward County, Florida, including members of the community with income below federal poverty guidelines and expand the opportunities available to those residents to develop financial and credit skills necessary for successful home ownership. The General Partner, TP, is a wholly-owned subsidiary of BBC, Inc. and is a blended component unit affiliate of BCHA.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (Continued)

Tallman Pines I, Ltd. Tallman Pines Associates, Ltd. was recognized by the State of Florida as a limited partnership as of February 11, 2005. The partnership's purpose is to invest in real estate and the construction, operation, and sale and/or leasing of the partnership property. The partnership property consists of a 176-unit apartment complex known as Tallman Pines, Ltd. located in Deerfield Beach, Florida. The general partner is TCG Tallman Pines, LLC, the administrative general partner is TP Homes and Communities, Inc., the special limited partner is The Richman Group Capital Corporation and the investment limited partner is U.S.A. Institutional Tax Credit Fund LIV, L.P. Effective January 25, 2011, the general partner, TCG Tallman Pines, LLC, assigned 100% of its right, title and interest in the partnership to the Administrative General Partner, TP Homes and Communities, Inc. Pursuant to the assignment, TP Homes and Communities, Inc.'s ownership percentage increased to 0.01 percent.

Tallman Pines II, Ltd. Tallman Pines II Associates, Ltd was recognized by the State of Florida as a limited partnership as of December 20, 2005. The partnership's purpose is to invest in real estate and the construction, operation, and sale and/or leasing of the partnership property. The partnership property consists of a 24-unit apartment complex known as Tallman Pines II Apartments located in Deerfield Beach, Florida. The managing general partner is TCG Tallman Pines II, LLC and the administrative general partner is TP Homes and Communities. The special limited partner is The Richman Group Capital Corporation and the investment limited partner is U.S.A. Institutional Tax Credit Fund LVIII, LP.

The limited partnerships of Tallman Pines I and II are discrete component units of the BCHA.

BBC Ehlinger Apartments, Inc. ("BBCEA") - BBCEA was established April 14, 2009 as a Subchapter S Corporation subsidiary to raise the housing, economic, educational, and community quality of life of residents of Broward County, Florida, including members of the community with income below federal poverty guidelines. The General Partner, BBCEA, is a wholly-owned subsidiary of BBC, Inc.; the property under operation is East Village.

Partnership Accounted for Under The Equity Method:

Oakland Preserve LLC. Oakland Preserve LLC was recognized by the State of Florida as a limited liability company as of September 9, 2013. While an LLC it operates as a limited partnership whose purpose is to invest in real estate and the construction, operation, and sale and/or leasing of the LLC's property. The property consists of an 80-unit apartment complex known as Oakland Preserve in Oakland Park, Florida. The Authorized Member is PHG-Oakland, LLC and the current Administrative Member, to become Authorized Member upon the withdrawal of PHG-Oakland LLC, is OP-Better Communities, LLC. The Investor Member is Wells Fargo Affordable Housing Community Development Corporation, and a to-be-designated entity as a Special Member.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of presentation

The Broward County Housing Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37 *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*.

c. Measurement focus, basis of accounting

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America. The Authority maintains its accounts in accordance with the chart of accounts prescribed by the U.S. Department of Housing and Urban Development ("HUD"). For financial reporting purposes, the Authority reports all of its operations in a single enterprise fund.

The accompanying financial statements have been prepared using the accrual basis of accounting. Accordingly, revenue is recognized in the period in which it is earned and becomes measurable and expenses are recognized in the period in which they are incurred. The Authority distinguishes operating revenues and expenses from non-operating items in its statements of revenues, expenses, and changes in net position. In general, operating revenues result from charges to tenants for the lease and use of dwelling units. Grants and subsidies used to cover operating expenses are considered operating revenue for matching purposes; except for capital grants which are reported under capital grants.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

d. Summary of HUD programs

The accompanying financial statements include the activities of several Housing Programs subsidized by HUD at the Authority. A summary of each significant HUD program is provided below.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Summary of HUD programs (Continued)

Low-Income Housing Programs

The purpose of the public program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Capital Fund Program. Funding of the program operations and development is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

Rental Assistance Demonstration ("RAD") Multi-Family

The RAD program converts existing public housing properties to multi-family rental housing units owned by affiliates of the Authority to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved contract rent and the rent paid by the tenants.

Housing Assistance Programs ("HAP")

The housing assistance payments programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

e. Deposits and investments

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash in banks, money market funds and all highly liquid investments with an original maturity date of three months or less when purchased. The Authority follows the provision of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes accounting and financial reporting standards for all investments including fair value standards. As the statement permits, nonparticipating investments are reported at amortized cost which approximates market. All other investments are carried at fair value.

f. Accounts receivable

Receivables consist of revenues earned during the fiscal year and not yet received. The Authority provides an allowance for doubtful accounts, for accounts deemed not collectible, based on prior experience and account composition. Amounts due to the Authority by other governments or agencies are for grants or programs under which the services have been provided to the community by the Authority.

g. Inventories

In 2013, the Authority switched to the purchase method to reflect just in time inventory purchases which have led to insignificant on hand inventory balances.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Intangible assets

As of September 30, 2017 and 2016, intangible assets consist of capitalized software costs of \$324,404.

i. Capital assets

The Authority capitalizes capital assets with a cost of more than \$5,000 and a useful life of more than one year. Land, buildings and equipment are recorded at cost or estimated historical cost if actual historical cost is not available. Land, buildings, and equipment contributed by third parties are recorded at fair value (appraised value) at the date of contribution or the date of the exchange.

Depreciable assets are depreciated on the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Furniture and equipment	5-7
Building improvements	15
Buildings	40

Upon disposition of a depreciable asset, the related costs and accumulated depreciation are removed from the accounts and gains and losses on dispositions are reflected in operations.

j. Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss, if any, is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management has determined that long-lived assets were not impaired at September 30, 2017.

k. Compensated absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provision of GASB Statement No. 16, *Accounting for Compensated Absences*, vacation and sick pay are recognized as an expense when earned by employees and reported as a liability until paid.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Deferred outflows/inflows of resources

In addition to assets, the statement of net position has a section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Authority has one item that qualifies for reporting as deferred outflows of resources in the government-wide financial statements; the deferred outflow related to pensions. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net position liability in future reporting years. Details on the composition of deferred outflows related to pensions are reported in a subsequent note. In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The Authority has one item that qualifies for reporting as deferred inflows of resources in the government-wide statement of net position; the deferred inflow related to pensions. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

m. Net position

In accordance with GASB Statement No. 65, as amended, total equity is classified into three components of net position:

1. Net investment in capital assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

2. Restricted net position

This category of components of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The restricted net position of the Authority reports consists almost entirely of replacement reserves.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Net position (Continued)

3. *Unrestricted net position*

This category of equity includes all remaining components of net position that do not meet the definition of the other two components. The Board has designated a significant portion of unrestricted net position for special allowable housing related projects.

n. Eliminations of interprogram activity

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements.

1. *Interprogram due to/from*

In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. As of September 30, 2017, interprogram receivables and payables of \$3,000,000 within blended component units net to zero and are eliminated for the presentation of the Authority as a whole.

2. *Fee for service*

The Authority's COCC internally charges fees to certain programs of the Authority for services rendered. These charges include management fees, bookkeeping fees, and other fees. For financial reporting purposes \$2,600,128 of fees for service charges have been eliminated for the year ended September 30, 2017.

o. Restricted assets

The use of the assets of the Family Self-Sufficiency Program ("FSS") is restricted to participants, upon acquiring certain goals, for the down payment of a house and other authorized program expenses. The FSS program funds include interest earned and invested in money market funds. The use of HAP funds is restricted to the program. As of December 31, 2016 and 2015, the discrete component units have \$4.1 million and \$2.6 million, respectively, in escrow deposits and restricted balances.

p. Payroll allocation

Payroll costs associated with compensation to officers of the Authority have been allocated among the various projects run by the Authority. The basis of the allocation is included in the annual budget.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Grant revenue and operating activity

For financial reporting purposes, operating activity generally arises from providing services in connection with a proprietary fund's principal activity. Operating activity of the Authority consists primarily of rental charges to tenants and operating grants from the Housing and Urban Development (HUD) (Low Income Subsidy and Housing Assistance Payments) because these funds more closely represent revenues generated from operating activities than non-operating activities. The Authority classified operational grants received from various funding agencies relating primarily to the Shelter Care Program, Housing Counseling, Public Housing Capital Fund and Home Program as operating revenue as well. Operating expenses for the Authority include the cost of tenant services, utilities, protective services, general, administrative, maintenance, depreciation, and housing assistance payments. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

r. HAP Port-in accounting

In fiscal years 2017 and 2016, the Authority is reporting the revenue and expense associated with the Housing Choice Voucher (Section 8) families who move from another jurisdiction to Broward County. Revenues associated with that program were \$831,034 for 2017 and \$9,132 for 2016. In accordance with HUD regulations, those families who Port-in from another jurisdiction are eligible to have their rents subsidized by the Authority with reimbursement coming from the housing authority that issued the voucher.

s. Restricted use of resources

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted, as needed.

t. Restatement of net position

The discrete component units are audited separately under a basis of accounting different from the Authority, and accordingly, in order to conform to the Authority's accounting presentation certain reclassifications were needed. The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. GASB 65 requires that (1) debt issuance costs be recognized as an expense in the period incurred, and not be deferred and amortized over the life of the debt and (2) loan origination fees, net of costs, be recognized in the period incurred and not be deferred and amortized over the life of the loan. There is a reduction in amortized loan costs in 2016 of \$58,552 and \$28,054 in 2015 for the discrete component units.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Restatement of net position (Continued)

In addition, the basic financial statements for the year ended September 30, 2017 reflect an adjustment to beginning balances in order to include a discrete component unit, Ehlinger Apartments, Ltd., not previously reported in prior years due to a recent change in the general partner of the partnership.

The net effect to beginning net position of the discrete component units as presented in the statement of revenues, expenses and changes in net position is \$16,675,568 which is comprised of the following beginning balances:

Cash and cash equivalents	\$ 1,844,910
Accounts receivable	2,659
Prepaid expenses	24,949
Other assets	3,058,199
Capital assets	23,223,717
Accounts payable	(39,071)
Long term debt	(11,195,424)
Other current liabilities	(244,371)
	<u>\$16,675,568</u>

u. Reclassification

Certain 2016 amounts have been reclassified in the accompanying financial statements to conform to the 2017 presentation.

v. Budgets

Budgets are prepared on an annual basis for each significant program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

w. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x. Income taxes

The Authority is a governmental agency and is exempt from federal and state income taxes. Accordingly, no provision for federal or state income taxes has been made in the financial statements.

The Authority's discrete component units have adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

The component units paid no federal and state income taxes for the year ended September 30, 2017 and 2016. The Authority's component units open audit periods are 2013 through 2017.

y. Impact of recently issued accounting principles

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the Authority's September 30, 2021 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

z. Comparative financial statements

These financial statements include summarized comparative prior-year information for both the combined discrete and blended component units. That information is not presented by individual discrete component unit, and does not contain sufficient detail to conform to generally accepted accounting principles. Therefore, this information should be read in conjunction with the Authority's financial statements for the year ended September 30, 2016.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Primary Government Including Blended Affiliates

At September 30, 2017 and 2016 total cash and cash equivalents and investments were composed of the following:

	<u>2017</u>	<u>2016</u>
Deposits, unrestricted	18,928,363	17,033,683
Deposits, restricted non-security deposits	6,332,858	10,337,507
Deposits, restricted security deposits	<u>230,280</u>	<u>216,462</u>
Total deposits for Primary Government Including Blended Affiliates	<u>\$ 25,491,501</u>	<u>\$ 27,587,652</u>

Deposits

Florida Statutes require that all depositories holding public funds collateralize deposits in excess of federal deposit insurance provided by the Federal Deposit Insurance Corporation. Under Chapter 280 Florida Statutes, as amended, Florida Security for Public Deposits Act (the “Act”), all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits time the depository’s collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository’s financial condition and establishment period. Any losses to public depositories are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Since the Authority uses only authorized public depositories for its primary government funds, all of the primary government funds deposited with financial institutions are FDIC insured and/or are fully collateralized and treated as insured.

Investments

Investments are made in accordance with the Authority’s Resolutions No. 98-38 and 2017-04 and Building Better Communities, Inc. resolutions 2012-01 and 2017-03. The Authority is authorized to invest in the following investment securities for its primary government funds:

Repurchase agreements fully collateralized by United States Government obligations; negotiable direct obligations of the principal and interest which are guaranteed by the United States Government at the then prevailing market price for such securities (U.S. treasuries and agencies); Obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation (including Federal Home Loan Mortgage Corporations participation certificate); or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association (U.S. instrumentalities and agencies); Obligations of the Federal National Mortgage Association; saving accounts in state certified public depositories and certificates of deposits (CD’s) in state certified public depositories; the Florida Local Government Surplus Trust Fund (FLGIT, “SBA Florida Prime” if not investing HUD program funds).

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Primary Government Including Blended Affiliates (Continued)

Investments (Continued)

The FLGIT is a local government investment pool developed jointly by the Florida Association of Court Clerks and the Florida Association of Counties. The FLGIT has no regulatory oversight and is a non-SEC-registered external investment pool, but has been recognized by an Internal Revenue Service private letter ruling as a tax-exempt organization, has received a Standard and Poor's rating and is governed by a six member Board of Trustees. The Authority invests in the Short Term Bond fund as permitted under Florida Statutes 218.415. The share price represents the fair value of the fund's underlying investments.

Interest Rate Risk

The Authority's investment policy does not include a provision that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

Credit Risk

The Authority has no investment policy that further limits its investment choices, in terms of credit ratings, other than the authorized investment type discussed above. The investment in the Federal Home Loan Bank is rated AAA by Standard & Poor's.

Concentration of credit risk

The Authority places no limit on the amount the Authority may invest in one issuer. The Authority's total investment balance is held by a bank covered under the Act. Exposure is minimized, and as required by Florida Statute 280.17.

Discrete Partnerships

At December 31, 2016 and 2015 total cash and cash equivalents and investments were composed of the following:

	<u>2016</u>	<u>2015</u>
Deposits, unrestricted	\$ 2,446,813	\$ 1,132,945
Deposits, restricted	<u>4,149,324</u>	<u>2,664,481</u>
Total deposits for Discrete Partnerships	<u>\$ 6,596,137</u>	<u>\$ 3,797,426</u>

Concentration of Credit Risk

Financial instruments, which potentially subject the partnerships to significant concentrations of credit risk, consist principally of cash and cash equivalents, and investments. The partnership cash accounts may exceed federally insured limits from time to time. Management believes that partnerships are not exposed to any significant credit risk on its cash and cash equivalents. Furthermore, the partnerships have not experienced any losses on its cash equivalents.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Discrete Partnerships (Continued)

Included in restricted cash and investments are the following:

Operating Reserves

The Crystal Lakes Redevelopment, Ltd. Partnership is required to establish a \$200,000 operating reserve prior to or simultaneously with the payment of the investor limited partner's fourth capital contribution. The administrative general partners shall be solely responsible for funding \$100,000 of the operating reserve and the Partnership shall fund the remaining balance of \$100,000. Funds in the reserve may be withdrawn to pay operating expenses subject to the approval of the investor limited partner. After the third anniversary of the Development Obligation Date, the balance shall be reduced to \$100,000. Any funds released shall be considered operating cash and distributed in accordance with the partnership agreement. Furthermore, the remaining balance of \$100,000 may be partially or entirely released, provided the administrative general partner provides alternative collateral to the investor limited partner, and the investor limited partner approves the release. As of December 31, 2016 and 2015, the balance of the operating reserve was \$106,041 and \$205,884.

The Highland Gardens Development, Ltd. Partnership is required to establish a \$150,000 operating reserve which was funded from funds remaining in the hard cost construction contingency and from available cash flows, as defined. The reserve requires approval of the general partners and investor limited partner before withdrawals can be made to pay any operating expenses, debt obligations or other expenses of the Partnership. As of December 31, 2016 and 2015, the balance of the operating reserve was \$151,781 and \$151,629, respectively, which is included in other reserves restricted assets in the balance sheet.

Tallman Pines II, Ltd. Partnership was required to establish an operating deficit reserve in the initial amount of \$35,000 out of the proceeds of the fifth equity installment. As of December 31, 2016 and 2015, the balance in the operating deficit reserve was \$71,614 and \$71,592, respectively

Ehlinger Apartments, Ltd. Partnership was required to establish an operating deficit reserve at the time of the payment of the second installment of \$716,738 to be held by the lender or servicer. As of December 31, 2016 and 2015, the balance in the operating deficit reserve was \$722,289 and \$720,842, respectively.

The Tallman Pines Associates, Ltd. Partnership maintains a reserve with its lender pursuant to its mortgage loan agreement. The balance in the reserve at December 31, 2016 and 2015 was \$300,633 and \$256,336, respectively. In connection with the mortgage loan, the Tallman Pines II Associates, Ltd. Partnership was required to deposit the proceeds with U.S. Bank, N.A. (the trustee). The trustee maintains various funds for use in funding development and operating costs.

The Reliance-Progresso Associates, Ltd. Partnership was required to establish a \$291,034 operating reserve. Approval from the loan servicer is required before funds from the operating reserve are released. As of December 31, 2016 and 2015, the operating reserve balance was \$293,344 and \$292,758, respectively.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Discrete Partnerships (Continued)

Mortgage Escrows

In connection with the mortgage, the Crystal Lakes Redevelopment, Ltd. Partnership is required to make monthly payments to an escrow for the payment of insurance. As of December 31, 2016 and 2015, the balance in the escrow account was \$67,897 and \$112,124, respectively.

Tax and Insurance Escrows

The Highland Gardens Development, Ltd. Partnership is required to fund a tax and insurance reserve concurrently with each monthly installment of principal and interest upon commencement of the permanent financing phase. As of December 31, 2016 and 2015, tax and insurance reserves were required to be funded. The balance of tax and insurance escrow was \$34,455 and \$36,402 as of December 31, 2016 and 2015.

The Tallman Pines Associates, Ltd. Partnership is required to make monthly deposits to a tax and insurance reserve account for payment of property real estate taxes and insurance. The deposit amounts are reviewed by the lender annually to determine adequacy and are subject to adjustment. As of December 31, 2016 and 2015, the balance in the tax and insurance escrow was \$66,177 and \$75,793, respectively.

Repair and Replacement Reserves

The Crystal Lakes Redevelopment, Ltd. Partnership is required to fund a repair and replacement reserve of \$332 per unit per year under the terms of the refinanced first mortgage loan in 2016. As of December 31, 2016 and 2015, the replacement reserve balance was \$280,426 and \$292,108, respectively.

The Highland Gardens Development, Ltd. Partnership is required to fund a replacement reserve of \$250 per unit per year. Such amounts are to be increased 3 percent annually; for 2017 this amounted to \$299. As of December 31, 2016 and 2015, the balance of repair and replacement reserves was \$161,716 and \$123,075, respectively.

The Tallman Pines Associates, Ltd. Partnership is required to make monthly deposits to a reserve for replacements account for use in funding future maintenance and replacement costs upon stabilization. Monthly payments will be required based on annual amounts of \$250 per unit, or \$44,000 in total. After the initial conversion year, the fee will be adjusted annually by an amount equal to 100 percent of the change in the consumer price index ("CPI"). As of December 31, 2016 and 2015, the balance in the reserve was \$152,765 and \$152,704, respectively.

The Tallman Pines II Associates, Ltd. Partnership is required to make monthly deposits to a reserve for replacements account for use in funding future maintenance and replacement costs upon stabilization. Monthly payments will be required based on annual base amounts of \$250 per unit. After the initial conversion year, the fee will be adjusted annually to reflect a 3 percent annual increase, as defined. As of December 31, 2016 and 2015 the balance in the Replacement Reserve account was \$85,423 and \$76,358, respectively.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Discrete Partnerships (Continued)

The Reliance-Progresso Associates, Ltd. Partnership is required to make annual deposits of \$250 per unit, increased by 3% annually, into a replacement reserve account for capital expenditures. As of December 31, 2016 and 2015, the replacement reserve balance was \$75,574 and \$93,277, respectively.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL AGENCIES

The breakdown of amounts due from governmental agencies as of September 30, 2017 and 2016, collectible within one year, was as follows:

	<u>2017</u>	<u>2016</u>
Housing Counseling Program	\$ 17,585	\$ 11,045
HOME Investment Partnership Program	-	42,663
Broward County Disaster Recovery Initiative (DRI)	-	4,674
Shelter Plus Care Program	<u>304,798</u>	<u>601,014</u>
Total	<u>\$ 322,383</u>	<u>\$ 659,396</u>

NOTE 4 - OTHER ASSETS

The breakdown of total other assets as of December 30, 2016 and 2015, was as follows:

Discrete Partnerships

	<u>2016</u>	<u>2015</u>
Due from affiliates	\$ 2,229	\$ -
Escrow Debt Service Reserve	32,000	32,000
Utility Deposits	21,919	14,286
Other assets	<u>25</u>	<u>35,943</u>
Total	<u>\$ 56,173</u>	<u>\$ 82,229</u>

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 5 - CAPITAL ASSETS

Capital assets activity by major classification as of September 30, 2017 and 2016 were as follows:

Primary Government Including Blended Affiliates

	Beginning Balance October 1, 2016	Additions	Retirements	Ending Balance September 30, 2017
Capital assets not being depreciated:				
Land	\$ 9,884,101	\$ -	\$ -	\$ 9,884,101
Construction in Progress	1,460,392	420	(1,460,392)	420
Total non-depreciable capital assets	11,344,493	420	(1,460,392)	9,884,521
Capital assets being depreciated:				
Buildings	33,280,518	3,434,441	-	36,714,959
Capitalized leases	58,691	140,050	-	198,741
Furniture and fixtures - non-dwelling	3,236,406	142,387	(106,416)	3,272,377
Furniture and fixtures - dwelling	410,684	13,053	-	423,737
Building improvements	7,073,496	512,355	-	7,585,851
Total capital assets being depreciated	44,059,795	4,242,286	(106,416)	48,195,665
Total accumulated depreciation	(25,036,883)	(2,009,215)	106,416	(26,939,682)
Net depreciable capital assets	19,022,912	2,233,071	-	21,255,983
Net capital assets	\$ 30,367,405	\$ 2,233,491	\$ (1,460,392)	\$ 31,140,504

	Beginning Balance October 1, 2015	Additions	Retirements	Ending Balance September 30, 2016
Capital assets not being depreciated:				
Land	\$ 9,884,101	\$ -	\$ -	\$ 9,884,101
Construction in Progress	281,838	1,178,554	-	1,460,392
Total non-depreciable capital assets	10,165,939	1,178,554	-	11,344,493
Capital assets being depreciated:				
Buildings	33,639,544	588,534	(947,560)	33,280,518
Capitalized leases	75,191	-	(16,500)	58,691
Furniture and fixtures - non-dwelling	3,208,230	28,176	-	3,236,406
Furniture and fixtures - dwelling	378,017	32,667	-	410,684
Building improvements	5,304,873	1,934,413	(165,790)	7,073,496
Total capital assets being depreciated	42,605,855	2,583,790	(1,129,850)	44,059,795
Total accumulated depreciation	(23,053,168)	(1,989,214)	5,499	(25,036,883)
Net depreciable capital assets	19,552,687	594,576	(1,124,351)	19,022,912
Net capital assets	\$ 29,718,626	\$ 1,773,130	\$ (1,124,351)	\$ 30,367,405

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 5 - CAPITAL ASSETS (continued)

Primary Government Including Blended Affiliates (Continued)

Depreciation expense for the years ended September 30, 2017 and 2016 was \$2,009,215 and \$1,989,214, respectively.

Discrete Partnerships

	Beginning Balance			Ending Balance
	January 1, 2016	Additions	Retirements	December 31, 2016
Capital assets not being depreciated:				
Land	\$ 2,280,000	\$ -	\$ -	\$ 2,280,000
Total non-depreciable capital assets	2,280,000	-	-	2,280,000
Capital assets being depreciated:				
Buildings	77,410,058	22,150,965	-	99,561,023
Furniture and fixtures - dwelling	5,547,196	1,734,784	-	7,281,980
Land improvements	5,455,952	3,194,482	-	8,650,434
Total capital assets being depreciate	88,413,206	27,080,231	-	115,493,437
Total accumulated depreciation	(20,846,784)	(7,264,659)	-	(28,111,443)
Net depreciable capital assets	67,566,422	19,815,572	-	87,381,994
Net capital assets	\$ 69,846,422	\$ 19,815,572	\$ -	\$ 89,661,994

	Beginning Balance			Ending Balance
	January 1, 2015	Additions	Retirements	December 31, 2015
Capital assets not being depreciated:				
Land	\$ 2,280,000	\$ -	\$ -	\$ 2,280,000
Total non-depreciable capital assets	2,280,000	-	-	2,280,000
Capital assets being depreciated:				
Buildings	77,410,058	-	-	77,410,058
Furniture and fixtures - dwelling	5,547,196	-	-	5,547,196
Land improvements	5,455,952	-	-	5,455,952
Total capital assets being depreciate	88,413,206	-	-	88,413,206
Total accumulated depreciation	(18,079,467)	(2,767,317)	-	(20,846,784)
Net depreciable capital assets	70,333,739	(2,767,317)	-	67,566,422
Net capital assets	\$ 72,613,739	\$ (2,767,317)	\$ -	\$ 69,846,422

Depreciation expense for the years ended December 31, 2016 and 2015 was \$3,491,737 and \$2,767,317, respectively.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES

Primary Government Including Blended Affiliates

Long-term liabilities activity as of September 30, 2017 and 2016 were as follows:

	Beginning Balance October 1, 2016	Additions	Reductions	Ending Balance September 30, 2017	Amount Due within One Year
Family Self-Sufficiency escrow	\$ 478,835	\$ 51,486	\$ -	\$ 530,321	\$ -
Capital Leases	41,972	103,273	-	145,245	-
Pension Obligations	5,651,097	2,139,018	(1,382,322)	6,407,793	-
Compensated absences	815,479	481,466	(573,077)	723,868	30,000
Total long-term liabilities	\$ 6,987,383	\$ 2,775,243	\$ (1,955,399)	\$ 7,807,227	\$ 30,000

	Beginning Balance October 1, 2015	Additions	Reductions	Ending Balance September 30, 2016	Amount Due within One Year
Family Self-Sufficiency escrow	\$ 470,647	\$ 8,188	\$ -	\$ 478,835	\$ -
Rehab escrow	443,763	-	(443,763)	-	-
Capital Leases	58,120	-	(16,148)	41,972	-
Pension Obligations	3,774,260	1,876,837	-	5,651,097	-
Compensated absences	712,939	389,840	(287,300)	815,479	30,000
Total long-term liabilities	\$ 5,459,729	\$ 2,274,865	\$ (747,211)	\$ 6,987,383	\$ 30,000

Discrete Partnerships

Long-term liabilities activity as of December 31, 2016 and 2015 were as follows:

	Beginning Balance January 1, 2016	Additions	Reductions	Ending Balance December 31, 2016	Amount Due within One Year
Fee payable to affiliate partners	\$ 26,817	\$ -	\$ (3,336)	\$ 23,481	\$ -
Asset management fee	4,492	4,179	-	8,671	-
Exchange income advanced	787,112	186,667	-	973,779	-
Tax credit exchange program loan	3,235,555	1,263,714	(298,667)	4,200,602	-
Mortgages	20,941,241	9,711,277	(160,422)	30,492,096	741,534
Total long-term liabilities	\$ 24,995,217	\$ 11,165,837	\$ (462,425)	\$ 35,698,629	\$ 741,534

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

	Beginning Balance January 1, 2015	Additions	Reductions	Ending Balance December 31, 2015	Amount Due within One Year
Fee payable to affiliate partners	\$ 7,228	\$ 19,589	\$ -	\$ 26,817	\$ -
Asset management fee	3,939	553	-	4,492	-
Exchange income advanced	600,445	186,667	-	787,112	-
Tax credit exchange program loan	3,534,222	-	(298,667)	3,235,555	-
Mortgages	<u>21,231,409</u>	<u>-</u>	<u>(290,168)</u>	<u>20,941,241</u>	<u>308,240</u>
Total long-term liabilities	<u>\$ 25,377,243</u>	<u>\$ 206,809</u>	<u>\$ (588,835)</u>	<u>\$ 24,995,217</u>	<u>\$ 308,240</u>

The Crystal Lakes Redevelopment, Ltd. Partnership

First Mortgage Loan

The Crystal Lakes Redevelopment, Ltd. Partnership entered into a loan agreement on December 28, 2005 with proceeds not to exceed \$11,500,000 with Citicorp USA, Inc. The construction phase of the loan shall have a term of 30 months and bear a fixed interest rate equal to 6.40%. The construction phase of the loan may be extended to December 31, 2008 under certain conditions. Only interest is required to be paid on the construction loan commencing August 1, 2006. The loan converted to the permanent financing phase on March 23, 2008. Before conversion the principal balance was reduced to \$9,255,000. During the permanent financing phase, the loan will bear interest at 6.40%. Monthly payments of principal and interest of \$57,703 are based on a 30 year amortization schedule. All unpaid principal and interest is due on June 30, 2023. The loan is secured by a mortgage on certain real property and improvements of the Partnership. The original mortgage was paid off during 2016. As of December 31, 2016 and 2015, the outstanding balance on the loan was \$- and \$8,218,557, respectively. As of December 31, 2016 and 2015, interest expense was \$397,500 and \$541,460, which includes \$10,701 and \$10,701 of amortization of debt issuance costs, respectively.

On September 1, 2016, the Partnership refinanced the existing loan with Greystone Funding Corporation in the amount of \$8,624,000. The mortgage note is insured by HUD and is collateralized by a deed of trust on the rental property. The note bears interest at a rate of 3.40% per annum. Principal and interest are payable by the Partnership in monthly installments of \$35,144 through maturity on October 1, 2051. During the year ended December 31, 2016, interest was incurred in the amount of \$77,616, which includes \$1,960 of amortization of debt issuance costs. As of December 31, 2016, the balance of the mortgage payable was \$8,602,550 and accrued interest payable of \$24,374.

Debt issuance costs, net of accumulated amortization, totaled \$214,142 and \$89,570 as of December 31, 2016 and 2015, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 6.85%.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

The Crystal Lakes Redevelopment, Ltd. Partnership (Continued)

HOME Loans

The Crystal Lakes Redevelopment, Ltd. Partnership entered into a HOME loan agreement on December 20, 2005 with The City of Hollywood for an original amount of \$500,000. Interest shall not accrue nor be payable on the loan. The outstanding principal balance shall be due and payable on December 20, 2037. The outstanding balance, if any, together with any accrued interest and penalties, if any, shall be immediately due at that time. As of December 31, 2016 and 2015, the outstanding balance on the loan was \$500,000 and \$500,000, respectively.

Other Mortgages

The Crystal Lakes Redevelopment, Ltd. Partnership entered into a loan agreement on December 23, 2005 with BBC Homes, Inc., a blended component unit of the Authority for an original amount of \$621,550 consisting of \$250,000 of SHIP and \$371,550 of HOME funds loaned by Broward County to BCHA. Interest shall not accrue on the note. The outstanding principal balance shall be due and payable on December 1, 2037. Any payment not paid when due taking into account applicable grace periods shall bear interest at the rate of 18.00% per annum, from the due date until paid. As of December 31, 2016 and 2015, the outstanding balance on the loan was \$621,550 and \$621,550, respectively.

The Crystal Lakes Redevelopment, Ltd. Partnership entered into a loan agreement on January 9, 2007 with BBC Homes, Inc. (BCHA) for an original amount of \$245,126 (consisting of SHIP funds loaned by Broward County to BCHA). Interest shall not accrue on the note. The outstanding principal balance shall be due and payable on December 1, 2037. Any payment not paid when due taking into account applicable grace periods shall bear interest at the rate of 18.00% per annum, from the due date until paid. As of December 31, 2016 and 2015, the outstanding balance on the loan was \$245,126 and \$245,126, respectively.

The estimated future principal payments on the Crystal Lakes Redevelopment, Ltd. Partnership mortgage notes are as follows for years ending December 31:

December 31:	Greystone	BCHA - HOME	BCHA - SHIP	HOME -Hollywood	SHIP -BCHA	Total
2017	\$ 109,707	\$ -	\$ -	\$ -	\$ -	\$ 109,707
2018	135,812	-	-	-	-	135,812
2019	140,502	-	-	-	-	140,502
2020	145,355	-	-	-	-	145,355
2021	150,374	-	-	-	-	150,374
Thereafter	7,920,800	371,550	250,000	500,000	245,126	9,287,476
Total	8,602,550	371,550	250,000	500,000	245,126	9,969,226
Less current maturities	(109,707)	-	-	-	-	(109,707)
Debt issuance costs	(214,142)	-	-	-	-	(214,142)
Net long-term portion	\$ 8,278,701	\$ 371,550	\$ 250,000	\$ 500,000	\$ 245,126	\$ 9,645,377

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

The Crystal Lakes Redevelopment, Ltd. Partnership (Continued)

The liability of the Crystal Lakes Redevelopment, Ltd. Partnership under the above loans is limited to the underlying value of the real estate collateral, improvements, easements of other interests, assignments of rents, assignments of leases and personal property. In addition, affiliates of the general partners have provided certain guarantees during the construction period, as defined.

The Highland Gardens Development, Ltd. Partnership

The Highland Gardens Development, Ltd. Partnership entered into a converting construction loan agreement on October 10, 2007, with Berkadia Commercial Mortgage, Inc. The loan converted to the permanent financing phase on December 15, 2009 with a principal balance of \$2,200,000 at a fixed rate of 6.73 percent and will mature October 31, 2024. Monthly payments of principal and interest are \$14,240 and due on a 30 year amortization schedule. As of December 31, 2016 and 2015, the outstanding balance on the loan was \$1,999,705 and \$2,034,715, respectively. As of December 31, 2016 and 2015, interest expense was \$146,845 and \$149,130, respectively, which includes \$11,172 and \$11,172 of amortization of debt issuance costs, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$108,742 and \$119,914 as of December 31, 2016 and 2015, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 8.42%.

The liability of the Partnership under the above loan is limited to the underlying value of the real estate collateral, improvements, easements of other interests, assignments of rents, assignments of leases and personal property.

The liability of the Highland Gardens Development, Ltd. Partnership under the above loan in each of the next five years is presented in the following table:

<u>December 31:</u>	<u>Amount</u>
2017	\$ 37,650
2018	40,263
2019	43,058
2020	46,047
2021	49,243
Thereafter	<u>1,783,444</u>
Total	1,999,705
Less current maturities	(37,650)
Debt issuance costs	<u>(108,742)</u>
Net long-term portion	<u>\$ 1,853,313</u>

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

The Tallman Pines I, Ltd. Partnership

Mortgage Payable

The Tallman Pines I, Ltd. Partnership has a construction mortgage in the amount of \$3,400,000 with Bank of America, N.A. (“BOA”). The mortgage bears interest at 6.7 percent per annum through the conversion date. The loan converted on April 1, 2010 and is now payable in monthly installments of principal and interest in the amount of \$21,939 based on a 30-year amortization schedule. The mortgage will mature May 29, 2025. The mortgage is secured by a first trust deed on the Partnership’s real property, as defined in the mortgage, assignment, security agreement and fixture filing. As of December 31, 2016 and 2015, the outstanding balance was \$3,112,049 and \$3,164,878, respectively, and accrued interest payable was \$17,376 and \$17,671, respectively. Interest of \$211,653 and \$215,000 was incurred during 2016 and 2015, respectively, which included \$1,504 and \$1,417 of amortization of debt issuance costs, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$14,077 and \$15,581 as of December 31, 2016 and 2015, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 7.22%.

Second Mortgage Payable

The Tallman Pines Associates, Ltd. Partnership has a second mortgage in the amount of \$1,000,059 with Broward County Board of County Commissioners (“BCBCC”). The mortgage bears interest at 1 percent through maturity on November 30, 2038, as defined. The mortgage is payable in monthly principal and interest payments in the amount of \$3,217. The mortgage is secured by a second trust deed on the Partnership’s real property, as defined in the mortgage, assignment, security agreement and fixture filing. As of December 31, 2016 and 2015, there was an outstanding balance of \$749,196 and \$780,111, respectively. Interest of \$7,684 and \$7,992 was incurred during 2016 and 2015, respectively.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

The Tallman Pines I, Ltd. Partnership (Continued)

Future principal payments on the above Tallman Pines I, Ltd. Partnership mortgages payable are as follows:

<u>December 31:</u>	<u>Pacific Life</u>	<u>BCBCC</u>	<u>Total</u>
2017	\$ 56,480	\$ 31,225	\$ 87,705
2018	60,554	31,539	92,093
2019	64,554	31,856	96,410
2020	69,015	32,176	101,191
2021	73,783	32,499	106,282
Thereafter	<u>2,787,663</u>	<u>589,901</u>	<u>3,377,564</u>
Total	3,112,049	749,196	3,861,245
Less current maturities	(56,480)	(31,225)	(87,705)
Debt issuance costs	<u>(14,077)</u>	-	<u>(14,077)</u>
Net long-term portion	<u>\$ 3,041,492</u>	<u>\$ 717,971</u>	<u>\$ 3,759,463</u>

The Tallman Pines II, Ltd. Partnership

Mortgage Payable

The Tallman Pines II, Ltd. Partnership entered into a mortgage on September 11, 2007 in the amount of \$3,654,876 with Florida Housing Finance Corporation (“FHFC”). Twenty-five percent of the base loan shall bear an annual interest rate of zero percent and seventy-five percent of the loan shall bear an annual interest rate of 1 percent. The maturity date of the Base Loan is September 11, 2057, providing for a fifty year permanent loan period, unless acceleration is made by FHFC pursuant to the terms of the loan agreement or the other documents evidencing or securing the loan, as defined. The supplemental loan of \$260,000 bears no interest and matures on September 11, 2027 with an option for an automatic extension to September 11, 2057. The mortgage is secured by a second trust deed on the Partnership’s real property. As of December 31, 2016 and 2015, there was an outstanding balance of \$3,654,876 and \$3,654,876, accrued interest payable of \$28,619 and \$28,619, and interest of \$30,256 and \$30,256 was incurred during 2016 and 2015, respectively, which includes \$1,399 and \$1,399 of amortization of debt issuance costs, respectively. This mortgage payable of \$3,654,876 is due in its entirety upon maturity.

Debt issuance costs, net of accumulated amortization, totaled \$43,953 and \$45,352 as of December 31, 2016 and 2015, respectively, and are related to the first mortgage.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

Ehlinger Apartments, Ltd. Partnership

First Mortgage Payable

On July 1, 2013 the construction loan converted to a permanent loan in an amount of \$5,575,000. The loan has a term of 15 years, amortizing on a 30 year schedule. The loan bears interest equal to 7.35 percent per annum and is payable in monthly installments of principal and interest totaling \$38,410, with any remaining unpaid principal due in full at maturity on June 1, 2027. This mortgage is secured by the rental property. As of December 31, 2016, the principal balance was \$5,091,577 which includes \$279,929 of unamortized debt issuance costs. As of December 31, 2016, accrued interest payable totaled \$32,900. Interest expense related to the first mortgage payable was \$425,332, which includes amortization of debt issuance costs in the amount of \$28,357.

County HOME Loan

The Partnership has a loan agreement with Broward County Florida (the County) for \$285,000. The County loan has a 30-year term and bears no interest. The loan is secured by the rental property. As of December 31, 2016, the loan balance was \$285,000 and is included in mortgages and notes payable, net on the accompanying balance sheet.

SHIP Loan

The Partnership has entered into a loan agreement in the amount of \$110,000 with the Town of Davie. The SHIP loan has a 30-year term and bears no interest. The loan is secured by the rental property. As of December 31, 2016, the SHIP loan balance was \$110,000 and is included in mortgages and notes payable, net on the accompanying balance sheet.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

Ehlinger Apartments, Ltd. Partnership (Continued)

FHFC Exchange Loans

On November 30, 2010, the Partnership applied for and received a loan in the original amount of \$5,000,000, which was funded with tax credit exchange ("TCE") funds from the FHFC pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 ("Section 1602"). Additional exchange funds were awarded to the Partnership in the amount of \$1,275,000, conditioned upon the Partnership agreeing to increase the number of ELI units from 16 units to 31 units. Under Section 1602, state housing agencies can exchange allocations of low income housing tax credits ("LIHTC") which have been allocated to their state under Section 42 of the Internal Revenue Code (Section 42) for cash at a prescribed rate of up to \$0.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC. As of December 31, 2016, \$6,275,000 of loan proceeds has been received. The Partnership's loan does not bear interest and matures on November 30, 2025. Under the loan agreement, loan principal is forgiven annually at the rate of 6.67 percent over the 15 year IRS affordability and compliance monitoring extended use period. Forgiveness is subject to the Partnership maintaining compliance with Section 42. Prior to being forgiven, the remaining outstanding portion of the loan is an amortizing loan and no principal payments are required as long as there are no instances of noncompliance by the Partnership. The annual forgiveness amount is \$418,333. The loan agreement provides the authority with a security interest in the rental property. As of December 31, 2016, the balance outstanding on the exchange loan was \$4,253,057 and is included in mortgages and notes payable, net on the accompanying balance sheet.

Loan proceeds funded with Section 1602 program funds are intended to assist with payment of development costs of LIHTC properties. In exchange for the funds received, the Partnership has agreed to operate the property in accordance with Section 42. Portions of the loan which have been forgiven are considered government assistance related to assets. The Partnership will record the portions of the loan which have been forgiven as a deferred liability which will be recognized as basis over the 40 year depreciable life of the buildings and improvements. The deferred income balance on the exchange loan was \$1,263,714. The annual income amount is \$156,875 and this amount was recorded in 2016.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

Ehlinger Apartments, Ltd. Partnership (Continued)

Future principal payments on the above Ehlinger Apartments, Ltd. Partnership mortgages payable are as follows:

December 31:	1st Mortgage	TCEP	SHIP	HOME	Total
2017	\$ 68,387	\$ 418,833	\$ -	\$ -	\$ 487,220
2018	73,587	418,833	-	-	492,420
2019	79,181	418,833	-	-	498,014
2020	85,201	418,833	-	-	504,034
2021	91,679	418,833	-	-	510,512
Thereafter	4,973,471	2,158,892	110,000	285,000	7,527,363
Total	5,371,506	4,253,057	110,000	285,000	10,019,563
Less current maturities	(68,387)	(418,833)	-	-	(487,220)
Debt issuance costs	(279,929)	-	-	-	(279,929)
Net long-term portion	<u>\$ 5,023,190</u>	<u>\$ 3,834,224</u>	<u>\$ 110,000</u>	<u>\$ 285,000</u>	<u>\$ 9,252,414</u>

The Reliance-Progresso Associates, Ltd. Partnership

First Mortgage Payable

On December 17, 2010, the Partnership obtained financing in the amount of \$7,520,000 (the "Construction Loan"). The Construction Loan was to mature on December 17, 2012. On September 12, 2012, the Construction Loan was amended, restated, and converted in the amount of \$1,520,000 (the "Mortgage"). The mortgage term is 18 years. The mortgage bears interest at 7.46% per annum. Interest and principal payments of \$10,586 are paid monthly. The mortgage matures in October 2030 and is collateralized by the Project. As of December 31, 2016 and 2015, the outstanding principal balance was \$1,453,556 and \$1,471,428, respectively. For the years ended December 31, 2016 and 2015, \$121,661 and \$113,812, respectively, of interest was incurred, which includes \$3,459 and \$3,365 of amortization of debt issuance costs, respectively. As of December 31, 2016 and 2015, accrued interest totaled \$9,036 and \$-, respectively.

Debt issuance costs, net of accumulated amortization, totaled \$55,232 and \$58,691 as of December 31, 2016 and 2015, respectively, and are related to the first mortgage. Debt issuance costs on the above note are being amortized using an imputed rate of 8.08%.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

The Reliance-Progresso Associates, Ltd. Partnership (Continued)

HOME Loan

During December 2010, the Partnership obtained a loan in the original amount of \$250,000 from Broward County Housing Finance and Community Development Divisions (the "HOME Loan"). The loan bears no interest and is collateralized by the Project. Annual principal payments are made only from available cash flow, as defined in the partnership agreement. No payments are due until December 2040, at which time the total amount outstanding will be due. As of December 31, 2016 and 2015, \$250,000 and \$250,000 was outstanding.

Exchange Program Loan

On December 17, 2010, the Partnership entered into a Subaward Agreement under Section 1602 of ARRA (the "Subaward Agreement") with Florida Housing Finance Corporation ("FHFC"). Under the Subaward Agreement, the Partnership was awarded tax credit exchange program funds (the "Exchange Program Funds") for an amount up to \$4,480,000. As of December 31, 2016 and 2015, the Exchange Program Funds of \$4,480,000 were drawn and outstanding. The Partnership received the Exchange Program Funds in the form of an interest free forgivable loan (the "Exchange Program Loan"). The full amount of the Exchange Program Loan is deemed forgiven at the end of the first 15 year compliance period if no recapture event has occurred, as more fully defined in the Subaward Agreement. Pursuant to the Subaward Agreement, if a recapture event arises due to non-compliance, the recapture amount will be equal to the full amount of the Exchange Program Loan less 6.67% for each year of the first 15 year compliance period in which a recapture event has not occurred. The Exchange Program Loan is secured by a recapture mortgage, between the Partnership and FHFC, which is collateralized by the Project. A prorated amount of the loan is amortized on a straight-line basis over the first 15 year compliance period. Each year the income is recognized on a straight-line basis over the 40 year life of the asset and remaining income is deferred. For the years ended December 31, 2016 and 2015, the income recognized on the Exchange Program Loan was \$112,000 and \$112,000, respectively. As of December 31, 2016 and 2015, the Exchange Program Loan balance net of recognized and deferred income was \$2,936,888 and \$3,235,555, respectively. As of December 31, 2016 and 2015, the deferred income on the Exchange Program Loan was \$973,779 and \$787,112, respectively.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (Continued)

The Reliance-Progresso Associates, Ltd. Partnership (Continued)

Future principal payments on the above Reliance-Progresso Associates, Ltd. Partnership mortgages payable and exchange program are as follows:

	1st Mortgage	HOME	Exchange	Total
2017	\$ 19,252	\$ -	\$ -	\$ 19,252
2018	20,738	-	-	20,738
2019	22,339	-	-	22,339
2020	24,064	-	-	24,064
2021	25,922	-	-	25,922
Thereafter	<u>1,341,241</u>	<u>250,000</u>	<u>2,936,888</u>	<u>4,528,129</u>
Total	1,453,556	250,000	2,936,888	4,640,444
Less current maturities	(19,252)	-	-	(19,252)
Debt issuance cost	<u>(55,232)</u>	-	-	<u>(55,232)</u>
Net long-term portion	<u>\$ 1,379,072</u>	<u>\$ 250,000</u>	<u>\$ 2,936,888</u>	<u>\$ 4,565,960</u>

NOTE 7 - LEASE OBLIGATION PAYABLE

The Authority leases certain vehicles under leases classified as capital leases. The leased vehicles are amortized on a straight line basis over 5 years. The total accumulated depreciation related to the leased vehicles is \$44,737 at September 30, 2017. The following is a schedule showing the future minimum lease payments under capital leases by years and the present value of the minimum lease payments as of September 30, 2017. The interest rate related to the lease obligation is 5% and the maturity is January 2022.

Year ending September 30:	Amount
2018	\$ 40,090
2019	40,090
2020	26,885
2021	26,885
2022	<u>25,066</u>
Total minimum lease payments	159,016
Less: Amount representing interest	<u>(18,822)</u>
Present value of minimum lease payments	<u>\$ 140,194</u>

At September 30, 2017, the present value of minimum lease payments due within one year is \$38,181.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 8 - UNRESTRICTED NET POSITION

Unrestricted net position for the Primary Government and Blended Affiliates totaled \$15,389,460 and \$13,624,561 at September 30, 2017 and 2016, respectively. Unrestricted net position for the Discrete Partnerships totaled \$7,246,197 and \$3,329,551 at December 31, 2016 and 2015, respectively.

NOTE 9 - NET POSITION FOR HOUSING ASSISTANCE PAYMENTS

Effective January 1, 2005, the U.S. Department of Housing and Urban Development authorized for any budget authority that is not used during a fiscal year to pay Housing Assistance Payments (“HAPs”) to become part of restricted net position. This net position may only be used to assist additional families up to the number of vouchers approved in the Annual Contributions Contract (“ACC”). The restricted net position account will also include monies generated from interest income on HAP investments, Family Self-Sufficiency (“FSS”) Escrow, forfeitures and fraud recoveries. The restricted net position related to the Housing Choice Voucher Program (“Section 8”) program are reported in the accompanying statements of net position. As of September 30, 2017 and 2016 the restricted net position is \$- and \$2,103,456, respectively.

NOTE 10 - RETIREMENT PLANS

General Information - All of the Authority’s employees participate in the Florida Retirement System (“FRS”). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Plan Description

The Authority participates in the Florida Retirement System (the "System"), a cost-sharing, multi-employer public retirement system ("PERS") which covers substantially all of the Authority's full-time and part-time employees. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees, as defined by the State, who were hired after 1970 and those employed prior to 1970 who elect to be enrolled are covered by the System. Benefits under the plan vest after six years of service. Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit, payable monthly for life. The System also provides for death and disability benefits. These benefit provisions and all other requirements are established by State Statutes.

Pension Plan - FRS

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Pension Plan - FRS (Continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. Under the System, the Authority was required to contribute, effective July 1, 2017, 7.92% of the salary of regular members and 22.71% for senior management; effective July 1, 2016, 7.52% of the salary of regular members and 21.77% for senior management; and, effective July 1, 2015, 7.26% of the salary of regular members and 21.43% for senior management. The required contribution by the Authority to the System for the fiscal years ended September 30, 2017 and 2016 was \$524,050 and \$494,581, respectively. The Authority has met all contribution requirements each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the Authority reported a liability of \$4,690,644 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Authority's proportionate share of the net pension liability was based on the Authority's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the Authority's proportionate share was 0.01586 percent, which was an increase of 0.0005 percent from its proportionate share measured as of June 30, 2016.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Pension Plan - FRS (Continued)

For the fiscal year ended September 30, 2017, the Authority recognized pension expense of \$139,875. In addition the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 457,246	\$ (76,930)
Changes of assumptions	1,718,952	-
Net difference between projected and actual earnings on pension plan investments	-	(629,136)
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	720,628	(242,491)
Authority Pension Plan contributions subsequent to the measurement date	<u>93,187</u>	<u>-</u>
Total	<u><u>\$ 2,990,013</u></u>	<u><u>\$ (948,557)</u></u>

The deferred outflows of resources related to the Pension Plan, totaling \$93,187 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>Amount</u>
2018	\$ 260,109
2019	663,622
2020	469,036
2021	109,143
2022	329,300
Thereafter	<u>117,059</u>
	<u><u>\$ 1,948,269</u></u>

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Pension Plan - FRS (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.00%	3.00%	1.80%
Fixed Income	18.00%	4.50%	4.40%	4.20%
Global Equity	53.00%	7.80%	6.60%	17.00%
Strategic Investments	12.00%	6.10%	5.60%	9.70%
Private Equity	6.00%	11.50%	7.80%	30.00%
Real Estate (Property)	10.00%	6.60%	5.90%	12.80%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		1.90%

(1) As outlined in the Pension Plan's investment policy

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Pension Plan - FRS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.10%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Authority's proportionate share of the net pension liability	\$ 8,489,780	\$ 4,690,644	\$ 1,536,488

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2017, the Authority did not report a payable for outstanding contributions to the Pension Plan required.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

HIS Plan (Continued)

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution for the period October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 was 1.20% and 1.20%, respectively. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Authority's contributions to the HIS Plan totaled \$84,991 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the Authority reported a liability of \$1,717,149 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Authority's proportionate share of the net pension liability was based on the Authority's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the Authority's proportionate share was 0.01606 percent, which was an increase of 0.0007 percent from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the Authority recognized pension expense of \$139,875. In addition the Authority reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Broward County Housing Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

HIS Plan (Continued)

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (10,577)
Change of assumptions	527,995	(148,484)
Net difference between projected and actual earnings on HIS Plan investments	1,158	-
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	148,241	(61,282)
Authority HIS Plan contributions subsequent to the measurement date	<u>18,647</u>	<u>-</u>
Total	<u>\$ 696,041</u>	<u>\$ (220,343)</u>

The deferred outflows of resources related to the HIS Plan, totaling \$18,647 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u>
2018	\$ 105,225
2019	100,384
2020	100,298
2021	93,322
2022	80,665
Thereafter	<u>(22,843)</u>
	<u>\$ 457,051</u>

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

HIS Plan (Continued)

Actuarial Assumptions - The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.58 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Authority's proportionate share of the net pension liability	\$ 1,959,494	\$ 1,717,149	\$ 1,515,289

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

HIS Plan (Continued)

Payables to the Pension Plan - At September 30, 2017, the Authority did not report a payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2017.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2016-17 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Investment Plan (Continued)

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

NOTE 11 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Authority's risk management program encompasses obtaining property and liability insurance.

There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, there has been no significant claims that have exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority's operations are concentrated in the real estate market. The Authority owns and manages various properties which consist of 373 Multi-family apartments distributed through Broward County, Florida. In addition, at September 30, 2017, the Authority subsidized approximately 6,000 apartment units through federally aided Housing Choice Voucher Program ("Section 8") projects under annual contribution contracts throughout Broward County, Florida.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Legal

In the normal course of operations, the Authority may be party to various pending or threatened legal actions. As of the date of this report, management is not aware of any such instances.

Grants and contracts

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such examinations.

The Authority has received cumulative funding in excess of housing assistance payments (“HAP”) and earned administrative fees through the Housing Choice Voucher Program in accordance with current regulations. As of September 30, 2017, the Authority had no remaining unspent Housing Choice Voucher HAP reserve. As of September 30, 2017 the Authority had received \$3.3 million in HUD held reserves.

Operating Deficit Guarantees

Pursuant to the Crystal Lakes Redevelopment, Ltd. partnership agreement, the general partners are required to advance funds to the Partnership to cover operating deficits of the Project beginning on the admission date and ending for eleven years after the Development Obligation Date, as defined. Advances prior to the Development Obligation Date are considered special capital contributions. Advances after the Development Obligation Date are considered loans. The maximum total advances are \$200,000 through the third year after the Developer Obligation Date. After the third year, the maximum total advances are \$100,000. Any advances shall not bear interest and are repayable from operating cash flow, as defined. Funds in the operating reserve may be used to satisfy the loan obligations, as defined. No operating deficits were funded during 2016 and 2015, respectively.

The general partners and affiliates of the general partners will provide funds to the Tallman Pines I, Ltd. Partnership necessary to pay any operating deficit in the form of a loan to the Partnership. The operating deficit loan shall be interest free and shall be repaid solely as provided in the partnership agreement. The maximum amount of operating deficit loans that the general partners shall be required to have outstanding at any one time is \$400,000. The operating deficit guarantee period begins after achievement of the “break-even date”, as defined in the partnership agreement, and ends on the third anniversary of the “break-even date”. Break-even operations occurred during 2011. As of December 31, 2016 and 2015, no operating deficit advances are outstanding.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Operating Deficit Guarantees (Continued)

The general partner of Reliance-Progresso Associates, Ltd. is responsible for providing operating deficit loans up to \$436,551 to the Partnership, beginning on the date of stabilization. As of December 31, 2016 and 2015, no operating deficit advances are outstanding.

Ground Leases

On March 31, 2004, the Crystal Lakes Redevelopment, Ltd. Partnership entered into a ground lease with BCHA. The lease agreement required annual payments of \$10 during the term, which is from Commencement Date of closing on the Partnership's construction financing of December 28, 2005 through December 28, 2055, the fiftieth anniversary of the Commencement Date. The Partnership is liable for all payments of insurance and utilities that are in connection with the development, construction, and operation of the Project during the term of the lease.

On January 27, 2006, the Highland Gardens, Ltd. Partnership entered into a ground lease with BCHA. The ground lease requires a \$900,000 lump sum payment due 90 days after final amendment execution. The lease agreement requires an annual payment of \$1 during the lease term, which is from the period beginning on the commencement date and ending on December 31, 2056. The Partnership is liable for all payments of utilities and real estate taxes in connection with the development, construction, and operation of the Project during the term of the lease. As of December 31, 2016 and 2015, \$750,000 and \$768,750, respectively, remained to be expensed on the ground lease.

On January 27, 2006, the Tallman Pines I, Ltd. Partnership entered into a ground lease with BCHA. In 2010, a one-time capitalized lease payment in the amount of \$2,000,000 was paid BCHA pursuant to terms of the lease. Annual payments under the lease total \$10 for each of the fifty years beginning at the closing of the construction loan. The total lease expense will be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. The Partnership is responsible for all real estate taxes and maintenance of any improvement during the term of the lease. During 2016 and 2015, \$20,833 and \$20,833, respectively, of amortization expense was incurred and as of December 31, 2016 and 2015, \$1,864,585 and \$1,885,418 remains as prepaid.

On August 5, 2010, the Ehlinger Apartments, Ltd. Partnership entered in to a 65-year ground lease agreement with BCHA. The lease commenced on November 30, 2010, the date of the construction loan closing. The total rent amount over the 65-year term is \$3,000,000. As of December 31, 2016, \$3,000,000 has been paid. The entire amount of the lease was recorded as prepaid ground lease upon completion of construction and is being amortized over the 65-year term using the straight-line method. The balance of the prepaid ground lease as of December 31, 2016 is \$2,789,743. During 2016, prepaid ground lease expense is \$46,154.

Since these are up to 99 year leases and the initial payments were substantially equal to the market value of the land, the Authority has recognized these prepaid ground leases as sales of land and recognized the cash received as revenue in the year of sale.

Broward County Housing Authority

NOTES TO FINANCIAL STATEMENTS

September 30, 2017 and 2016

NOTE 14 - SUBSEQUENT DISCRETE PARTNERSHIP INFORMATION

As of December 31, 2017, significant unaudited information for the partnerships is presented below:

	Capital asset	Mortgage	Equity	Tax Credit Funding
Tallman Pines I	\$ 17,291,784	\$ 3,761,069	\$ 16,554,611	\$ 24,350,000
Tallman Pines II	3,486,994	3,612,322	113,280	1,958,270
Highland Gardens	10,274,036	1,864,696	9,886,620	15,000,000
Ehlinger	21,194,587	9,281,268	15,255,620	25,260,000
Progresso	15,922,742	1,434,304	11,323,691	19,450,850
Crystal Lakes	18,063,587	9,498,848	9,325,172	16,750,000
Totals	\$ 86,233,730	\$ 29,452,507	\$ 62,458,994	\$ 102,769,120

NOTE 15 - SUBSEQUENT EVENTS

The BCHA Management evaluated subsequent events through April 5, 2018, the date the financial statements were available to be issued, and has determined that no additional material event have occurred that would require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

Broward County Housing Authority

SCHEDULE OF CHANGES IN PROPORTIONAL SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS - LAST TEN FISCAL YEARS

Year ended September 30, 2017

FLORIDA RETIREMENT SYSTEM:

	2016	2015	2014	2013	2012	2011	2010
Measurement date	0.01586%	0.01530%	0.01620%				
Proportional share percentage	0.01586%	0.01530%	0.01620%				
Net pension liability	\$ 4,690,644	\$ 3,869,605	\$ 2,147,930				
Covered employee payroll	5,044,263	4,914,628	5,113,573				
Net pension liability as percentage of covered employee payroll	92.99%	78.74%	42.00%	(Historical information prior to implementation of GASB 68 is not required)			
Plan fiduciary net position as a percentage of total pension liability	83.89%	84.88%	96.09%				
Contractually required contribution	\$ 524,050	\$ 494,581	\$ 507,162				
Contributions in relation to the contractually required contribution	(524,050)	(494,581)	(507,162)				
Contributions deficiency (excess)	\$ -	\$ -	\$ -				

*All information is on a measurement year basis.

Notes to schedule:

Benefit changes: There have been no changes in benefit provisions.

Change of Assumptions: In 2014, the assumed investment return was lowered from 7.75% to 7.50%. Based on the Society of Actuaries' most recently published analysis and guidance on projected national mortality improvements, the mortality improvement scale was changed from MP2014 to MP2015.

The Plan's fiduciary net position as a percentage of the total pension liability is published in the FRS Comprehensive Annual Financial Report (see Note-10 for reference to FRS CAFR information).

HEALTH INSURANCE SUBSIDY:

	2016	2015	2014	2013	2012	2011	2010
Measurement date	0.01606%	0.01530%	0.01630%				
Proportional share percentage	0.01606%	0.01530%	0.01630%				
Net pension liability	\$ 1,717,149	\$ 1,781,493	\$ 1,626,330				
Covered employee payroll	5,044,263	4,914,628	5,113,573				
Net pension liability as percentage of covered employee payroll	34.04%	36.25%	31.80%	(Historical information prior to implementation of GASB 68 is not required)			
Plan fiduciary net position as a percentage of total pension liability	1.64%	0.97%	0.99%				
Contractually required contribution	\$ 84,991	\$ 66,738	\$ 60,959				
Contributions in relation to the contractually required contribution	(84,991)	(66,738)	(60,959)				
Contributions deficiency (excess)	\$ -	\$ -	\$ -				

*All information is on a measurement year basis.

Notes to schedule:

Benefit changes: There have been no changes in benefit provisions.

Change of Assumptions: In 2014, the assumed investment return was lowered from 7.75% to 7.50%. Based on the Society of Actuaries' most recently published analysis and guidance on projected national mortality improvements, the mortality improvement scale was changed from MP2014 to MP2015.

The Plan's fiduciary net position as a percentage of the total pension liability is published in the HIS Comprehensive Annual Financial Report (See Note-10 for reference to FRS CAFR information).

See Independent Auditor's Report.

OTHER SUPPLEMENTAL INFORMATION

BROWARD COUNTY HOUSING AUTHORITY
COMBINING SCHEDULES OF NET POSITION
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES

As of September 30,

	Multi- Family	Housing Choice Voucher Program	Other Enterprise	Total 2017	Total 2016
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 501,621	\$ 7,095,885	\$ 11,330,857	\$ 18,928,363	\$ 17,033,683
Restricted cash equivalents	115,216	-	115,064	230,280	216,462
Receivables:					
Accounts receivables	1,943	9,944	1,208,541	1,220,428	445,171
Intergovernmental	-	304,798	17,585	322,383	659,396
Tenants, net of allowance	13,693	-	11,382	25,075	19,367
Prepaid expenses	68,715	41,097	43,522	153,334	207,993
Total current assets	<u>701,188</u>	<u>7,451,724</u>	<u>12,726,951</u>	<u>20,879,863</u>	<u>18,582,072</u>
Noncurrent assets:					
Restricted cash equivalents	3,741,896	490,506	2,100,456	6,332,858	10,337,507
Intangible Assets	-	324,404	-	324,404	324,404
Capital assets:					
Land	2,829,288	602,470	6,452,343	9,884,101	9,884,101
Buildings, CIP and equipment	30,567,074	3,694,311	13,934,701	48,196,086	45,520,187
Accumulated depreciation	(22,365,061)	(2,093,384)	(2,481,238)	(26,939,683)	(25,036,883)
Capital assets, net	<u>11,031,301</u>	<u>2,203,397</u>	<u>17,905,806</u>	<u>31,140,504</u>	<u>30,367,405</u>
Total noncurrent assets	<u>14,773,197</u>	<u>3,018,307</u>	<u>20,006,262</u>	<u>37,797,766</u>	<u>41,029,316</u>
Total assets	<u>15,474,385</u>	<u>10,470,031</u>	<u>32,733,213</u>	<u>58,677,629</u>	<u>59,611,388</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension costs	296,941	1,612,073	1,777,040	3,686,054	2,139,018
LIABILITIES					
Current liabilities:					
Accounts payable	92,477	438,847	138,831	670,155	521,816
Accrued wages payable	31,601	117,920	96,116	245,637	213,079
Tenants security deposits	115,216	-	115,064	230,280	216,462
Accrued compensated absences	15,000	15,000	-	30,000	30,000
HUD liability	-	54,228	-	54,228	-
Total current liabilities	<u>254,294</u>	<u>625,995</u>	<u>350,011</u>	<u>1,230,300</u>	<u>981,357</u>
Noncurrent liabilities:					
Liabilities from restricted assets:					
Family Self-sufficiency Program escrow	39,815	490,506	-	530,321	478,835
Capitalized lease obligation	40,702	47,552	56,991	145,245	41,972
Net pension liability	576,701	2,755,351	3,075,741	6,407,793	5,651,097
Accrued compensated absences	132,111	234,325	327,432	693,868	785,479
Total noncurrent liabilities	<u>789,329</u>	<u>3,527,734</u>	<u>3,460,164</u>	<u>7,777,227</u>	<u>6,957,383</u>
Total liabilities	<u>1,043,623</u>	<u>4,153,729</u>	<u>3,810,175</u>	<u>9,007,527</u>	<u>7,938,740</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension costs	63,609	534,977	570,314	1,168,900	162,723
NET POSITION					
Net investment in capital assets	10,990,599	2,155,845	17,848,815	30,995,259	30,325,433
Restricted- replacement reserves	3,702,081	-	2,100,456	5,802,537	7,808,585
Restricted-Housing Assistance Payments	-	-	-	-	1,890,364
Unrestricted	(28,586)	5,237,553	10,180,493	15,389,460	13,624,561
Total Net Position	<u>\$ 14,664,094</u>	<u>\$ 7,393,398</u>	<u>\$ 30,129,764</u>	<u>\$ 52,187,256</u>	<u>\$ 53,648,943</u>

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES

For the Years Ended September 30,

	Multi- Family	Housing Choice Voucher Program	Other Enterprise	Eliminations	Total 2017	Total 2016
OPERATING REVENUES						
Housing assistance payments	\$ -	\$ 75,360,152	\$ -	\$ -	\$ 75,360,152	\$ 74,725,973
Housing choice voucher program administrative fees	-	4,791,749	-	-	4,791,749	5,168,264
Dwelling rental	1,196,538	-	1,251,832	-	2,448,370	2,361,095
Operating subsidy	1,612,536	-	-	-	1,612,536	1,522,968
Other revenue (Port-in)	-	831,034	-	-	831,034	9,132
Total Operating Revenues	<u>2,809,074</u>	<u>80,982,935</u>	<u>1,251,832</u>	<u>-</u>	<u>85,043,841</u>	<u>83,787,432</u>
OPERATING EXPENSES						
Housing assistance payments	35,455	77,518,511	-	-	77,553,966	72,543,210
General and administrative	1,294,373	5,289,712	3,249,806	(1,701,607)	8,132,284	9,168,362
Repairs and maintenance	1,238,307	18,560	582,117	-	1,838,984	1,531,881
Tenants' services	55,380	-	52,645	-	108,025	105,622
Utilities	153,199	-	175,542	-	328,741	319,634
Depreciation	1,337,277	213,966	457,972	-	2,009,215	1,989,214
Pension expense	12,589	97,859	104,854	-	215,302	458,440
Other expense (Port-in)	-	840,392	-	-	840,392	9,132
Total Operating Expenses	<u>4,126,580</u>	<u>83,979,000</u>	<u>4,622,936</u>	<u>(1,701,607)</u>	<u>91,026,909</u>	<u>86,125,495</u>
OPERATING (LOSS)	<u>(1,317,506)</u>	<u>(2,996,065)</u>	<u>(3,371,104)</u>	<u>1,701,607</u>	<u>(5,983,068)</u>	<u>(2,338,063)</u>
NON-OPERATING REVENUES (EXPENSES)						
Grants	-	458,976	85,713	-	544,689	68,775
Investment revenue/interest (expense)	2,909	6,481	43,265	-	52,655	50,862
Other revenue/(expense)	21,481	119,755	5,437,548	(1,701,607)	3,877,177	5,446,072
Gain/(loss) on disposal of capital assets	2,448	4,605	6,586	-	13,639	(36,685)
Total nonoperating Revenues, net	<u>26,838</u>	<u>589,817</u>	<u>5,573,112</u>	<u>(1,701,607)</u>	<u>4,488,160</u>	<u>5,529,024</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	<u>(1,290,668)</u>	<u>(2,406,248)</u>	<u>2,202,008</u>	<u>-</u>	<u>(1,494,908)</u>	<u>3,190,961</u>
CAPITAL CONTRIBUTIONS						
Capital grants	33,221	-	-	-	33,221	-
OTHER FINANCING SOURCES AND USES						
Operating transfers in	242,430	-	673,721	-	916,151	1,042,354
Operating transfers out	(242,184)	-	(673,967)	-	(916,151)	(1,042,354)
Total Other Financing Sources and Uses	<u>246</u>	<u>-</u>	<u>(246)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(1,257,201)</u>	<u>(2,406,248)</u>	<u>2,201,762</u>	<u>-</u>	<u>(1,461,687)</u>	<u>3,190,961</u>
NET POSITION, Beginning	15,921,295	9,799,646	27,928,002	-	53,648,943	50,457,982
NET POSITION, Ending	<u>\$ 14,664,094</u>	<u>\$ 7,393,398</u>	<u>\$ 30,129,764</u>	<u>\$ -</u>	<u>\$ 52,187,256</u>	<u>\$ 53,648,943</u>

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY
COMBINING SCHEDULES OF CASH FLOWS
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES

For the Years Ended September 30,

	Multi- Family	Housing Choice Voucher Program	Other Enterprise	Total 2017	Total 2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from federal and local agencies	\$ 1,612,536	\$ 81,441,911	\$ -	\$ 83,054,447	\$ 81,372,204
Housing assistance payments	-	(78,358,903)	-	(78,358,903)	(72,510,806)
Cash paid to suppliers and contractors	(2,081,671)	(2,559,647)	(886,785)	(5,528,103)	(6,844,822)
Payments to employees	(636,728)	(2,365,988)	(2,631,371)	(5,634,087)	(4,914,628)
Other payments-dwelling rental and receipts	1,196,538	-	1,251,832	2,448,370	2,240,314
Net cash provided by (used in) operating activities	<u>90,675</u>	<u>(1,842,627)</u>	<u>(2,266,324)</u>	<u>(4,018,276)</u>	<u>(657,738)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operational grants	-	-	85,713	85,713	82,443
Other revenues and receipts	23,929	124,360	3,742,526	3,890,815	5,597,697
Net cash provided by non-capital financing	<u>23,929</u>	<u>124,360</u>	<u>3,828,239</u>	<u>3,976,528</u>	<u>5,680,140</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition (sale/reclassification) of capital assets	-	335,906	(2,180,088)	(1,844,182)	(2,106,874)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net deposit in reserve for replacements	(243,350)	-	(19,526)	(262,876)	(543,645)
Interest income on investment	2,909	6,481	43,265	52,655	50,862
Net cash provided by (used in) investing activities	<u>(240,441)</u>	<u>6,481</u>	<u>23,739</u>	<u>(210,221)</u>	<u>(492,783)</u>
Net increase (decrease) in cash and cash equivalents	(125,837)	(1,375,880)	(594,434)	(2,096,151)	2,422,745
Cash and cash equivalents beginning of year	4,484,570	8,962,271	14,140,811	27,587,652	25,164,907
Cash and cash equivalents end of year	<u>\$ 4,358,733</u>	<u>\$ 7,586,391</u>	<u>\$ 13,546,377</u>	<u>\$ 25,491,501</u>	<u>\$ 27,587,652</u>
AS PRESENTED IN THE ACCOMPANYING COMBINING SCHEDULES OF NET POSITION:					
Cash and cash equivalents - unrestricted	\$ 501,621	\$ 7,095,885	\$ 11,330,857	\$ 18,928,363	\$ 17,033,683
Cash and cash equivalents - restricted current	115,216	-	115,064	230,280	216,462
Cash and cash equivalents - restricted noncurrent	3,741,896	490,506	2,100,456	6,332,858	10,337,507
	<u>\$ 4,358,733</u>	<u>\$ 7,586,391</u>	<u>\$ 13,546,377</u>	<u>\$ 25,491,501</u>	<u>\$ 27,587,652</u>

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY

**COMBINING SCHEDULES OF CASH FLOWS (Continued)
PRIMARY GOVERNMENT INCLUDING BLENDED AFFILIATES**

For the Years Ended September 30,

	<u>Multi- Family</u>	<u>Housing Choice Voucher Program</u>	<u>Other Enterprise</u>	<u>Total 2017</u>	<u>Total 2016</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ (1,317,506)	\$ (2,996,065)	\$ (1,669,497)	\$ (5,983,068)	\$ (2,338,063)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,337,277	213,966	457,972	2,009,215	1,989,214
(Increase) decrease in:					
Receivables	(1,943)	698,227	(965,528)	(269,244)	(162,450)
Prepaid expenses	5,995	48,132	532	54,659	163,890
Increase (decrease) in:					
Accounts payable	42,938	(31,670)	(19,881)	(8,613)	215,794
Accrued expenses	37,634	107,089	(86,107)	58,616	(572,915)
HUD liability	-	54,228	-	54,228	-
Family Self-Sufficiency escrow	(13,554)	63,466	-	49,912	51,604
Tenants deposits	(166)	-	16,185	16,019	(4,812)
	<u>\$ 90,675</u>	<u>\$ (1,842,627)</u>	<u>\$ (2,266,324)</u>	<u>\$ (4,018,276)</u>	<u>\$ (657,738)</u>

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY

**COMBINING SCHEDULES OF NET POSITION
BLENDED AFFILIATES**

As of September 30,

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-Family	Other non-COCC Enterprise	Total 2017	Total 2016 <i>Memorandum Only</i>
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 5,910,033	\$ 4,497,813	\$ 129,566	\$ 501,621	\$ 514,849	\$ 11,553,882	\$ 9,979,896
Cash and cash equivalents - restricted	-	-	-	-	-	-	216,462
Receivables:							
Accounts receivables	940,892	3,000,000	-	1,943	-	3,942,835	203,987
Due from other governmental agencies	-	-	-	-	17,585	17,585	4,674
Tenants, net of allowance	-	-	2,037	13,693	9,345	25,075	19,367
Prepaid expenses	1,395	-	14,852	68,715	18,048	103,010	110,291
Total current assets	6,852,320	7,497,813	146,455	585,972	559,827	15,642,387	10,534,677
Noncurrent assets:							
Restricted cash equivalents	949,903	-	1,153,188	3,857,112	112,429	6,072,632	7,800,072
Capital assets:							
Land	-	-	193,600	2,829,288	6,258,743	9,281,631	9,281,631
Buildings, CIP and equipment	-	-	4,274,027	30,567,074	8,936,787	43,777,888	40,829,643
Accumulated depreciation	-	-	(1,540,726)	(22,365,061)	(620,393)	(24,526,180)	(22,732,459)
Capital assets, net	-	-	2,926,901	11,031,301	14,575,137	28,533,339	27,378,815
Total noncurrent assets	949,903	-	4,080,089	14,888,413	14,687,566	34,605,971	35,178,887
Total assets	7,802,223	7,497,813	4,226,544	15,474,385	15,247,393	50,248,358	45,713,564
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pension costs	263,947	-	-	296,941	-	560,888	363,633
LIABILITIES							
Current liabilities:							
Accounts payable	3,007,161	-	16,458	91,897	106,378	3,221,894	170,446
Accrued wages payable	946	-	5,136	31,601	18,070	55,753	39,427
Accrued compensated absences	-	-	-	15,000	-	15,000	15,000
Total current liabilities	3,008,107	-	21,594	138,498	124,448	3,292,647	224,873
Noncurrent liabilities:							
Liabilities from restricted assets							
Family Self-Sufficiency Program escrow	-	-	-	39,815	-	39,815	53,369
Tenants' security deposits	-	-	65,435	115,796	51,250	232,481	216,462
Capitalized lease obligation	43	-	15,967	40,702	43	56,755	19,840
Net pension liability	512,622	-	-	576,701	-	1,089,323	960,687
Accrued compensated absences	-	-	6,773	132,111	22,495	161,379	158,289
Total noncurrent liabilities	512,665	-	88,175	905,125	73,788	1,579,753	1,408,647
Total liabilities	3,520,772	-	109,769	1,043,623	198,236	4,872,400	1,633,520
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pension costs	56,499	-	-	63,609	-	120,108	27,665
NET POSITION							
Net investment in capital assets	(43)	-	2,910,934	10,990,599	14,575,094	28,476,584	27,358,975
Restricted- replacement reserves	-	-	1,087,753	3,701,501	61,179	4,850,433	7,800,072
Unrestricted	4,488,942	7,497,813	118,088	(28,006)	412,884	12,489,721	9,256,965
Total Net Position	\$ 4,488,899	\$ 7,497,813	\$ 4,116,775	\$ 14,664,094	\$ 15,049,157	\$ 45,816,738	\$ 44,416,012

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BLENDED AFFILIATES

For the Years Ended September 30,

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-family	Other non-COCC Enterprise	Elimination	Total 2017	Total 2016 Memorandum Only
OPERATING REVENUES								
Dwelling rental	\$ -	\$ -	\$ 798,135	\$ 1,196,538	\$ 454,743	\$ -	\$ 2,449,416	\$ 2,361,095
Operating subsidy	-	-	-	1,612,536	-	-	1,612,536	1,475,852
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>798,135</u>	<u>2,809,074</u>	<u>454,743</u>	<u>-</u>	<u>4,061,952</u>	<u>3,836,947</u>
OPERATING EXPENSES								
Housing assistance payments	-	-	-	35,455	-	-	35,455	32,404
General and administrative	1,080,479	3,165	489,347	1,294,127	2,750,892	(3,271,843)	2,346,167	4,964,320
Repairs and maintenance	3,607	-	230,478	1,238,307	109,810	-	1,582,202	1,311,176
Tenants' services	-	-	52,644	55,380	-	-	108,024	51,618
Utilities	-	-	68,167	153,199	53,320	-	274,686	266,435
Depreciation	-	-	194,662	1,337,277	223,794	-	1,755,733	1,760,868
Pension expense	11,190	-	-	12,589	-	-	23,779	77,935
Total Operating Expenses	<u>1,095,276</u>	<u>3,165</u>	<u>1,035,298</u>	<u>4,126,334</u>	<u>3,137,816</u>	<u>(3,271,843)</u>	<u>6,126,046</u>	<u>8,464,756</u>
OPERATING (LOSS)	<u>(1,095,276)</u>	<u>(3,165)</u>	<u>(237,163)</u>	<u>(1,317,260)</u>	<u>(2,683,073)</u>	<u>3,271,843</u>	<u>(2,064,094)</u>	<u>(4,627,809)</u>
NON-OPERATING REVENUES (EXPENSES)								
Grants	-	-	-	-	85,713	-	85,713	-
Investment revenue/interest (expense)	22,139	22,111	541	2,909	427	-	48,127	31,860
Other revenue/(expense)	4,159,606	-	-	21,481	2,386,404	(3,271,843)	3,295,648	4,903,022
Gain/(Loss) on disposal of capital assets	-	-	-	2,448	-	-	2,448	(57,792)
Total nonoperating Revenues, net	<u>4,181,745</u>	<u>22,111</u>	<u>541</u>	<u>26,838</u>	<u>2,472,544</u>	<u>(3,271,843)</u>	<u>3,431,936</u>	<u>4,877,090</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>3,086,469</u>	<u>18,946</u>	<u>(236,622)</u>	<u>(1,290,422)</u>	<u>(210,529)</u>	<u>-</u>	<u>1,367,842</u>	<u>249,281</u>
CAPITAL CONTRIBUTIONS								
Capital grants	-	-	-	33,221	-	-	33,221	-
Total Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,221</u>	<u>-</u>	<u>-</u>	<u>33,221</u>	<u>-</u>
OTHER FINANCING SOURCES AND USES								
Operating transfers in	518,541	-	-	242,430	157,551	-	918,522	1,032,669
Operating transfers out	(157,551)	-	-	(242,430)	(518,878)	-	(918,859)	(1,032,669)
Total Other Financing Sources and Uses	<u>360,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(361,327)</u>	<u>-</u>	<u>(337)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>3,447,459</u>	<u>18,946</u>	<u>(236,622)</u>	<u>(1,257,201)</u>	<u>(571,856)</u>	<u>-</u>	<u>1,400,726</u>	<u>249,281</u>
NET POSITION, Beginning	<u>1,041,440</u>	<u>7,478,867</u>	<u>4,353,396</u>	<u>15,921,295</u>	<u>15,621,014</u>	<u>-</u>	<u>44,416,012</u>	<u>44,166,731</u>
NET POSITION, Ending	<u>\$ 4,488,899</u>	<u>\$ 7,497,813</u>	<u>\$ 4,116,774</u>	<u>\$ 14,664,094</u>	<u>\$ 15,049,158</u>	<u>\$ -</u>	<u>\$ 45,816,738</u>	<u>\$ 44,416,012</u>

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY

**COMBINING SCHEDULES OF CASH FLOWS
BLENDED AFFILIATES**

For the Years Ended September 30,

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-family	Other non-COCC Enterprise	Elimination	Total 2017	Total 2016 Memorandum Only
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from federal and local agencies	\$ -	\$ -	\$ -	\$ 1,612,536	\$ -	\$ -	\$ 1,612,536	\$ 1,475,852
Cash paid to suppliers and contractors	(83,516)	(3,165)	(1,007,469)	(1,792,613)	(2,902,523)	3,271,843	(2,517,443)	(3,944,257)
Payments to employees	(1,009,119)	-	139,825	(853,524)	(143,301)	-	(1,866,119)	(981,559)
Other payments-dwelling rental and receipts	2,056,217	(3,000,000)	798,135	1,196,538	431,748	-	1,482,638	663,431
Net cash (used in) operating activities	<u>963,582</u>	<u>(3,003,165)</u>	<u>(69,509)</u>	<u>162,937</u>	<u>(2,614,076)</u>	<u>3,271,843</u>	<u>(1,288,388)</u>	<u>(2,786,533)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Operational grants	-	-	-	-	85,713	-	85,713	-
Other revenues and receipts	4,530,482	-	-	23,929	2,386,404	(3,271,843)	3,668,972	4,759,851
Net cash provided by non-capital financing	<u>4,530,482</u>	<u>-</u>	<u>-</u>	<u>23,929</u>	<u>2,472,117</u>	<u>(3,271,843)</u>	<u>3,754,685</u>	<u>4,759,851</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition (sale/reclassification) of capital assets	-	-	(57,307)	-	(2,502,908)	-	(2,560,215)	(1,835,972)
CASH FLOWS FROM INVESTING ACTIVITIES								
Net deposit in reserve for replacements	-	-	-	(315,612)	-	-	(315,612)	(524,119)
Interest income on investment	22,139	22,111	541	2,909	427	-	48,127	31,860
Net cash provided by (used in) investing activities	<u>22,139</u>	<u>22,111</u>	<u>541</u>	<u>(312,703)</u>	<u>427</u>	<u>-</u>	<u>(267,485)</u>	<u>(492,259)</u>
Net (decrease) increase in cash and cash equivalents	5,516,203	(2,981,054)	(126,275)	(125,837)	(2,644,440)	-	(361,403)	(354,913)
Cash and cash equivalents beginning of year	1,343,733	7,478,867	1,409,029	4,484,570	3,271,718	-	17,987,917	18,351,343
Cash and cash equivalents end of year	<u>\$ 6,859,936</u>	<u>\$ 4,497,813</u>	<u>\$ 1,282,754</u>	<u>\$ 4,358,733</u>	<u>\$ 627,278</u>	<u>\$ -</u>	<u>\$ 17,626,514</u>	<u>\$ 17,996,430</u>
AS PRESENTED IN THE ACCOMPANYING COMBINING SCHEDULES OF NET POSITION:								
Cash and cash equivalents - unrestricted	\$ 5,910,033	\$ 4,497,813	\$ 129,566	\$ 501,621	\$ 514,849	\$ -	\$ 11,553,882	\$ 9,979,896
Cash and cash equivalents - restricted	949,903	-	1,153,188	3,857,112	112,429	-	6,072,632	8,016,534
	<u>\$ 6,859,936</u>	<u>\$ 4,497,813</u>	<u>\$ 1,282,754</u>	<u>\$ 4,358,733</u>	<u>\$ 627,278</u>	<u>\$ -</u>	<u>\$ 17,626,514</u>	<u>\$ 17,996,430</u>

See Independent Auditor's Report.

BROWARD COUNTY HOUSING AUTHORITY
COMBINING SCHEDULES OF CASH FLOWS (Continued)
BLENDED AFFILIATES

For the Years Ended September 30,

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-family	Other non-COCC Enterprise	Elimination	Total 2017	Total 2016 Memorandum Only
Reconciliation of operating loss to net cash provided by (used in) operating activities:								
Operating loss	\$ (1,095,276)	\$ (3,165)	\$ (237,163)	\$ (1,317,260)	\$ (2,683,073)	\$ 3,271,843	\$ (2,064,094)	\$ (3,032,912)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:								
Depreciation	-	-	194,662	1,414,839	159,490	-	1,768,991	1,760,868
(Increase) decrease in:								
Receivables	(936,555)	(3,000,000)	-	14,937	-	-	(3,921,618)	85,516
Prepaid expenses	11,698	-	(1,258)	13,395	-	-	23,835	14,208
Increase (decrease) in:								
Accounts payable	2,983,715	-	(16,353)	(44,587)	(92,768)	-	2,830,007	(1,675,971)
Accrued expenses	-	-	(10,907)	55,104	-	-	44,197	34,399
Family Self-Sufficiency escrow	-	-	-	29,896	-	-	29,896	29,896
Tenants deposits	-	-	1,510	(3,387)	2,275	-	398	(2,537)
Total	<u>\$ 963,582</u>	<u>\$ (3,003,165)</u>	<u>\$ (69,509)</u>	<u>\$ 162,937</u>	<u>\$ (2,614,076)</u>	<u>\$ 3,271,843</u>	<u>\$ (1,288,388)</u>	<u>\$ (2,786,533)</u>

See Independent Auditor's Report.

SUPPLEMENTAL INFORMATION

Broward County Housing Authority

FINANCIAL DATA SCHEDULE

Year ended September 30, 2016

PHA: FL079 FYE: 09/30/2017									
Line Item No.	Account Description	Section 8 Housing Choice Voucher Program 14.871	Section 8 Mod Rehab Program 14.856	Shelter Plus Care 14.238	HOME - Investment Partnerships Program 14.239	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Community Development - Block Grant - Entitlement Grants 14.218	Business Activities
111	Cash - Unrestricted	7,029,517	66,368	-	-	-	-	22,995	-
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-
113	Cash - other restricted	490,506	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-
100	Total Cash	7,520,023	66,368	-	-	-	-	22,995	-
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	17,585	-
124	Accounts Receivable - other government	304,798	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	9,944	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-
120	Total Receivables, net of allowances for doubtful accounts	314,742	-	-	-	-	-	17,585	-
142	Prepaid Expenses and Other Assets	41,097	-	-	-	-	-	-	-
144	Interprogram due from	-	-	-	-	-	-	-	-
150	Total Current Assets	7,875,862	66,368	-	-	-	-	40,580	-
161	Land	602,470	-	-	-	-	-	-	-
162	Buildings	2,271,183	-	-	-	-	-	-	245,799
163	Furniture, Equipment & Machinery - Dwellings	15,950	-	-	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	558,048	-	-	-	-	-	-	-
165	Leasehold Improvements	849,130	-	-	-	-	-	-	150,075
166	Accumulated Depreciation	(2,093,384)	-	-	-	-	-	-	(118,215)
167	Construction In Progress	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	36,310
160	Total Fixed Assets, Net of Accumulated Depreciation	2,203,397	-	-	-	-	-	-	313,969
174	Other Assets	324,404	-	-	-	-	-	-	-
180	Total Non-Current Assets	2,527,801	-	-	-	-	-	-	313,969
190	Total Assets	10,403,663	66,368	-	-	-	-	40,580	313,969
200	Deferred Outflows of Resources	1,612,073	-	-	-	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	12,015,736	66,368	-	-	-	-	40,580	313,969
312	Accounts Payable <= 90 Days	435,797	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	117,920	-	-	-	-	-	6,661	-
322	Accrued Compensated Absences	15,000	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	7,757	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	46,471	-	-	-	-	-	-
333	Accounts Payable - Other Government	3,050	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	-	-
342	Unearned Revenues	-	-	-	-	-	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-
347	Interprogram due to	-	-	-	-	-	-	-	-
310	Total Current Liabilities	579,524	46,471	-	-	-	-	6,661	-
351	Long-term debt, net of current - capital projects	47,552	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	490,506	-	-	-	-	-	-	-
354	Accrued compensated Absences - Non Current	234,325	-	-	-	-	-	22,496	-
357	Net pension liability	2,755,351	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	3,527,734	-	-	-	-	-	22,496	-
300	Total Liabilities	4,107,258	46,471	-	-	-	-	29,157	-
400	Deferred Inflows of Resources	534,977	-	-	-	-	-	-	-
490	Total Liability and Deferred Inflow of Resources	4,642,235	46,471	-	-	-	-	29,157	-
508.4	Net Investment in Capital Assets	2,155,845	-	-	-	-	-	-	313,969
511.4	Restricted Net Position	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	5,217,656	19,897	-	-	-	-	11,423	-
513	Total Equity	7,373,501	19,897	-	-	-	-	11,423	313,969
600	Total Liabilities, Deferred Inflows and Equity	12,015,736	66,368	-	-	-	-	40,580	313,969

See Independent Auditor's Report

Broward County Housing Authority

FINANCIAL DATA SCHEDULE

Year ended September 30, 2016

PHA: FL079 FYE: 09/30/2017									
Line Item No.	Account Description	Section 8 Housing Choice Voucher Program 14.871	Section 8 Mod Rehab Program 14.856	Shelter Plus Care 14.238	HOME - Investment Partnerships Program 14.239	PIH Family Self-Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Community Development Block Grant - Entitlement Grants 14.218	Business Activities
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	-	-	-	-	-	-	-	-
70600	HUD PHA Grants	73,535,126	2,388,705	3,979,578	45,065	225,648	-	20,713	-
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	65,000	-
71100	Investment Income - Unrestricted	8,943	134	-	-	-	-	-	-
71400	Fraud recovery	61,524	-	-	-	-	-	-	-
71500	Other revenue	1,356,991	-	-	-	-	-	9,440	-
71600	Gain/Loss on Sale of Fixed Assets	4,605	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-
70000	Total Revenue	74,967,189	2,388,839	3,979,578	45,065	225,648	-	95,153	-
91100	Administrative salaries	1,810,919	258,616	-	-	225,648	-	50,980	-
91200	Auditing fees	22,066	-	-	-	-	-	-	-
91300	Management Fee	944,204	-	-	-	-	-	-	-
91310	Book-Keeping Fee	521,903	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	952,411	-	-	-	-	-	26,926	-
91600	Office Expenses	299,796	-	-	-	-	-	726	-
91700	Legal Expense	4,487	-	-	-	-	-	-	-
91800	Travel	23,064	-	-	-	-	-	3,448	-
91900	Other	-	4	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	-	-	-	-	-	-	-	-
93100	Water	-	-	-	-	-	-	-	-
93200	Electricity	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-	-
94200	OMO - Materials and Other	17,772	-	-	-	-	-	-	-
94300	Ordinary Maintenance and Operations - Contract Costs	788	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
96110	Property Insurance	105,152	-	-	-	-	-	909	-
96200	Other General Expenses	32,546	-	-	-	-	-	9,828	-
96210	Compensated Absences	217,726	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	2,596	-	-	-	-	-	-	-
96900	Total Operating Expenses	4,955,430	258,620	-	-	225,648	-	92,817	-
97000	Excess Operating Revenue over Operating Expenses	70,011,759	2,130,219	3,979,578	45,065	-	-	2,336	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	71,363,961	2,129,907	3,979,578	45,065	-	-	-	-
97350	HAP Portability - In	840,392	-	-	-	-	-	-	-
97400	Depreciation Expense	213,966	-	-	-	-	-	-	61,310
90000	Total Expenses	77,373,749	2,388,527	3,979,578	45,065	225,648	-	92,817	61,310
10040	Total Operating transfers from/to component unit	-	-	-	-	-	-	-	(245)
10100	Total other financing sources (Uses)	-	-	-	-	-	-	-	(245)
10000	Excess (deficiency) of total revenue over (under) total expenses	(2,406,560)	312	-	-	-	-	2,336	(61,555)
11020	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-	-	-
11030	Beginning Equity	9,780,061	19,585	-	-	-	-	9,087	375,524
11040	Total Prior Period Adjustments and Equity Transfers	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	7,373,501	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-
11190	Unit Months Available	69,599	2,796	4,176	192	-	-	-	-
11210	Number of Unit Months Leased	69,588	2,796	4,176	192	-	-	-	-

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Broward County Housing Authority

FINANCIAL DATA SCHEDULE

Year ended September 30, 2016

PHA: FL079 FYE: 09/30/2017							
Line Item No.	Account Description	Blended Component Unit	Central Office Cost Center	Elimination	Primary Government Subtotal	Discrete Component Units	Total
111	Cash - Unrestricted	11,553,882	255,601	-	18,928,363	2,446,813	21,375,176
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-
113	Cash - other restricted	5,842,352	-	-	6,332,858	3,368,162	9,701,020
114	Cash - Tenant Security Deposits	230,280	-	-	230,280	781,162	1,011,442
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-
100	Total Cash	17,626,514	255,601	-	25,491,501	6,596,137	32,087,638
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	17,585	-	17,585
124	Accounts Receivable - other government	-	-	-	304,798	-	304,798
125	Accounts Receivable - Miscellaneous	4,180,335	30,149	(3,000,000)	1,220,428	-	1,220,428
126	Accounts Receivable - Tenants - Dwelling Rents	30,633	-	-	30,633	892	31,525
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(5,558)	-	-	(5,558)	-	(5,558)
120	Total Receivables, net of allowances for doubtful accounts	4,205,410	30,149	(3,000,000)	1,567,886	892	1,568,778
142	Prepaid Expenses and Other Assets	103,010	9,227	-	153,334	6,242,539	6,395,873
144	Interprogram due from	-	-	-	-	-	-
150	Total Current Assets	21,934,934	294,977	(3,000,000)	27,212,721	12,839,568	40,052,289
161	Land	9,281,631	-	-	9,884,101	2,280,000	12,164,101
162	Buildings	33,922,006	275,971	-	36,714,959	99,561,023	136,275,982
163	Furniture, Equipment & Machinery - Dwellings	407,787	-	-	423,737	7,281,980	7,705,717
164	Furniture, Equipment & Machinery - Administration	2,465,155	447,916	-	3,471,119	-	3,471,119
165	Leasehold Improvements	6,550,336	-	-	7,549,541	8,650,434	16,199,975
166	Accumulated Depreciation	(24,407,965)	(320,119)	-	(26,939,683)	(28,111,443)	(55,051,126)
167	Construction In Progress	420	-	-	420	-	420
168	Infrastructure	-	-	-	36,310	-	36,310
160	Total Fixed Assets, Net of Accumulated Depreciation	28,219,370	403,768	-	31,140,504	89,661,994	120,802,498
174	Other Assets	-	-	-	324,404	-	324,404
180	Total Non-Current Assets	28,219,370	403,768	-	31,464,908	89,661,994	121,126,902
190	Total Assets	50,154,304	698,745	(3,000,000)	58,677,629	102,501,562	161,179,191
200	Deferred Outflows of Resources	560,889	1,513,092	-	3,686,054	-	3,686,054
290	Total Assets and Deferred Outflow of Resources	50,715,193	2,211,837	(3,000,000)	62,363,683	102,501,562	164,865,245
312	Accounts Payable <= 90 Days	3,158,622	72,111	(3,000,000)	666,530	314,596	981,126
321	Accrued Wage/Payroll Taxes Payable	49,092	71,964	-	245,637	-	245,637
322	Accrued Compensated Absences	15,000	-	-	30,000	-	30,000
325	Accrued interest payable	-	-	-	-	123,520	123,520
331	Accounts Payable - HUD PHA Programs	-	-	-	7,757	-	7,757
332	Accounts Payable - PHA Projects	-	-	-	46,471	-	46,471
333	Accounts Payable - Other Government	-	-	-	3,050	-	3,050
341	Tenant Security Deposits	230,280	-	-	230,280	781,162	1,011,442
342	Unearned Revenues	-	-	-	-	973,779	973,779
343	Current portion of L-T debt - capital projects	-	-	-	-	741,534	741,534
345	Other current liabilities	575	-	-	575	32,152	32,727
347	Interprogram due to	-	-	-	-	-	-
310	Total Current Liabilities	3,453,569	144,075	(3,000,000)	1,230,300	2,966,743	4,197,043
351	Long-term debt, net of current - capital projects	56,712	40,981	-	145,245	33,951,164	34,096,409
353	Noncurrent Liabilities - Other	39,815	-	-	530,321	-	530,321
354	Accrued compensated Absences - Non Current	138,863	298,164	-	693,868	-	693,868
357	Net pension liability	1,089,325	2,563,117	-	6,407,793	-	6,407,793
350	Total Noncurrent Liabilities	1,324,735	2,902,262	-	7,777,227	33,951,164	41,728,391
300	Total Liabilities	4,778,304	3,046,337	(3,000,000)	9,007,527	36,917,907	45,925,434
400	Deferred Inflows of Resources	120,151	513,772	-	1,168,900	-	1,168,900
490	Total Liability and Deferred Inflow of Resources	4,898,455	3,560,109	(3,000,000)	10,176,427	36,917,907	47,094,334
508.4	Net Investment in Capital Assets	28,162,658	362,787	-	30,995,259	54,969,296	85,964,555
511.4	Restricted Net Position	5,802,537	-	-	5,802,537	3,368,162	9,170,699
512.4	Unrestricted Net Position	11,851,543	(1,711,059)	-	15,389,460	7,246,197	22,635,657
513	Total Equity	45,816,738	(1,348,272)	-	52,187,256	65,583,655	117,770,911
600	Total Liabilities, Deferred Inflows and Equity	50,715,193	2,211,837	(3,000,000)	62,363,683	102,501,562	164,865,245

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Broward County Housing Authority

FINANCIAL DATA SCHEDULE

Year ended September 30, 2016

PHA: FL079 FYE: 09/30/2017							
Line Item No.	Account Description	Blended Component Unit	Central Office Cost Center	Elimination	Primary Government Subtotal	Discrete Component Units	Total
70300	Net Tenant Rental Revenue	2,448,370	-	-	2,448,370	8,182,841	10,631,211
70500	Total Tenant Revenue	2,448,370	-	-	2,448,370	8,182,841	10,631,211
70800	HUD PHA Grants	1,612,536	-	-	81,807,371	-	81,807,371
70610	HUD PHA Capital Grants	33,221	-	-	33,221	-	33,221
70710	Management Fee	-	1,179,704	(1,179,704)	-	-	-
70730	Book-Keeping Fee	-	521,903	(521,903)	-	-	-
70750	Other Fees	-	1,013,382	(898,521)	114,861	-	114,861
70700	Total Fee Revenue	-	2,714,989	(2,600,128)	114,861	-	114,861
70800	Other government grants	-	-	-	65,000	-	65,000
71100	Investment Income - Unrestricted	45,793	1,712	-	56,582	-	56,582
71400	Fraud recovery	-	-	-	61,524	-	61,524
71500	Other revenue	3,287,252	-	-	4,653,683	-	4,653,683
71600	Gain/Loss on Sale of Fixed Assets	2,448	6,586	-	13,639	-	13,639
72000	Investment income - restricted	3,639	-	-	3,639	-	3,639
70000	Total Revenue	7,433,259	2,723,287	(2,600,128)	89,257,890	8,182,841	97,440,731
91100	Administrative salaries	318,122	1,448,078	-	4,112,363	-	4,112,363
91200	Auditing fees	2,622	19,312	-	44,000	-	44,000
91300	Management Fee	235,500	-	(1,179,704)	-	-	-
91310	Book-Keeping Fee	-	-	(521,903)	-	-	-
91500	Employee benefit contributions - administrative	357,021	687,912	-	2,024,270	-	2,024,270
91600	Office Expenses	158,818	255,461	-	714,801	-	714,801
91700	Legal Expense	-	77,026	-	81,513	-	81,513
91800	Travel	12,692	25,699	-	64,903	-	64,903
91900	Other	-	-	-	4	2,221,974	2,221,978
92100	Tenant services - salaries	104,059	-	-	104,059	-	104,059
92400	Tenant Services - Other	3,966	-	-	3,966	-	3,966
93100	Water	199,023	14,138	-	213,161	-	213,161
93200	Electricity	75,663	39,917	-	115,580	-	115,580
93800	Other utilities expense	-	-	-	-	964,710	964,710
94100	Ordinary Maintenance and Operations - Labor	418,969	83,127	-	502,096	-	502,096
94200	OMO - Materials and Other	258,495	26,350	-	302,617	1,214,877	1,517,494
94300	Ordinary Maintenance and Operations - Contract Costs	865,501	122,268	-	988,557	-	988,557
95200	Protective Services - Other Contract Costs	23,172	6,481	-	29,653	-	29,653
96110	Property Insurance	234,296	52,014	-	392,371	-	392,371
96200	Other General Expenses	898,854	-	(898,521)	42,707	749,273	791,980
96210	Compensated Absences	44,471	219,269	-	481,466	-	481,466
96300	Payments in Lieu of Taxes	69,278	-	-	69,278	-	69,278
96400	Bad Debt - Tenant Rents	5,009	-	-	5,009	-	5,009
96720	Interest on Notes Payable (Short and Long Term)	1,305	3,665	-	7,566	1,310,354	1,317,920
96900	Total Operating Expenses	4,286,836	3,080,717	(2,600,128)	10,299,940	6,461,188	16,761,128
97000	Excess Operating Revenue over Operating Expenses	3,146,423	(357,430)	-	78,957,950	1,721,653	80,679,603
97200	Casualty Losses - Non-Capitalized	16,064	-	-	16,064	-	16,064
97300	Housing Assistance Payments	35,455	-	-	-	-	77,553,966
97350	HAP Portability - In	-	-	-	-	-	840,392
97400	Depreciation Expense	1,694,423	39,516	-	2,009,215	3,491,737	5,500,952
90000	Total Expenses	6,032,778	3,120,233	(2,600,128)	90,719,577	9,952,925	100,672,502
10040	Total Operating transfers from/to component unit	245	-	-	-	-	-
10100	Total other financing sources (Uses)	245	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	1,400,726	(396,946)	-	(1,461,687)	(1,770,084)	(3,231,771)
11020	Debt Principal Payments - Enterprise Funds	-	-	-	-	334,694	334,694
11030	Beginning Equity	44,416,012	(951,326)	-	53,648,943	51,094,281	104,743,224
11040	Total Prior Period Adjustments and Equity Transfers	-	-	-	-	16,259,458	16,259,458
11170	Administrative Fee Equity	-	-	-	7,373,501	-	7,373,501
11180	Housing Assistance Payments Equity	-	-	-	-	-	-
11190	Unit Months Available	5,664	-	-	82,427	8,652	91,079
11210	Number of Unit Months Leased	5,619	-	-	82,371	8,652	91,023

See Independent Auditor's Report

Broward County Housing Authority

CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

Year ended September 30, 2017

PROGRAM	FL14R079 501-07	FL14R079 501-08	FL14R079 501-09	FL14R079 501-10	FL14R079 501-11	FL14R079 501-12	FL14R079 501-13	FL14R079 501-14	FL14R079 502-13	FL14R079 502-14	FL14P079 501-09	FL14R079 503-09
Funds approved	\$ 313,670	\$ 582,815	\$ 210,507	\$ 539,727	\$ 328,564	\$ 297,607	\$ 140,969	\$ 138,165	\$ 179,048	\$ 165,797	\$ 804,036	\$ 343,839
Funds expended	313,670	582,815	210,507	539,727	328,564	297,607	140,969	138,165	179,048	165,797	804,036	343,839
Excess/(deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Funds advanced	\$ 313,670	\$ 582,815	\$ 210,507	\$ 539,727	\$ 328,564	\$ 297,607	\$ 140,969	\$ 138,165	\$ 179,048	\$ 165,797	\$ 804,036	\$ 343,839
Funds expended	313,670	582,815	210,507	539,727	328,564	297,607	140,969	138,165	179,048	165,797	804,036	121
Excess/(deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,718

See independent auditor's report.

SINGLE AUDIT SECTION

Broward County Housing Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended September 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Housing Voucher Cluster		
Section 8 Housing Choice Voucher Program	14.871	\$ 73,535,126
Section 8 Project-Based Cluster:		
Section 8 Moderate Rehabilitation	14.856	2,388,705
Capital Fund Program	14.872	33,221
FSS Coordinator	14.896	225,648
Shelter Plus Care	14.238	3,979,578
HOME Investment Partnership Program	14.239	45,065
Community Development Block Grant	14.218	20,713
Pass through from the State of Florida:		
Community Development Block Grant	14.228	65,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$ 80,293,056

See Notes to Schedule of Expenditures of Federal Awards.

Broward County Housing Authority

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended September 30, 2017

NOTE 1. - GENERAL

The Schedule of Expenditures of Federal Awards included herein represents all Federal grant awards of Broward County Housing Authority (the "Authority") over which the Authority exercised direct operating control for the year ended September 30, 2017.

NOTE 2. - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 3. - PORT-IN'S SECTION 8 HOUSING CHOICE VOUCHER PROGRAM (14.871)

Not included are \$840,392 of Port-in expenses included in the statement of revenue and expenses based on a directive from HUD REAC.

NOTE 4. - RAD CONVERSION OF LOW INCOME PUBLIC HOUSING (14.195)

The Authority has converted the existing Low Income Public Housing utilizing the RAD program and those associated expenditures are not reflected in the above Schedule of Expenditures of Federal Awards as those expenditures are being subsidized by HUD under separate legal entities, in the amount of \$1,612,536 under CFDA# 14.195.

NOTE 5. - INDIRECT COST RATE

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

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

Board of Commissioners
Broward County Housing Authority
Fort Lauderdale, 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 business-type activities of the Broward County Housing Authority (the "Authority" or "BCHA"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 5, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

April 5, 2018
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Board of Commissioners
Broward County Housing Authority
Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program

We have audited the Broward County Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

April 5, 2018
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Broward County Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified? **No**

Significant deficiencies identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major program:

Material weaknesses identified? **No**

Significant deficiencies identified? **None Reported**

Type of auditor's report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

The programs tested as major programs are as follows:

Housing Voucher Cluster

Section 8 Voucher Program - CFDA No. 14.871

The threshold for distinguishing types A and B programs was **\$2,408,792**

Did the auditee qualify as a low-risk auditee? **Yes**

Broward County Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2017

**SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

None.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Broward County Housing Authority

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the year ended September 30, 2017

There were no federal awards and state financial assistance findings reported in the September 30, 2016 schedule of findings and questioned costs.