

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

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**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
THEREON AND REPORTS ON INTERNAL CONTROL AND COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**BCA WATSON RICE LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
ADVISORS**

# BROWARD COUNTY HOUSING AUTHORITY

## FINANCIAL STATEMENTS AND REPORTS REQUIRED BY OMB CIRCULAR A-133 FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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# BROWARD COUNTY HOUSING AUTHORITY

## FINANCIAL STATEMENTS AND REPORTS REQUIRED BY OMB CIRCULAR A-133 FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013

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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 basic financial statements of the Broward County Housing Authority (the "BCHA"), as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise BCHA's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

BCHA's 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 blended component units, which statements reflect total assets constituting 60% and 55%, respectively, of the total assets at September 30, 2014 and 2013, and total revenues constituting 5% and 4%, respectively, of the total revenues for the years then ended September 30, 2014 and 2013. Those financial statements were audited by other auditors whose report have been furnished to us and our opinion, insofar as it relates to the amounts included for the partnerships included in the blended component units, is based solely on the reports of the other auditors. We conducted our audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of BCHA as of September 30, 2014 and 2013, and the changes in its financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that supplementary information, such as management's discussion and analysis on pages 4 through 18, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient 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 BCHA's basic financial statements. The accompanying other supplementary information, such as the combining financial statements as listed on the table of contents on pages 48 to 56 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Certification of Actual Capital Fund Modernization Cost as listed on the table of contents on page 70 is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

Those schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information have been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the information in those schedules are fairly stated in all material respects in relation to the 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 March 9, 2015, on our consideration of the BCHA'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 the 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 BCHA's internal control over financial reporting and compliance.

Fort Lauderdale, Florida  
March 9, 2015

*BCA Watson Rice LLP*

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

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, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

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, 2014 and 2013 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).

**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:

- **Balance Sheet** – 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.

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, 2014 and 2013 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 what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Overview of the Financial Statements (Continued)**

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.

The Statement of Revenues, Expenses, and Changes in Net Position displays 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 positive and negative 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 2014 and 2013, and its capabilities to support future operations and management of the Authority.

**Enterprise Fund**

The Broward County Housing Authority financial statements are presented as a single governmental entity with blended component units on a single enterprise fund basis. The various primary governmental activities include: Public Housing; Multi-family, Housing Choice Voucher Program (Section 8); and Other Enterprise activities, consisting of blended Affordable Housing affiliates, Housing Counseling, Development and the Central Office Cost Center. As of September 30, 2014, Public Housing consisted of 173 apartments; Multi-family consisted of 200 apartments converted through the Rental Assistance Demonstration program from Public Housing during fiscal year 2014; Housing Choice Voucher Program served approximately 6,000 renters, Shelter Plus Care Program served 339 participants, and 102 Affordable Housing units.

In addition to providing housing services through the primary government, the BCHA has expanded affordable housing operations with low income housing tax credit financed limited partnerships. These limited partnerships have been included as blended 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' board consist of the same individuals; and, there is a financial benefit relationship between the Authority and the component units. The five tax credit limited partnerships consist of: Crystal Lakes, 190 units; Highland Gardens, 100 units; Progresso, 76 units; Tallman Pines I, 176 units; and Tallman Pines II, 24 units. Each of these properties is included as part of the single governmental entity as blended component units.



**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**FINANCIAL HIGHLIGHTS**

**Entity-wide**

- As of September 30, 2014 and 2013, assets of the Authority exceeded liabilities by \$110 million and \$99 million, respectively.
- As of September 30, 2014 and 2013, the Authority's net current assets (current assets minus current liabilities) were \$25 million and \$29 million, respectively.
- As of September 30, 2014 and 2013, unrestricted net position representing unencumbered available funds were \$26 million and \$29 million, respectively.

**PROGRAM HIGHLIGHTS**

The Authority through its affiliates has utilized its real estate assets by leveraging these making deals 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 from HUD Housing Choice Vouchers 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 Low Income Housing Tax Credit (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.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**PROGRAM HIGHLIGHTS (Continued)**

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 instrumentality which is then available for other development activities and related purposes consistent with the overall mission of the Authority.

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

As of December 31, 2013

	Units	Capital asset	Mortgage	Equity	Tax Credit/ Partner Equity
Tallman Pines I	176	\$ 20,649,549	\$ 4,025,011	\$ 19,856,287	\$ 25,113,425
Tallman Pines II	24	4,080,180	3,654,876	841,364	2,022,000
Highland Gardens	100	11,961,185	2,067,280	11,529,863	14,374,352
Progresso	76	17,830,323	1,738,019	12,516,098	19,450,850
Crystal Lakes	190	20,984,392	9,746,051	12,112,049	16,750,000
Totals	566	\$ 75,505,629	\$21,231,237	\$56,855,661	\$ 77,710,627

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 2014 and 2013, 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 \$5,349,227 for 2014 and \$3,466,154 for 2013. 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.

**CURRENTLY KNOWN FACTS AND CONDITIONS**

In FY09, the Authority received approval from HUD for the demolition of the Ehlinger Apartments in the Town of Davie and an adjacent parcel of land was purchased with the goal of a new larger affordable housing development called East Village. Construction began in FY10 with opening of the new property in 2012 and stabilization to occur after fiscal year end 2014. 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 \$17.8 million in tax credits. The Authority completed construction of a new affordable housing development adjacent to the Crystal Lakes Apartments in the City of Hollywood called Crystal Lake Townhouses with opening of the property in 2013 consisting of ten units of multi-family housing using a \$500,000 Affordable Housing Program Grant to defray costs.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**CURRENTLY KNOWN FACTS AND CONDITIONS (Continued)**

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 to 20 year long-term Section 8 rental assistance contracts. These properties are now under multi-family. The remaining two public housing projects of 173 units will be converted under the RAD portfolio application after fiscal year end 2014. 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.

**Primary Government and Blended Affiliates**

Assets

Total assets at September 30, 2014, 2013 and 2012 were \$56.3 million, \$54.9 million and \$55.2 million, respectively. Capital assets net of depreciation were \$28.3 million, \$28.6 million and \$28.2 million, respectively; current assets totaled \$22.0 million, \$25.3 million, and \$26.0 million, respectively, at September 30, 2014, 2013, and 2012. For fiscal year 2014, cash of \$20.8 million accounted for the majority of the \$22.2 million in current assets, with receivables, and prepaid expenses of \$1.2 million accounting for the remaining balance. For fiscal year 2013, cash of \$24.0 million accounted for the majority of the \$25.3 million in current assets, with receivables, and prepaid expenses of \$1.3 million accounting for the remaining balance. For fiscal year 2012, cash of \$23.7 million accounted for the majority of the \$26.0 million in current assets, with receivables, material inventories, and prepaid expenses of \$2.3 million accounting for the remaining balance.

Liabilities

Total liabilities at September 30, 2014, 2013 and 2012 were \$2.6 million, \$2.2 million and \$2.2 million, respectively; with current liabilities of \$0.8 million, \$0.9 million and \$1.0 million, respectively; and long-term liabilities of \$1.7 million, \$1.3 million and \$1.2 million, respectively, of which \$397 thousand, \$393 thousand and \$317 thousand, respectively, related to the Family Self-Sufficiency Program, and \$444 thousand related to Rehab escrow under the RAD conversion were reported as restricted liabilities in 2014.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Primary Government and Blended Affiliates (Continued)**

Revenue

Total revenues for the years ended September 30, 2014, 2013 and 2012 were \$86.3 million, \$87.8 million and \$88.8 million (before loss on disposal of capital assets), respectively.

For 2014, this is a decrease of \$1.5 million, primarily due to:

- a decrease in Management fees and subsidy of \$760 thousand,
- a decrease in Housing Choice Voucher Program Administrative fees of \$390 thousand,
- a decrease of \$1.9 million in developer fees, reimbursement of expenses, and ground lease revenues from affiliate properties (blended component units),
- offset by an increase in capital grant revenue of \$632 thousand due to the RAD conversion.

For 2013, this is a decrease of \$1.0 million, primarily due to:

- a decrease in Housing Assistance Payments of \$1.8 million, net of Port-ins,
- a decrease in Housing Choice Voucher Program Administrative fees of \$265 thousand,
- a decrease in capital grant revenue of \$530 thousand due to decreased capital funding,
- offset by an increase in funding by \$2.3 million in developer fees, reimbursement of expenses, and ground lease revenues from affiliate properties (blended component units), and an increase in management fees to the Central Office Cost Center (COCC) and Development of \$267 thousand.

Expenses

Program expenditures for the years ended September 30, 2014, 2013 and 2012 were \$85.3 million, \$88.1 million and \$87.5 million, respectively.

For 2014, this is a decrease of \$2.8 million, primarily due to:

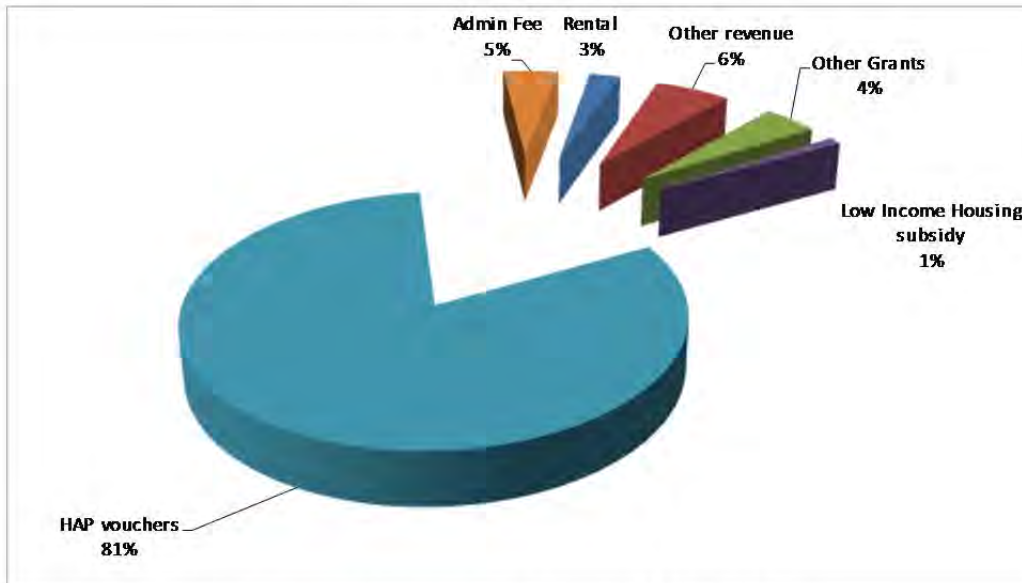
- decreased expenditure of \$1.8 million for Housing Assistance Payments (HAP),
- increased tenant services costs of \$21 thousand,
- increased depreciation expense of \$122 thousand as a result of capital asset additions,
- decreased utilities expense of \$15 thousand, and
- decreased administrative and maintenance and operations expenses of \$1.2 million.

For 2013, this is an increase of \$600 thousand, primarily due to:

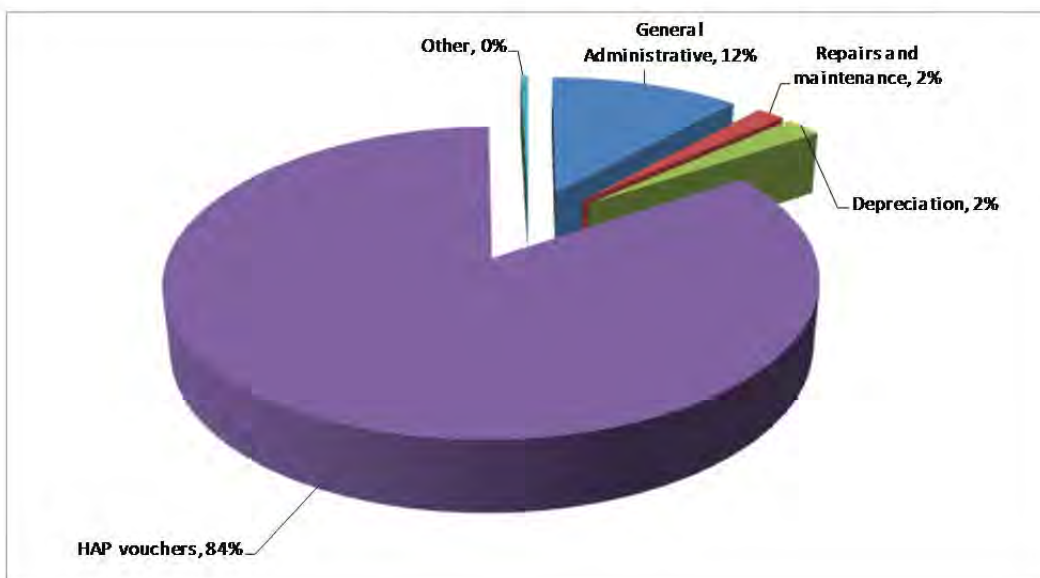
- decreased expenditure of \$50 thousand for Housing Assistance Payments (HAP),
- decreased tenant services costs of \$21 thousand,
- increased depreciation expense of \$248 thousand as a result of capital asset additions,
- increased utilities expense of \$19 thousand due to rate increases, and
- increased administrative and maintenance and operations expenses of \$357 thousand.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Broward County Housing Authority  
2014 Revenue  
Primary Government and Blended Affiliates**



**Broward County Housing Authority  
2014 Expenses  
Primary Government and Blended Affiliates**



**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Primary Government and Blended Affiliates (Continued)**

**Statements of Revenues, Expenses, and Changes in Net Position  
For The Years Ended September 30, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>% 2014/ 2013</u>	<u>% 2013/ 2012</u>
<b>Revenues</b>					
Rental income and other income	\$ 2,142,834	\$ 1,890,660	\$ 1,711,299	13%	10%
Developer fees/ operating cash flows /ground lease	1,552,740	3,432,400	1,096,831	(55%)	213%
Management fees	2,247,176	3,006,805	2,739,686	(25%)	10%
Interest earnings	62,811	52,908	54,395	19%	(3%)
Capital grants	1,323,539	691,291	1,220,800	91%	(43%)
Federal grants and subsidies	78,985,911	78,705,939	81,955,223	0%	(4%)
Gain/(loss) on disposition of fixed assets	<u>(276)</u>	<u>135</u>	<u>13,880</u>	<u>(304%)</u>	<u>(99%)</u>
<b>Total Revenues</b>	<u>86,314,735</u>	<u>87,780,138</u>	<u>88,792,114</u>	<u>(2%)</u>	<u>(1%)</u>
<b>Expenses</b>					
Administration	9,844,280	10,841,045	10,396,376	(9%)	4%
Tenant services	97,114	76,939	97,936	26%	(21%)
Utilities	292,694	307,295	288,353	(5%)	7%
Maintenance and operations	1,469,306	1,636,296	1,723,835	(10%)	(5%)
Housing assistance payments	71,682,782	73,452,470	73,501,704	(2%)	0%
Depreciation	<u>1,894,170</u>	<u>1,772,537</u>	<u>1,524,375</u>	<u>7%</u>	<u>16%</u>
<b>Total Expenses</b>	<u>85,280,346</u>	<u>88,086,582</u>	<u>87,532,579</u>	<u>(3%)</u>	<u>1%</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 1,034,389</u>	<u>\$ (306,444)</u>	<u>\$ 1,259,535</u>	<u>438%</u>	<u>(124%)</u>

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Primary Government and Blended Affiliates (Continued)**

Net Position

At September 30, 2014, 2013 and 2012 the Authority's net positions were \$53.7 million, \$52.7 million and \$53.0 million, respectively, of which unrestricted net positions were \$19.4 million (and restricted net position were \$1.9 million), \$22.2 million and \$21.4 million, respectively.

**Statements of Net Position  
September 30, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>% 2014/ 2013</u>	<u>% 2013/ 2012</u>
Current assets	\$ 21,968,025	\$ 25,330,319	\$ 25,991,832	(13%)	(3%)
Restricted assets	6,016,506	978,826	916,604	515%	7%
Capital assets, net of depreciation	<u>28,305,651</u>	<u>28,622,816</u>	<u>28,246,883</u>	<u>(1%)</u>	<u>1%</u>
<b>Total Assets</b>	<u>56,290,182</u>	<u>54,931,961</u>	<u>55,155,319</u>	<u>2%</u>	<u>0%</u>
Current liabilities	837,117	927,357	1,000,053	(10%)	(7%)
Non-current liabilities payable from restricted assets	840,615	393,240	317,454	114%	24%
Long-term liabilities	<u>897,826</u>	<u>931,129</u>	<u>851,133</u>	<u>(4%)</u>	<u>9%</u>
<b>Total Liabilities</b>	<u>2,575,558</u>	<u>2,251,726</u>	<u>2,168,640</u>	<u>14%</u>	<u>4%</u>
Net investment in capital assets	28,305,651	28,622,816	28,246,883	(1%)	1%
Restricted assets	6,016,506	1,894,712	3,300,769	218%	(43%)
Unrestricted assets	<u>19,392,467</u>	<u>22,162,707</u>	<u>21,439,027</u>	<u>(12%)</u>	<u>3%</u>
<b>Total Net Position</b>	<u>\$ 53,714,624</u>	<u>\$ 52,680,235</u>	<u>\$ 52,986,679</u>	<u>2%</u>	<u>(1%)</u>

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Primary Government and Blended Affiliates (Continued)**

Capital Assets

At September 30, 2014, 2013 and 2012 the Authority had \$28.3 million, \$28.6 million and \$28.2 million, respectively, invested in a broad range of capital assets, net of depreciation, including land, buildings, furniture, equipment, and building improvements.

During the year 2014, the net value of capital assets decreased by \$317 thousand made up of the following:

- purchase of new assets totaling \$925 thousand,
- plus asset purchases from the capital fund of \$276 thousand,
- less current depreciation of \$1.9 million.

During the year 2013, the net value of capital assets increased by \$400 thousand made up of the following:

- purchase of new assets totaling \$1.7 million,
- plus asset purchases from the capital fund of \$553 thousand,
- less current depreciation of \$1.8 million.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>% 2014/ 2013</u>	<u>% 2013/ 2012</u>
Land	\$ 9,705,802	\$ 9,568,078	\$ 9,185,081	1%	4%
Buildings and Construction in Progress	32,409,810	31,986,163	28,721,078	1%	11%
Intangible Assets	323,239	323,239	305,097	0%	6%
Furniture and Equipment	1,514,361	1,432,539	1,396,466	6%	3%
Building Improvements	5,408,953	4,665,829	6,282,760	16%	(26%)
<b>Total Capital Assets</b>	<b>49,362,165</b>	<b>47,975,848</b>	<b>45,890,482</b>	<b>3%</b>	<b>5%</b>
Accumulated Depreciation	(21,056,514)	(19,353,032)	(17,643,599)	9%	10%
<b>Total Net Capital Assets</b>	<b>\$ <u>28,305,651</u></b>	<b>\$ <u>28,622,816</u></b>	<b>\$ <u>28,246,883</u></b>	<b>(1%)</b>	<b>1%</b>

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



**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Primary Government and Blended Affiliates (Continued)**

Long Term Liabilities

Long-term liabilities activity as of September 30, 2014, 2013 and 2012 were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>% 2014/ 2013</u>	<u>% 2013/ 2012</u>
Family Self-Sufficiency Program					
escrow	\$ 396,852	\$ 393,240	\$ 317,454	1%	24%
Rehab Escrow	443,763	-	-	100%	n/a
Tenants' security deposit	219,030	207,676	180,875	5%	15%
Compensated absences	<u>678,796</u>	<u>723,453</u>	<u>670,258</u>	<u>(6%)</u>	<u>8%</u>
Total long-term liabilities	<u>\$ 1,738,441</u>	<u>\$ 1,324,369</u>	<u>\$ 1,168,587</u>	<u>31%</u>	<u>13%</u>

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

Financial Position

Revenues and program expenditures for the year ended September 30, 2014 show an increase due to additional funding for program operations from HUD and Broward County which was utilized to assist residents within the County. Due to market conditions, Authority investments earned lower interest during the year.

Economic Factors

The Authority is primarily dependent upon the U.S. Department of Housing and Urban Development for funding of 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. These grants were used for the modernization of public housing properties.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**FINANCIAL HIGHLIGHTS**

**Blended Partnerships**

The Authority is required to include its partnerships, which the affiliates or the Authority serves as managing partner, as blended 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. On December 12, 2011, 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 and 61. 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 blended component units of the BCHA primary government because: the board of the affiliates is now able to impose its will on the partnerships; the BCHA board and the affiliates' board consist of the same individuals; and, there is now a financial benefit and burden relationship between the Authority and the component units. 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 to blend the component units.

Assets

Total assets of the blended partnership affiliates at December 31, 2013, 2012 and 2011 were \$83.3 million, \$67.4 million and \$69.4 million, respectively. Capital assets net of depreciation were \$75.5 million, \$60.1 million and \$62.7 million, respectively; current assets totaled \$4.8, \$4.6 million and \$5.0 million, respectively. Other assets of \$3.5 million, \$3.5 million and \$4.1 million, respectively, accounted for the majority of the current assets consisting of prepaid land leases and prepaid expenses. Restricted cash at December 31 2013, 2012 and 2011 was \$2.4 million, \$1.8 million and \$1.7 million, respectively.

Liabilities

Total liabilities at December 31, 2013, 2012 and 2011 were \$26.8 million, \$20.8 million and \$21.0 million, respectively, with current liabilities of \$737 thousand, \$601 thousand and \$555 thousand and long-term liabilities of \$26.1 million, \$20.2 million and \$20.4 million, respectively, of which \$21.2 million, \$19.8 million and \$20.0 million were mortgages, respectively.

Revenue

Operating revenues for the years ended December 31, 2013, 2012 and 2011 were \$6.0 million, \$5.2 million and \$5.1 million, respectively. Dwelling rentals at Tallman Pines I, Highland Gardens and Crystal Lakes reached stabilization in 2010 as occupancy increased; Progresso stabilized in 2013.

Expenses

Operating expenses for the years ended December 31, 2013, 2012 and 2011 were \$6.2 million, \$5.3 million and \$5.4 million, respectively.

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Blended Partnerships (Continued)**

Net Position

At December 31, 2013, 2012 and 2011, the Blended Component Units net position was \$56.5 million, \$46.6 million and \$48.4 million, of which unrestricted net position was \$6.7 million, \$6.5 million and \$5.9 million, respectively.

**Blended Partnerships  
Statements of Combined Net Position  
December 31, 2013, 2012 and 2011**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>% 2013/ 2012</u>	<u>% 2012/ 2011</u>
Current assets	\$ 5,409,273	\$ 5,128,879	\$ 4,657,551	5%	10%
Restricted assets	2,360,869	1,834,285	1,651,548	29%	11%
Capital assets, net of depreciation	<u>75,505,629</u>	<u>60,136,159</u>	<u>62,686,943</u>	<u>26%</u>	<u>(4%)</u>
<b>Total Assets</b>	<u>83,275,771</u>	<u>67,443,807</u>	<u>68,996,042</u>	<u>24%</u>	<u>(3%)</u>
Current liabilities	737,080	601,258	555,006	23%	8%
Non-current liabilities payable from restricted assets	587,613	465,996	426,427	26%	9%
Non-current liabilities	<u>26,069,021</u>	<u>20,217,235</u>	<u>19,994,655</u>	<u>29%</u>	<u>1%</u>
<b>Total Liabilities</b>	<u>26,806,101</u>	<u>20,818,493</u>	<u>20,976,088</u>	<u>29%</u>	<u>(1%)</u>
Net investment in capital assets	50,167,919	40,141,354	42,462,436	25%	(5%)
Unrestricted assets	<u>6,301,751</u>	<u>6,139,476</u>	<u>5,926,691</u>	<u>3%</u>	<u>4%</u>
<b>Total Net Position</b>	<u>\$ 56,469,670</u>	<u>\$ 46,280,830</u>	<u>\$ 48,389,127</u>	<u>22%</u>	<u>(4%)</u>

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Blended Partnerships (Continued)**

**Statements of Combined Revenues, Expenses, and Changes in Net Position  
For The Years Ended December 31, 2013, 2012 and 2011**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>% 2013/ 2012</u>	<u>% 2012/ 2011</u>
<b>Revenues</b>					
Rental income	\$ 6,019,683	5,175,867	5,050,955	16%	2%
<b>Total Revenues</b>	<u>6,019,683</u>	<u>5,175,867</u>	<u>5,050,955</u>	<u>16%</u>	<u>2%</u>
<b>Expenses</b>					
General administrative	1,765,281	1,466,069	1,534,934	20%	(4%)
Repairs and maintenance	619,485	612,979	634,031	1%	(3%)
Utilities	695,325	573,245	554,488	21%	3%
Interest and other non-operating expenses	1,917,673	1,277,363	2,527,925	50%	(49%)
Depreciation	3,151,485	2,643,011	2,642,431	19%	0%
<b>Total Expenses (Decrease) in Net Position</b>	<u>\$ (2,129,566)</u>	<u>(1,396,800)</u>	<u>(2,842,854)</u>	<u>(52%)</u>	<u>51%</u>

Capital Assets

At December 31, 2013, 2012 and 2011, the Component Units had \$75.5 million, \$60.2 million and \$62.7 million, respectively, invested in a broad range of capital assets, net of depreciation, including land, buildings, furniture, equipment, and building improvements, respectively. During the latest fiscal year, the net value of capital assets increased by \$15.4 million due to the addition of Progresso as a component unit, offset by an increase in accumulated depreciation of \$3.5 million.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>% 2013/ 2012</u>	<u>% 2011/ 2010</u>
Land	\$ 2,280,000	\$ -	\$ -	100%	-
Buildings	77,410,058	62,359,177	62,359,177	24%	-
Furniture and Equipment	5,547,196	4,744,045	4,744,045	17%	-
Land Improvements	5,455,952	4,711,250	4,711,250	16%	-
<b>Total Capital Assets</b>	<u>90,693,206</u>	<u>71,814,472</u>	<u>71,814,472</u>	<u>26%</u>	<u>-</u>
Accumulated Depreciation	(15,187,577)	(11,678,313)	(9,127,529)	(30%)	(28%)
<b>Total Net Capital Assets</b>	<u>\$ 75,505,629</u>	<u>\$ 60,136,159</u>	<u>\$ 62,686,943</u>	<u>26%</u>	<u>(4%)</u>

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014 AND 2013**

**Blended Partnerships (Continued)**

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

Long Term Liabilities

Long-term liabilities as of December 31, 2013, 2012 and 2011 were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>% 2013/ 2012</u>	<u>% 2012/ 2011</u>
Fee payable to affiliate partners	\$ 91,775	\$ 33,579	\$ 26,840	273%	25%
Tenants' security deposit	495,838	432,417	399,587	15%	8%
Asset management fee	3,504	-	-	100%	-
Exchange income advanced	413,778	-	-	100%	-
Tax credit exchange program loan	3,832,889	-	-	100%	-
Mortgages	<u>21,231,237</u>	<u>19,751,239</u>	<u>19,994,655</u>	<u>7%</u>	<u>(1%)</u>
<b>Total long-term liabilities</b>	<b>\$ <u>26,069,021</u></b>	<b>\$ <u>20,217,235</u></b>	<b>\$ <u>20,421,082</u></b>	<b><u>29%</u></b>	<b><u>(1%)</u></b>

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

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. Steven A. Cortese, Chief Financial Officer, at (954) 739-1114, extension 1313.

**BROWARD COUNTY HOUSING AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2014 AND 2013**

**ASSETS**

	<b>2014</b>	<b>2013</b>
Current Assets:		
Cash and cash equivalents	\$ 22,501,878	\$ 25,465,174
Receivables:		
Accounts receivables	302,370	211,081
Intergovernmental	468,090	624,609
Tenants, net of allowance	45,152	19,307
Prepaid expenses	571,096	641,411
Prepaid land lease	2,733,334	2,772,917
Other assets	108,228	202,259
Inventories	-	-
<b>Total current assets</b>	<u>26,730,148</u>	<u>29,936,758</u>
Noncurrent assets:		
Restricted cash equivalents	8,377,375	2,813,111
Tax credit monitoring fees, net	647,150	522,440
Capital assets:		
Land	11,985,802	9,568,078
Intangible assets	323,239	323,239
Buildings, construction in progress and equipment	127,746,330	109,899,003
Accumulated depreciation	(36,244,091)	(31,031,345)
Capital assets, net	<u>103,811,280</u>	<u>88,758,975</u>
<b>Total assets</b>	<u>139,565,953</u>	<u>122,031,284</u>

**LIABILITIES**

Current liabilities		
Accounts payable	782,843	770,231
Accrued wages payable	148,617	106,724
Accrued compensated absences	30,000	30,000
Mortgages	273,584	243,566
HUD liability	339,153	378,094
<b>Total current liabilities</b>	<u>1,574,197</u>	<u>1,528,615</u>
Noncurrent liabilities:		
Liabilities from restricted assets		
Tenants' security deposits	714,868	640,093
Escrow deposits	443,763	-
Fee payable to affiliates' partners	91,775	33,579
Family Self-sufficiency Program escrow	396,852	393,240
Total liabilities payable from restricted assets	<u>1,647,258</u>	<u>1,066,912</u>
Mortgages	21,231,237	19,751,239
Tax credit exchange program loan	3,832,889	-
Exchange income received in advance	413,778	-
Asset management fee	3,504	-
Accrued compensated absences	678,796	723,453
Total noncurrent liabilities	<u>27,807,462</u>	<u>21,541,604</u>
<b>Total liabilities</b>	<u>29,381,659</u>	<u>23,070,219</u>
<b>NET POSITION</b>		
Net investment in capital assets	78,473,570	68,764,170
Restricted-security deposits and replacement reserve	2,736,797	-
Restricted-Housing Assistance Payments	3,240,600	1,894,712
Unrestricted	25,733,327	28,302,183
<b>Total net position</b>	<u>\$ 110,184,294</u>	<u>\$ 98,961,065</u>

See accompanying Notes to Financial Statements.

**BROWARD COUNTY HOUSING AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

<b>OPERATING REVENUES</b>	<b>2014</b>	<b>2013</b>
Housing assistance payments	\$ 63,749,217	\$ 65,186,579
Housing choice voucher program administrative fees	3,838,546	4,228,417
Dwelling rental	8,162,517	7,066,527
Low income housing subsidy	895,392	621,060
Other revenue (Port-in)	5,349,227	3,466,154
<b>Total Operating Revenues</b>	<u>81,994,899</u>	<u>80,568,737</u>
 <b>OPERATING EXPENSES</b>		
Housing assistance payments	66,333,555	69,986,316
General and administrative	11,609,561	12,307,114
Repairs and maintenance	2,088,791	2,249,275
Tenants' services	97,114	76,939
Utilities	988,019	880,540
Depreciation	5,045,655	4,415,548
Other expense (Port-in)	5,349,227	3,466,154
<b>Total Operating Expenses</b>	<u>91,511,922</u>	<u>93,381,886</u>
 <b>OPERATING (LOSS)</b>	<u>(9,517,023)</u>	<u>(12,813,149)</u>
 <b>NON-OPERATING REVENUES (EXPENSES)</b>		
Grants	3,780,870	3,460,450
Investment revenue/interest (expense)	(1,039,485)	(797,772)
Other revenue	4,357,198	7,755,801
Gain/(loss) on disposal of capital assets	(276)	135
<b>Total nonoperating Revenues, net</b>	<u>7,098,307</u>	<u>10,418,614</u>
 <b>(LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<u>(2,418,716)</u>	<u>(2,394,535)</u>
 <b>CAPITAL CONTRIBUTIONS</b>		
Capital grants	1,323,539	691,291
<b>Total Capital Contributions</b>	<u>1,323,539</u>	<u>691,291</u>
 Operating transfers in	1,112,078	1,357,465
Operating transfers out	(1,112,078)	(1,357,465)
<b>Total Other Financing Sources and Uses</b>	<u>-</u>	<u>-</u>
 <b>CHANGE IN NET POSITION</b>	<u>(1,095,177)</u>	<u>(1,703,244)</u>
 <b>NET POSITION, BEGINNING</b>		
As previously stated	98,961,065	101,375,806
Add (deduct) prior period adjustments		
net effect of GASB 65 (note 1p)	(66,196)	(344,484)
net effect of Blending Progresso (note 1p)	13,115,133	-
Capital contributions/(distributions)	(730,531)	(367,013)
<b>As adjusted</b>	<u>111,279,471</u>	<u>100,664,309</u>
 <b>NET POSITION, ENDING</b>	<u>\$ 110,184,294</u>	<u>\$ 98,961,065</u>

See accompanying Notes to Financial Statements.

**BROWARD COUNTY HOUSING AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from federal and local agencies	\$ 68,483,155	\$ 73,502,210
Housing assistance payments	(66,333,555)	(73,452,470)
Cash paid to suppliers and contractors	(8,366,122)	(8,618,173)
Payments to employees	(5,843,324)	(5,839,268)
Other payments-dwelling rental and receipts	8,162,517	7,066,527
<b>Net cash (used in) operating activities</b>	<b>(3,897,329)</b>	<b>(7,341,174)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operational grants	3,780,870	3,367,581
Other revenues and receipts	5,198,414	6,942,570
<b>Net cash provided by non-capital financing</b>	<b>8,979,284</b>	<b>10,310,151</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
(Acquisition) of capital assets	(5,673,119)	(860,712)
Principal (payments) on mortgage	(257,703)	(229,702)
Distribution to partners	(905,589)	(367,013)
Capital grants	1,323,539	691,291
<b>Net cash (used in) capital and related financing</b>	<b>(5,512,872)</b>	<b>(766,136)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on rental properties	(96,848)	-
Change in reserve for replacements	(1,111,290)	(72,856)
Change in other reserves, net of withdrawals	148,835	(74,917)
Due from affiliates	128,794	150,342
Change in escrows	(185,890)	(2,134)
Other related party fees	(816,456)	(695,353)
Interest, net	(1,158,009)	(578,028)
accrued costs - solar electric installation	-	(14,480)
Interest income on investment	42,111	52,908
<b>Net cash (used in) investing activities</b>	<b>(3,048,753)</b>	<b>(1,234,518)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,479,670)	968,323
<b>Cash and cash equivalents beginning of year</b>	25,981,548	24,496,851
<b>Cash and cash equivalents end of year</b>	<b>\$ 22,501,878</b>	<b>\$ 25,465,174</b>
<b>Reconciliation of operating loss to net cash used in Operating Activities:</b>		
Operating loss	\$ (9,517,023)	\$ (12,813,149)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation/Amortization	5,041,298	4,415,548
(Increase) decrease in:		
Receivables	581,003	879,888
Prepaid expenses	(126,671)	16,466
Inventories	90,646	43,117
Increase (decrease) in:		
Accounts payable	(122,957)	(120,914)
Accrued expenses	(16,357)	63,410
HUD liability	43,815	43,816
Family Self-Sufficiency escrow	73,572	76,636
Accrued interest	(39,447)	27,772
Annual fee payable to/(fm) affiliate of LP	26,686	6,739
Tenants deposits	68,106	19,497
	<b>\$ (3,897,329)</b>	<b>\$ (7,341,174)</b>

See accompanying notes to the financial statements.



**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**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 and 61) 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.

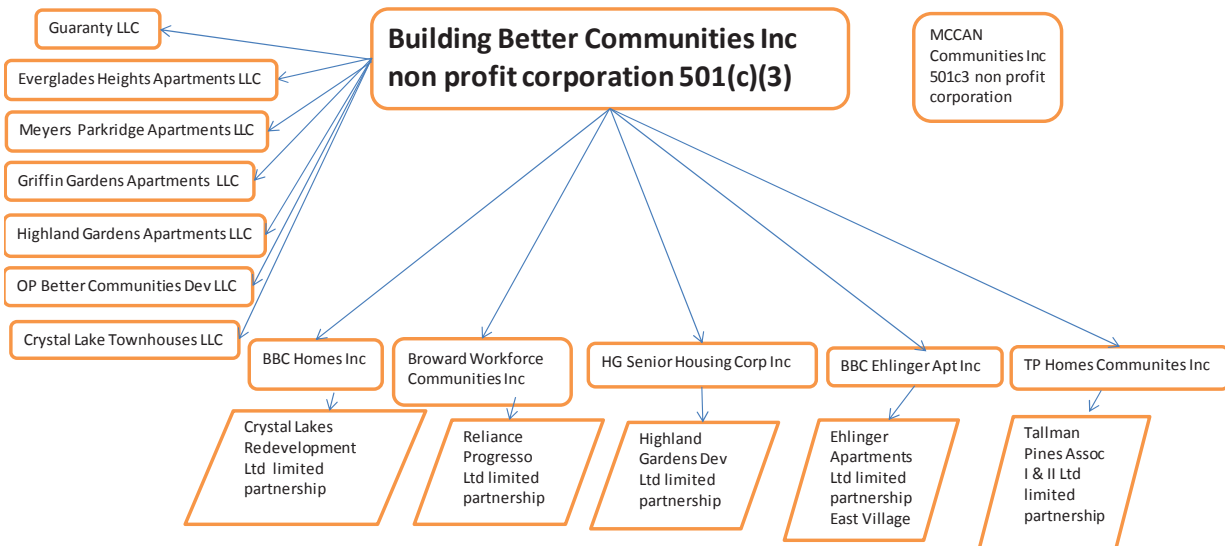
**BROWARD COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Based upon the application of the criteria in GASB Statement No. 14 (as amended by GASBs 39 and 61), the financial statements of the component units listed below have been included in the Authority’s reporting entity as blended component units. The Authority is required to include its investment in limited partnerships which qualify as blended 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, 39 and 61 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 BCHA general partner affiliates become the managing partners. At this point, per the GASBs, the partnership entities become blended component units of the BCHA primary government because: the board of the affiliates is now able to impose its will on the partnerships; the BCHA board and the affiliates’ board consist of the same individuals; and, there is now a financial benefit and burden relationship between the Authority and the component units. 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 blend the component units. The first year of blending Progresso as a component unit resulted in an adjustment of \$13,115,133 to the beginning Net Position in 2014.

The Blended Affiliates and the Partnerships:



**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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.

**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. The governing body of BBC, Inc. consists of the same members as that of the Authority and, therefore, the Partnership is a blended 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.

**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. The governing body of HG Senior Housing Corporation consists of the same members as that of the Authority and, therefore, Highland Gardens Development, Ltd. is a blended component unit of BCHA.

**Oakland Preserve Corp.** (OP) – OP was established in April 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 financial and credit skills necessary for successful home ownership. OP was a wholly-owned subsidiary of BBC, Inc. that was dissolved in 2012.

**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**OP-Better Communities, LLC** was established in 2011 as a Subchapter S Corporation subsidiary 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.

**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.

**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.

**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.

**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.

**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, Inc. is a wholly-owned subsidiary of BBC, Inc.

**Guaranty LLC.** 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 LLC is a wholly-owned subsidiary of BBC, Inc.

**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.; 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.

**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**McCann 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.

**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 blended component units of the BCHA because their governing bodies consist of the same members as that of the Authority.

Partnership Accounted for Under The Equity Method:

**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.

**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**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.

Newly Adopted Accounting Principles: The Authority operates as an enterprise fund and adheres to the accounting standards set forth by GASB including: Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which became effective for financial statements for periods beginning after December 15, 2012; and Statement No. 67, *Financial Reporting for Pension Plans*, which became effective for financial statements for periods beginning after June 15, 2013.

Newly Issued Accounting Principle but Not Yet Effective: In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, which requires a single or agent employer that does not have a special funding situation to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period. The new standard is effective for the year ending September 30, 2015. The Authority is currently evaluating the effect that the implementation of the new standard will have on its financial position, results of operations, and cash flows.

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 purchase or use of the Authority's 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, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, 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

The Authority provides an allowance for doubtful accounts, for accounts deemed not collectible. 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. The Authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible.

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.

h. 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 accrued when incurred and reported as a liability.

**BROWARD COUNTY HOUSING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Unrestricted net position

The Board has designated a portion of unrestricted net position for special allowable housing related projects.

j. Capital assets

The Authority capitalizes capital assets with a cost of more than \$5,000 and a useful life of one year or more. 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
Structures	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.

k. 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.

l. Payments in lieu of taxes

The Authority incurs expenses for amounts due to other municipalities based on a formula tied to rental revenues for each project. These amounts are significantly less than normal property taxes. In addition, the Authority has agreements with certain municipalities to waive payments when due. The Authority records amounts as income when waived.

m. Grant revenue

For financial reporting purposes, the Authority considers its Housing and Urban Development (HUD) operating grants (Low Income Subsidy and Housing Assistance Payments) as operating revenue 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 non-operating revenue.

n. HAP Port-in accounting

In fiscal years 2014 and 2013, 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 \$5,349,227 for 2014 and \$3,466,154 for 2013. In accordance with HUD regulations, those families who Port-in from another jurisdiction are eligible to have their rents subsidized by the Authority.



**BROWARD COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

o. Restricted assets

The use of the assets of the Family Self-Sufficiency Program (the “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. The blended component units have \$2.4 million in escrow deposits and restricted balances.

p. Restatement of Net Position

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 are to be recognized as an expense in the period incurred, and can no longer be deferred and amortized over the life of the debt and (2) loan origination fees, net of costs, are to be recognized in the period incurred and can no longer be deferred and amortized over the life of the loan. The effect on opening Net Position for 2014 and 2013 for the blended component units is a reduction of \$66,196 and \$344,484, respectively, for the amount of deferred loan costs incurred prior to 2013; there is also a reduction in amortized loan costs in 2014 of \$24,689 for a net effect of \$41,507 on 2014 Net Position.

The Authority first blended Progresso as a component unit in 2014. The effect was to increase beginning cash by \$516,374 and to increase beginning Net Position by \$13,115,133.

q. Reclassification

Certain 2013 amounts have been reclassified in the accompanying financial statements to conform to the 2014 presentation.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Primary Government and Blended Affiliates:**

At September 30, 2014 and 2013 total cash and cash equivalents and investments were composed of the following:

	<u>2014</u>	<u>2013</u>
Deposits, unrestricted	\$ 20,765,468	\$ 23,971,135
Deposits, restricted	6,016,506	978,826
Total Primary Government and Blended Affiliates	<u>\$ 26,781,974</u>	<u>\$ 24,949,961</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,

**BROWARD COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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 Resolution No. 98-38. 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.

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.

**Blended Partnerships:**

At December 31, 2013 and 2012 total cash and cash equivalents and investments were composed of the following:

	<u>2013</u>	<u>2012</u>
Deposits, unrestricted	\$ 1,736,410	\$ 1,494,039
Deposits, restricted	2,360,869	1,834,285
Total Blended Partnerships	<u>\$ 4,097,279</u>	<u>\$ 3,328,324</u>

**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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.

**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, 2013 and 2012, the balance of the operating reserve was \$205,293 and \$204,956.

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, 2013 and 2012, the balance of the operating reserve was \$151,326 and \$151,164, respectively, which is included in other reserves restricted assets in the balance sheet.

During the year ended December 31, 2010, the Tallman Pines Associates, Ltd. Partnership established an operating deficit reserve in the initial amount of \$200,000. Upon expiration of the operating deficit loan period, the lesser of \$200,000 or the remaining balance shall be used as a funded reserve account by the general partner for the remainder of the tax credit compliance period, for use as a source to fund other ongoing obligations of the general partner. The balance of the account as of December 31, 2013 and 2012 was \$0 and \$200,000, 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, 2013 and 2012 was \$154,328 and \$110,184, 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.

**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The Reliance-Progresso Associates, Ltd. Partnership is 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, 2013 and 2012, the operating reserve balance was \$292,167 and \$291,376, respectively.

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, 2013 and 2012, the balance in the escrow account was \$89,427 and \$82,194, 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, 2013 and 2012, tax and insurance reserves were required to be funded. The balance of tax and insurance escrow was \$31,995 and 25,882 as of December 31, 2013 and 2012.

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, 2013 and 2012, the balance in the tax and insurance escrow was \$96,601 and \$100,721, respectively.

Repair and Replacement Reserves

The Crystal Lakes Redevelopment, Ltd. Partnership is required to fund a repair and replacement reserve of \$200 per unit per year beginning on the Permanent Loan Commencement, as defined. As of December 31, 2013 and 2012, the replacement reserve balance was \$215,936 and \$177,848, respectively.

The Highland Gardens Development, Ltd. Partnership is required to fund a replacement reserve of \$250 per unit per year upon commencement the earlier of A) 24 months after the closing date; or B) permanent loan conversion. Such amounts are to be increased 3 percent annually. As of December 31, 2013 and 2012, the balance of repair and replacement reserves was \$98,028 and \$72,992, respectively.

The Tallman Pines Associates, Ltd. Partnership will be 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, 2013 and 2012, the balance in the reserve was \$152,582 and \$152,513, 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

**BROWARD COUNTY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

December 31, 2013 and 2012, the balance in the Replacement Reserve account was \$56,139 and \$46,532, respectively.

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, 2013 and 2012, the replacement reserve balance was \$26,613 and \$24,688, respectively.

**NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES**

The breakdown of total due from governmental agencies as of September 30, 2014 and 2013, collectible within one year, was as follows:

	<u>2014</u>	<u>2013</u>
Housing Counseling Program	\$ 19,481	\$ 16,851
HOME Investment Partnership Program	25,243	11,257
Broward County Disaster Recovery Initiative (DRI)	19,936	121,446
HUD subsidy	-	166,638
Portability	142,002	110,866
Shelter Plus Care Program	264,428	197,551
Total	<u>\$ 468,090</u>	<u>\$ 624,609</u>

**NOTE 4 – OTHER ASSETS**

The breakdown of total other assets as of September 30, 2014 and 2013, was as follows:

**Primary Government and Blended Affiliates**

	<u>2014</u>	<u>2013</u>
Other charges	\$ -	\$ 707
Total	<u>\$ -</u>	<u>\$ 707</u>

**Blended Partnerships**

	<u>2013</u>	<u>2012</u>
Due from affiliates	\$ 82,289	\$ 126,737
Other assets	25,939	74,815
Total	<u>\$ 108,228</u>	<u>\$ 201,552</u>

**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity by major classification as of September 30, 2014 and 2013 were as follows:

**Primary Government and Blended Affiliates**

	Beginning Balance October 1, 2013	Additions	Retirements	Ending Balance September 30, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,568,078	\$ 137,724	\$ -	\$ 9,705,802
Construction in Progress	21,407	38,604	-	60,011
Total non-depreciable capital assets	<u>9,589,485</u>	<u>176,328</u>	<u>-</u>	<u>9,765,813</u>
<i>Capital assets being depreciated:</i>				
Buildings	31,370,008	1,003,878	(24,087)	32,349,799
Intangible - software	323,239	-	-	323,239
Furniture and fixtures - non-dwelling	1,071,981	158,129	(139,927)	1,090,183
Furniture and fixtures - dwelling	400,459	23,719	-	424,178
Building improvements	5,220,676	252,508	(64,231)	5,408,953
Total capital assets being depreciated	<u>38,386,363</u>	<u>1,438,234</u>	<u>(228,245)</u>	<u>39,596,352</u>
Total accumulated depreciation	<u>(19,353,032)</u>	<u>(1,894,170)</u>	<u>190,688</u>	<u>(21,056,514)</u>
Net depreciable capital assets	<u>19,033,331</u>	<u>(455,936)</u>	<u>(37,557)</u>	<u>18,539,838</u>
<b>Net capital assets</b>	<u><b>\$ 28,622,816</b></u>	<u><b>\$ (279,608)</b></u>	<u><b>\$ (37,557)</b></u>	<u><b>\$ 28,305,651</b></u>

Depreciation expense for the years ended September 30, 2014 and 2013 was \$1,894,170 and \$1,772,537, respectively.

	Beginning Balance October 1, 2012	Additions	Retirements	Ending Balance September 30, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,185,081	\$ 382,997	\$ -	\$ 9,568,078
Construction in Progress	2,029,148	21,407	(2,029,148)	21,407
Intangible - software	305,097	18,142	-	323,239
Total non-depreciable capital assets	<u>11,519,326</u>	<u>422,546</u>	<u>(2,029,148)</u>	<u>9,912,724</u>
<i>Capital assets being depreciated:</i>				
Buildings	26,647,085	4,722,923	-	31,370,008
Furniture and fixtures – non-dwelling	1,111,194	39,901	(79,114)	1,071,981
Furniture and fixtures - dwelling	330,117	70,342	-	400,459
Building improvements	6,282,760	554,847	(1,616,931)	5,220,676
Total capital assets being depreciated	<u>34,371,156</u>	<u>5,388,013</u>	<u>(1,696,045)</u>	<u>38,063,124</u>
Total accumulated depreciation	<u>(17,643,599)</u>	<u>(1,772,537)</u>	<u>63,104</u>	<u>(19,353,032)</u>
Net depreciable capital assets	<u>16,727,557</u>	<u>3,615,476</u>	<u>(1,632,941)</u>	<u>18,710,092</u>
<b>Net capital assets</b>	<u><b>\$ 28,246,883</b></u>	<u><b>\$ 4,038,022</b></u>	<u><b>\$ (3,662,089)</b></u>	<u><b>\$ 28,622,816</b></u>

Depreciation expense for the years ended September 30, 2013 and 2012 was \$1,772,537 and \$1,524,375, respectively.

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**NOTE 5 – CAPITAL ASSETS (continued)**

**Blended Partnerships**

	Beginning Balance January 1, 2013	Additions	Retirements	Ending Balance December 31, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$ -	\$ 2,280,000	\$ -	\$ 2,280,000
Total non-depreciable capital assets	-	2,280,000	-	2,280,000
<i>Capital assets being depreciated:</i>				
Buildings	62,359,177	15,050,881	-	\$ 77,410,058
Furniture and fixtures - non-dwelling	-	-	-	-
Furniture and fixtures - dwelling	4,744,045	803,151	-	5,547,196
Land improvements	4,711,250	744,702	-	5,455,952
Total capital assets being depreciated	71,814,472	16,598,734	-	88,413,206
Total accumulated depreciation	(11,678,313)	(3,509,264)	-	(15,187,577)
Net depreciable capital assets	60,136,159	13,089,470	-	73,225,629
<b>Net capital assets</b>	<b>\$ 60,136,159</b>	<b>\$ 15,369,470</b>	<b>\$ -</b>	<b>\$ 75,505,629</b>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$3,151,485 and \$2,643,011, respectively.

	Beginning Balance January 1, 2012	Additions	Retirements	Ending Balance December 31, 2012
<i>Capital assets being depreciated:</i>				
Buildings	\$ 62,359,177	\$ -	\$ -	\$ 62,359,177
Furniture and fixtures – non-dwelling	-	-	-	-
Furniture and fixtures - dwelling	4,744,045	-	-	4,744,045
Land improvements	4,711,250	-	-	4,711,250
Total capital assets being depreciated	71,814,472	-	-	71,814,472
Total accumulated depreciation	(9,127,529)	(2,550,784)	-	(11,678,313)
Net depreciable capital assets	62,686,943	(2,550,784)	-	60,136,159
<b>Net capital assets</b>	<b>\$ 62,686,943</b>	<b>\$ (2,550,784)</b>	<b>\$ -</b>	<b>\$ 60,136,159</b>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$2,643,011 and \$2,642,431, respectively.

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**NOTE 6 – LONG-TERM LIABILITIES**

Long-term liabilities activity as of September 30, 2014 and 2013 were as follows:

**Primary Government and Blended Affiliates**

	<b>Beginning Balance October 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance September 30, 2014</b>	<b>Amounts Due within One Year</b>
Family Self-Sufficiency Program					
escrow	\$ 393,240	\$ 3,612	\$ -	\$ 396,852	\$ -
Rehab escrow	-	443,763	-	443,763	-
Tenants' security deposit	207,676	11,354	-	219,030	-
Compensated absences	753,453	-	(44,657)	708,796	30,000
Total long-term liabilities	<u>\$ 1,354,369</u>	<u>\$ 458,729</u>	<u>\$ (44,657)</u>	<u>\$ 1,768,441</u>	<u>\$ 30,000</u>

Long-term liabilities activity as of September 30, 2013 was as follows:

	<b>Beginning Balance October 1, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance September 30, 2013</b>	<b>Amounts Due within One Year</b>
Family Self-Sufficiency Program					
escrow	\$ 317,454	\$ 75,786	\$ -	\$ 393,240	\$ -
Tenants' security deposit	180,875	26,801	-	207,676	-
Compensated absences	700,258	53,195	-	753,453	30,000
Total long-term liabilities	<u>\$ 1,198,587</u>	<u>\$ 155,782</u>	<u>\$ -</u>	<u>\$ 1,354,369</u>	<u>\$ 30,000</u>

**Blended Partnerships**

	<b>Beginning Balance January 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance December 31, 2013</b>	<b>Amounts Due within One Year</b>
Fees payable to affiliate partners	\$ 33,579	\$ 58,196	\$ -	\$ 91,775	\$ -
Tenants' security deposit	432,417	63,421	-	495,838	-
Asset management fee	-	3,504	-	3,504	-
Exchange income advanced	-	413,778	-	413,778	-
Tax credit exchange program loan	-	3,832,889	-	3,832,889	-
Mortgages	19,994,805	1,738,019	(228,003)	21,504,821	273,584
Total long-term liabilities	<u>\$ 20,460,801</u>	<u>\$ 6,109,807</u>	<u>\$ (228,003)</u>	<u>\$ 26,342,605</u>	<u>\$273,584</u>



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**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

	<b>Beginning Balance January 1, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance December 31, 2012</b>	<b>Amounts Due within One Year</b>
Fees payable to affiliate partners	\$ 26,840	\$ 6,739	\$ -	\$ 33,579	\$ -
Tenants' security deposit	399,587	32,830	-	432,417	-
Mortgages	20,224,507	-	229,702	19,994,805	243,566
Total long-term Liabilities	<u>\$ 20,650,934</u>	<u>\$ 39,569</u>	<u>\$ 229,702</u>	<u>\$ 20,460,801</u>	<u>\$243,566</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%. Payments of principal and interest are based on a 30 year amortization schedule. Any 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. As of December 31, 2013 and 2012, the outstanding balance on the loan was \$8,530,249 and \$8,671,793, respectively. As of December 31, 2013 and 2012, interest expense was \$550,136 and \$558,935, and accrued interest payable was \$45,495 and \$46,250, respectively.

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. As of December 31, 2013 and 2012, 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 (BCHA) 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

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**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

the due date until paid. As of December 31, 2013 and 2012, 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, 2013 and 2012, 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:

	<u>Citicorp</u>	<u>BCHA - SHIP</u>	<u>BCHA - HOME</u>	<u>The City of Hollywood</u>	<u>BCHA</u>	<u>Total</u>
2014	\$ 150,874	\$ -	\$ -	\$ -	\$ -	\$ 150,874
2015	160,818	-	-	-	-	160,818
2016	171,418	-	-	-	-	171,418
2017	182,716	-	-	-	-	182,716
2018	194,759	-	-	-	-	194,759
2019-2023	7,669,664	-	-	-	-	7,669,664
2024-2028	-	-	-	-	-	-
2029-2033	-	-	-	-	-	-
2034-2037	-	250,000	371,550	500,000	245,126	1,366,676
Total	<u>\$8,530,249</u>	<u>\$ 250,000</u>	<u>\$ 371,550</u>	<u>\$ 500,000</u>	<u>\$ 245,126</u>	<u>\$ 9,896,925</u>
Less current maturities						<u>(150,874)</u>
Net long-term portion						<u>\$ 9,746,051</u>

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, 2013 and 2012, the outstanding

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**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

balance on the loan was \$2,098,064 and \$2,126,689, respectively. As of December 31, 2013 and 2012, interest expense was \$142,093 and \$143,962, respectively.

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:

2014	\$ 30,784
2015	32,921
2016	35,206
2017	37,650
2018	40,263
2019-2023	247,327
2024	<u>1,673,913</u>
Total	<u>\$2,098,064</u>
Less current maturities	<u>(30,784)</u>
Net long-term portion	<u>\$2,067,280</u>

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 mortgage is payable in monthly principal and interest payments in the amount of \$18,983. 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. The loan converted during 2010. As a result, the loan is now payable in monthly installments of principal and interest. As of December 31, 2013 and 2012, the outstanding balance was \$3,260,514 and \$3,303,748, respectively, and accrued interest payable was \$18,205 and \$18,446, respectively.

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, 2013 and 2012, there was an outstanding balance of \$841,021 and \$871,023, respectively.

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**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

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

	<u>Pacific Life</u>	<u>BCBCC</u>	<u>Total</u>
2014	\$ 46,221	\$ 30,303	\$ 76,524
2015	49,415	30,607	80,022
2016	52,829	30,915	83,744
2017	56,480	31,225	87,705
2018	60,554	31,539	92,093
2019-2023	372,511	162,513	535,024
2024-2028	2,622,504	170,842	2,793,346
2029-2033	-	179,598	179,598
2034-2038	-	173,479	173,479
Total	<u>\$3,260,514</u>	<u>\$ 841,021</u>	<u>4,101,535</u>
Less current maturities			<u>(76,524)</u>
Net long-term portion			<u>\$ 4,025,011</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 Florida Housing 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, 2013 and 2012, there was an outstanding balance of \$3,654,876 and \$3,654,876, accrued interest payable of \$28,619 and \$57,475, and interest costs of \$28,857 and \$28,857, respectively.

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**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

Future principal payments on the Tallman Pines II, Ltd. Partnership second mortgage payable are as follows:

	<u>FHFC</u>
2014	\$ -
2015	-
2016	-
2017	-
2018	-
2019-2023	-
2024-2028	-
2029-2033	-
2034-2038	-
2039-2043	-
2044-2048	-
2049-2053	-
2054-2057	<u>3,654,876</u>
Total	<u>3,654,876</u>
Less current maturities	<u>-</u>
Net long-term portion	<u>\$3,654,876</u>

The Reliance-Progresso Associates, Ltd. Partnership

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, 2013 and 2012, the outstanding principal balance was \$1,503,421 and \$1,517,719, and accrued interest was \$0 and \$9,435, respectively.

2014	\$ 15,402
2015	16,591
2016	17,872
2017	19,252
2018	20,738
2019-2023	130,327
2024-2028	189,025
2029-2030	<u>1,094,214</u>
Total	<u>1,503,421</u>
Less current maturities	<u>(15,402)</u>
Net long-term portion	<u>\$1,488,019</u>

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**NOTE 7 – UNRESTRICTED NET POSITION**

Unrestricted net position for the Primary Government and Blended Affiliates totaled \$19,611,497 and \$22,162,707 at September 30, 2014 and 2013, respectively. Unrestricted net position for the Blended Partnerships totaled \$6,687,742 and \$6,483,960 at December 31, 2013 and 2012, respectively.

**NOTE 8 – 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 undesignated fund balance/net position. These net position, however, may only be used to assist additional families up to the number of vouchers approved in the Annual Contributions Contract (ACC). The undesignated fund balance/net position account will also include monies generated from interest income on HAP investments, Family Self Sufficiency (FSS) Escrow, forfeitures and fraud recoveries. The net position related to the Housing Choice Voucher Program (Section 8) program are reported in the accompanying statements of net position.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

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.

The State of Florida issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy

Under the System, the Authority was required to contribute, effective July 1, 2014, 7.37% of the salary of regular members and 21.14% for senior management; effective July 1, 2013, 6.30% of the salary of regular members and 18.31% for senior management; and, effective July 1, 2012, 5.18% of the salary of regular members and 6.30% for senior management. The required contribution by the Authority to the System for the fiscal years ended September 30, 2014 and 2013 was \$439,849 and \$323,006, respectively. The Authority has met all contribution requirements each year.

**BROWARD COUNTY HOUSING AUTHORITY**  
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**NOTE 10 – 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 11 – 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 173 Public Housing units and 200 Multi-family apartments distributed through Broward County, Florida. In addition, at September 30, 2014, 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.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

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 2013 and 2012, 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, 2013 and 2012, no operating deficit advances are outstanding.

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (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, 2013 and 2012, no operating deficit advances are outstanding.

Ground Leases

On March 31, 2004, the Crystal Lakes Redevelopment, Ltd. Partnership entered into a ground lease with Broward County Housing Authority. 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 Broward County Housing Authority. 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, 2013 and 2012, \$806,250 and \$825,000, 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 the Broward County Housing Authority (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 2013 and 2012, \$20,833 and \$20,833, respectively, of amortization expense was incurred and as of December 31, 2012 and 2011, \$1,927,084 and \$1,947,917 remains as prepaid.

**NOTE 13 – SUBSEQUENT BLENDED PARTNERSHIP INFORMATION**

As of December 31, 2014, significant unaudited information for the partnerships is presented below:

	Capital asset	Mortgage	Equity	Tax Credit Partner Equity
Tallman Pines I	\$ 19,648,235	\$ 4,025,011	\$ 18,788,148	\$ 25,113,425
Tallman Pines II	3,910,925	3,654,876	596,600	2,022,000
Highland Gardens	11,481,739	2,067,452	10,984,398	14,374,352
Progresso	18,752,465	1,488,019	13,432,441	13,925,351
Crystal Lakes	20,155,041	9,746,051	11,470,342	16,750,000
Totals	\$ 73,948,405	\$20,981,409	\$55,271,929	\$ 72,185,128



**BROWARD COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014 AND 2013**

**NOTE 14 – SUBSEQUENT EVENTS**

The BCHA Management evaluated subsequent events through March 9, 2015, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2014, but prior to March 9, 2015, that provided additional evidence about conditions that existed at September 30, 2014, have been recognized in the financial statements for the year ended September 30, 2014. Events or transactions that provided evidence about conditions that did not exist at September 30, 2014, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2014.

**OTHER SUPPLEMENTAL INFORMATION**

**Broward County Housing Authority**  
**Combining Statements of Net Position**  
**Primary Government and Blended Affiliates**  
**As of September 30, 2014**  
**(with comparative totals for 2013)**

	<b>Public Housing</b>	<b>Multi- Family</b>	<b>Housing Choice Voucher Program</b>	<b>Other Enterprise</b>	<b>Total 2014</b>	<b>Total 2013</b>
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 790,696	\$ 18,048	\$ 4,991,850	\$ 14,964,874	\$ 20,765,468	\$ 23,971,135
Receivables:						
Accounts receivables	7,230	219	82,497	212,424	302,370	211,081
Intergovernmental	20,005	17,622	428,673	1,790	468,090	624,609
Tenants, net of allowance	9,727	3,813	-	13,096	26,636	8,978
Prepaid expenses	45,367	50,350	269,965	39,779	405,461	513,809
Other assets	-	-	-	-	-	707
<b>Total current assets</b>	<u>873,025</u>	<u>90,052</u>	<u>5,772,985</u>	<u>15,231,963</u>	<u>21,968,025</u>	<u>25,330,319</u>
<b>Noncurrent assets:</b>						
Restricted cash equivalents	92,056	1,190,301	3,240,600	1,493,549	6,016,506	978,826
Capital assets:						
Land	1,735,307	1,103,992	602,470	6,264,033	9,705,802	9,568,078
Intangible Assets	-	-	323,239	-	323,239	323,239
Buildings, CIP and equipment	14,911,414	13,369,939	3,459,550	7,592,221	39,333,124	38,084,531
Accumulated depreciation	(8,813,556)	(9,330,228)	(1,502,950)	(1,409,780)	(21,056,514)	(19,353,032)
<b>Capital assets, net</b>	<u>7,833,165</u>	<u>5,143,703</u>	<u>2,882,309</u>	<u>12,446,474</u>	<u>28,305,651</u>	<u>28,622,816</u>
<b>Total assets</b>	<u>8,798,246</u>	<u>6,424,056</u>	<u>11,895,894</u>	<u>29,171,986</u>	<u>56,290,182</u>	<u>54,931,961</u>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	28,013	61,522	149,976	79,836	319,347	412,539
Accrued wages payable	13,127	11,041	58,360	66,089	148,617	106,724
Accrued compensated absences	11,198	3,802	15,000	-	30,000	30,000
HUD liability	151,105	173,735	14,313	-	339,153	378,094
<b>Total current liabilities</b>	<u>203,443</u>	<u>250,100</u>	<u>237,649</u>	<u>145,925</u>	<u>837,117</u>	<u>927,357</u>
<b>Noncurrent liabilities:</b>						
Liabilities from restricted assets						
Rehab escrow	-	-	-	443,763	443,763	-
Family Self-sufficiency Program escrow	8,466	-	388,386	-	396,852	393,240
Total liabilities payable from restricted assets	<u>8,466</u>	<u>-</u>	<u>388,386</u>	<u>443,763</u>	<u>840,615</u>	<u>393,240</u>
Mortgages	-	-	-	-	-	-
Tenants' security deposits	83,590	39,109	-	96,331	219,030	207,676
Accrued compensated absences	91,873	46,331	193,111	347,481	678,796	723,453
<b>Total noncurrent liabilities</b>	<u>183,929</u>	<u>85,440</u>	<u>581,497</u>	<u>887,575</u>	<u>1,738,441</u>	<u>1,324,369</u>
<b>Total liabilities</b>	<u>387,372</u>	<u>335,540</u>	<u>819,146</u>	<u>1,033,500</u>	<u>2,575,558</u>	<u>2,251,726</u>
<b>NET POSITION</b>						
Net investment in capital assets	7,833,165	5,143,703	2,882,309	12,446,474	28,305,651	28,622,816
Restricted-security deposits and replacement reserves	92,056	1,190,301	-	1,493,549	2,775,906	-
Restricted-Housing Assistance Payments and FSS	-	-	3,240,600	-	3,240,600	1,894,712
Unrestricted	485,653	(245,488)	4,953,839	14,198,463	19,392,467	22,162,707
<b>Total Net Position</b>	<u>\$ 8,410,874</u>	<u>\$ 6,088,516</u>	<u>\$ 11,076,748</u>	<u>\$ 28,138,486</u>	<u>\$ 53,714,624</u>	<u>\$ 52,680,235</u>

**Broward County Housing Authority**  
**Combining Statements of Revenues, Expenses and Changes in Net Position**  
**Primary Government and Blended Affiliates**  
**For the Year Ended September 30, 2014**  
**(with comparative totals for 2013)**

	<u>Public Housing</u>	<u>Multi- Family</u>	<u>Housing Choice Voucher Program</u>	<u>Other Enterprise</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>OPERATING REVENUES</b>						
Housing assistance payments	\$ -	\$ -	\$ 63,749,217	\$ -	\$ 63,749,217	\$ 65,186,579
Housing choice voucher program administrative fees	-	-	3,838,546	-	3,838,546	4,228,417
Dwelling rental	892,737	212,040	-	1,038,057	2,142,834	1,890,660
Low income housing subsidy	720,835	174,557	-	-	895,392	621,060
Other revenue (Port-in)	-	-	5,349,227	-	5,349,227	3,466,154
Total Operating Revenues	<u>1,613,572</u>	<u>386,597</u>	<u>72,936,990</u>	<u>1,038,057</u>	<u>75,975,216</u>	<u>75,392,870</u>
<b>OPERATING EXPENSES</b>						
Housing assistance payments	-	-	66,333,555	-	66,333,555	69,986,316
General and administrative	1,229,500	276,842	4,308,549	4,029,389	9,844,280	10,841,045
Repairs and maintenance	748,472	243,871	86,943	390,020	1,469,306	1,636,296
Tenants' services	64,794	19,065	-	13,255	97,114	76,939
Utilities	85,742	52,345	46,951	107,656	292,694	307,295
Depreciation	1,132,195	288,099	217,371	256,505	1,894,170	1,772,537
Other expense (Port-in)	-	-	5,349,227	-	5,349,227	3,466,154
Total Operating Expenses	<u>3,260,703</u>	<u>880,222</u>	<u>76,342,596</u>	<u>4,796,825</u>	<u>85,280,346</u>	<u>88,086,582</u>
<b>OPERATING (LOSS)</b>	<u>(1,647,131)</u>	<u>(493,625)</u>	<u>(3,405,606)</u>	<u>(3,758,768)</u>	<u>(9,305,130)</u>	<u>(12,693,712)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Grants	85,019	-	3,629,851	66,000	3,780,870	3,460,450
Investment revenue/interest (expense)	2,848	-	22,991	36,972	62,811	52,908
Other revenue/(expense)	510,812	-	687,773	3,973,990	5,172,575	8,182,484
Gain/(loss) on disposal of capital assets	(5,462,877)	5,462,877	-	(276)	(276)	135
Total nonoperating Revenues, net	<u>(4,864,198)</u>	<u>5,462,877</u>	<u>4,340,615</u>	<u>4,076,686</u>	<u>9,015,980</u>	<u>11,695,977</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION</b>	<u>(6,511,329)</u>	<u>4,969,252</u>	<u>935,009</u>	<u>317,918</u>	<u>(289,150)</u>	<u>(997,735)</u>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital grants	204,275	1,119,264	-	-	1,323,539	691,291
Total Capital Contributions	<u>204,275</u>	<u>1,119,264</u>	<u>-</u>	<u>-</u>	<u>1,323,539</u>	<u>691,291</u>
<b>OTHER FINANCING SOURCES AND USES</b>						
Operating transfers in	-	-	-	1,112,078	1,112,078	1,357,465
Operating transfers out	-	-	-	(1,112,078)	(1,112,078)	(1,357,465)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(6,307,054)</u>	<u>6,088,516</u>	<u>935,009</u>	<u>317,918</u>	<u>1,034,389</u>	<u>(306,444)</u>
<b>NET POSITION, Beginning</b>	<u>14,717,928</u>	<u>-</u>	<u>10,141,739</u>	<u>27,820,568</u>	<u>52,680,235</u>	<u>52,986,679</u>
<b>NET POSITION, Ending</b>	<u>\$ 8,410,874</u>	<u>\$ 6,088,516</u>	<u>\$ 11,076,748</u>	<u>\$ 28,138,486</u>	<u>\$ 53,714,624</u>	<u>\$ 52,680,235</u>

**Broward County Housing Authority**  
**Combining Statements of Cash Flows**  
**Primary Government and Blended Affiliates**  
**For the Year Ended September 30, 2014**  
**(with comparative totals for 2013)**

	<u>Public Housing</u>	<u>Multi- Family</u>	<u>Housing Choice Voucher Program</u>	<u>Other Enterprise</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from federal and local agencies	\$ 720,835	\$ 174,557	\$ 67,587,763	\$ -	\$ 68,483,155	\$ 73,502,210
Housing assistance payments	-	-	(66,333,555)	-	(66,333,555)	(73,452,470)
Cash paid to suppliers and contractors	(1,690,922)	(133,372)	(1,999,099)	(2,129,667)	(5,953,060)	(6,590,490)
Payments to employees	(561,904)	(276,842)	(2,513,206)	(1,826,414)	(5,178,366)	(5,288,950)
Other payments-dwelling rental and receipts	892,737	212,040	-	1,038,057	2,142,834	1,890,660
<b>Net cash (used in) operating activities</b>	<u>(639,254)</u>	<u>(23,617)</u>	<u>(3,258,097)</u>	<u>(2,918,024)</u>	<u>(6,838,992)</u>	<u>(9,939,040)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operational grants	85,019	-	3,629,851	66,000	3,780,870	3,367,581
Other revenues and receipts	513,660	-	710,764	3,973,990	5,198,414	6,942,570
<b>Net cash provided by non-capital financing</b>	<u>598,679</u>	<u>-</u>	<u>4,340,615</u>	<u>4,039,990</u>	<u>8,979,284</u>	<u>10,310,151</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition (sale/reclassification) of capital assets	(488,267)	(39,109)	(2,827,005)	(2,318,738)	(5,673,119)	(860,712)
Capital grants	204,275	1,119,264	-	-	1,323,539	691,291
<b>Net cash (used in) capital and related financing</b>	<u>(283,992)</u>	<u>1,080,155</u>	<u>(2,827,005)</u>	<u>(2,318,738)</u>	<u>(4,349,580)</u>	<u>(169,421)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Net deposit in reserve for replacements	-	(1,038,490)	-	-	(1,038,490)	-
Interest income on investment	2,848	-	2,291	36,972	42,111	52,908
<b>Net cash provided by (used in) investing activities</b>	<u>2,848</u>	<u>(1,038,490)</u>	<u>2,291</u>	<u>36,972</u>	<u>(996,379)</u>	<u>(169,421)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(321,719)	18,048	(1,742,196)	(1,159,800)	(3,205,667)	254,598
<b>Cash and cash equivalents beginning of year</b>	1,112,415	-	6,734,046	16,124,674	23,971,135	23,716,537
<b>Cash and cash equivalents end of year</b>	<u>\$ 790,696</u>	<u>\$ 18,048</u>	<u>\$ 4,991,850</u>	<u>\$ 14,964,874</u>	<u>\$ 20,765,468</u>	<u>\$ 23,971,135</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>						
Operating loss	\$ (1,647,131)	\$ (493,625)	\$ (3,405,606)	\$ (3,758,768)	\$ (9,305,130)	\$ (12,693,712)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Depreciation	1,132,195	288,099	217,371	256,505	1,894,170	1,772,537
(Increase) decrease in:						
Receivables	134,099	(21,654)	(190,853)	664,059	585,651	869,538
Prepaid expenses	(70,224)	(50,350)	6,219	(7,200)	(121,555)	3,438
Inventories	-	-	-	6,091	6,091	41,978
Increase (decrease) in:						
Accounts payable	(49,970)	72,563	(27,492)	(107,775)	(112,674)	(116,143)
Accrued expenses	(3,802)	3,802	27,578	1,384	28,962	43,375
HUD liability	(173,735)	173,735	43,815	-	43,815	43,816
Family Self-Sufficiency escrow	2,701	-	70,871	-	73,572	76,636
Tenants deposits	36,613	3,813	-	27,680	68,106	19,497
	<u>\$ (639,254)</u>	<u>\$ (23,617)</u>	<u>\$ (3,258,097)</u>	<u>\$ (2,918,024)</u>	<u>\$ (6,838,992)</u>	<u>\$ (9,939,040)</u>

**Broward County Housing Authority**  
**Combining Statements of Net Position**  
**Primary Government, Blended Affiliates and Blended Partnerships**  
**As of September 30, 2014**  
**(with comparative totals for 2013)**

	<b>BCHA Primary Government and Blended Affiliates 2014</b>	<b>Blended Partnerships 2013</b>	<b>Total 2014</b>	<b>Total 2013</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 20,765,468	\$ 1,736,410	\$ 22,501,878	\$ 25,465,174
Receivables:				
Accounts receivables	302,370	-	302,370	211,081
Intergovernmental	468,090	-	468,090	624,609
Tenants, net of allowance	26,636	18,516	45,152	19,307
Prepaid expenses	405,461	165,635	571,096	641,411
Prepaid land lease	-	2,733,334	2,733,334	2,772,917
Other assets	-	108,228	108,228	202,259
Inventories	-	-	-	-
<b>Total current assets</b>	<u>21,968,025</u>	<u>4,762,123</u>	<u>26,730,148</u>	<u>29,936,758</u>
<b>Noncurrent assets:</b>				
Restricted cash equivalents	6,016,506	2,360,869	8,377,375	2,813,111
Tax credit monitoring fees, net	-	647,150	647,150	522,440
Capital assets:				
Land	9,705,802	2,280,000	11,985,802	9,568,078
Intangible Assets	323,239	-	323,239	323,239
Buildings and equipment	39,333,124	88,413,206	127,746,330	109,899,003
Accumulated depreciation	<u>(21,056,514)</u>	<u>(15,187,577)</u>	<u>(36,244,091)</u>	<u>(31,031,345)</u>
Capital assets, net	<u>28,305,651</u>	<u>75,505,629</u>	<u>103,811,280</u>	<u>88,758,975</u>
Total noncurrent assets	<u>34,322,157</u>	<u>78,513,648</u>	<u>112,835,805</u>	<u>92,094,526</u>
<b>Total assets</b>	<u>56,290,182</u>	<u>83,275,771</u>	<u>139,565,953</u>	<u>122,031,284</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	319,347	463,496	782,843	770,231
Accrued wages payable	148,617	-	148,617	106,724
Accrued compensated absences	30,000	-	30,000	30,000
Mortgages	-	273,584	273,584	243,566
HUD liability	<u>339,153</u>	<u>-</u>	<u>339,153</u>	<u>378,094</u>
<b>Total current liabilities</b>	<u>837,117</u>	<u>737,080</u>	<u>1,574,197</u>	<u>1,528,615</u>
<b>Noncurrent liabilities:</b>				
Liabilities from restricted assets				
Tenants' security deposits	219,030	495,838	714,868	640,093
Rehab escrow	443,763	-	443,763	-
Fee payable to affiliates' partners	-	91,775	91,775	33,579
Family Self-sufficiency Program escrow	<u>396,852</u>	<u>-</u>	<u>396,852</u>	<u>393,240</u>
Total liab payable fm restricted assets	1,059,645	587,613	1,647,258	1,066,912
Asset management fee	-	3,504	3,504	-
Exchange income received in advance	-	413,778	413,778	-
Tax credit exchange program loan	-	3,832,889	3,832,889	-
Mortgages	-	21,231,237	21,231,237	19,751,239
Accrued compensated absences	<u>678,796</u>	<u>-</u>	<u>678,796</u>	<u>723,453</u>
Total noncurrent liabilities	<u>1,738,441</u>	<u>26,069,021</u>	<u>27,807,462</u>	<u>21,541,604</u>
<b>Total liabilities</b>	<u>2,575,558</u>	<u>26,806,101</u>	<u>29,381,659</u>	<u>23,070,219</u>
<b>NET POSITION</b>				
Net investment in capital assets	28,305,651	50,167,919	78,473,570	68,764,170
Restricted-security deposits and replacement reserve	2,775,906	-	2,775,906	-
Restricted-Housing Assistance Payments	3,240,600	-	3,240,600	1,894,712
Unrestricted	<u>19,392,467</u>	<u>6,301,751</u>	<u>25,694,218</u>	<u>28,302,183</u>
<b>Total Net Position</b>	<u>\$ 53,714,624</u>	<u>\$ 56,469,670</u>	<u>\$ 110,184,294</u>	<u>\$ 98,961,065</u>

**Broward County Housing Authority**  
**Combinings Statement of Revenues, Expenses, and Net Position**  
**Primary Government, Blended Affiliates and Blended Partnerships**  
**For the Year Ended September 30, 2014**  
**(with comparative totals for 2013)**

	<b>BCHA Primary Government and Blended Affiliates 2014</b>	<b>Blended Partnerships 2013</b>	<b>Total 2014</b>	<b>Total 2013</b>
<b>OPERATING REVENUES</b>				
Housing assistance payments	\$ 63,749,217	\$ -	\$ 63,749,217	\$ 65,186,579
Housing choice voucher program administrative fees	3,838,546	-	3,838,546	4,228,417
Dwelling rental	2,142,834	6,019,683	8,162,517	7,066,527
Low income housing subsidy	895,392	-	895,392	621,060
Other revenue (Port-in)	5,349,227	-	5,349,227	3,466,154
Total Operating Revenues	<u>75,975,216</u>	<u>6,019,683</u>	<u>81,994,899</u>	<u>80,568,737</u>
<b>OPERATING EXPENSES</b>				
Housing assistance payments	66,333,555	-	66,333,555	69,986,316
General and administrative	9,844,280	1,765,281	11,609,561	12,307,114
Repairs and maintenance	1,469,306	619,485	2,088,791	2,249,275
Tenants' services	97,114	-	97,114	76,939
Utilities	292,694	695,325	988,019	880,540
Depreciation	1,894,170	3,151,485	5,045,655	4,415,548
Other expense (Port-in)	5,349,227	-	5,349,227	3,466,154
Total Operating Expenses	<u>85,280,346</u>	<u>6,231,576</u>	<u>91,511,922</u>	<u>93,381,886</u>
<b>OPERATING (LOSS)</b>	<u>(9,305,130)</u>	<u>(211,893)</u>	<u>(9,517,023)</u>	<u>(12,813,149)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Grants	3,780,870	-	3,780,870	3,460,450
Investment revenue/interest (expense)	62,811	(1,102,296)	(1,039,485)	(797,772)
Other revenue/(expense)	5,172,575	(815,377)	4,357,198	7,755,801
Gain/(loss) on disposal of capital assets	(276)	-	(276)	135
Total nonoperating Revenues, net	<u>9,015,980</u>	<u>(1,917,673)</u>	<u>7,098,307</u>	<u>10,418,614</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	(289,150)	(2,129,566)	(2,418,716)	(2,394,535)
<b>OTHER FINANCING SOURCES AND USES</b>				
Operating transfers in	1,112,078	-	1,112,078	1,357,465
Operating transfers out	(1,112,078)	-	(1,112,078)	(1,357,465)
<b>CAPITAL CONTRIBUTIONS</b>				
Capital grants	<u>1,323,539</u>	<u>-</u>	<u>1,323,539</u>	<u>691,291</u>
<b>CHANGE IN NET POSITION</b>	<u>1,034,389</u>	<u>(2,129,566)</u>	<u>(1,095,177)</u>	<u>(1,703,244)</u>
<b>NET POSITION, BEGINNING</b>				
As previously stated	52,680,235	46,280,830	98,961,065	101,375,806
Add (deduct) prior period adjustments				
net effect of GASB 65 (note 1p)	-	(66,196)	(66,196)	(344,484)
net effect of Blending Progresso (note 1p)	-	13,115,133	13,115,133	-
Capital contributions/(distributions)	-	(730,531)	(730,531)	(367,013)
As adjusted	<u>52,680,235</u>	<u>58,599,236</u>	<u>111,279,471</u>	<u>100,664,309</u>
<b>NET POSITION, ENDING</b>	<u>\$ 53,714,624</u>	<u>\$ 56,469,670</u>	<u>\$ 110,184,294</u>	<u>\$ 98,961,065</u>

**Broward County Housing Authority**  
**Combining Statements of Cash Flows**  
**Primary Government, Blended Affiliates and Blended Partnerships**  
**For the Year Ended September 30, 2014**  
**(with comparative totals for 2013)**

	<b>BCHA Primary Government and Blended Affiliates 2014</b>	<b>Blended Partnerships 2013</b>	<b>Total 2014</b>	<b>Total 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from federal and local agencies	\$ 68,483,155	\$ -	\$ 68,483,155	\$ 73,502,210
Housing assistance payments	(66,333,555)	-	(66,333,555)	(73,452,470)
Cash paid to suppliers and contractors	(5,953,060)	(2,413,062)	(8,366,122)	(8,618,173)
Payments to employees	(5,178,366)	(664,958)	(5,843,324)	(5,839,268)
Other payments-dwelling rental and receipts	2,142,834	6,019,683	8,162,517	7,066,527
<b>Net cash (used in) operating activities</b>	<b>(6,838,992)</b>	<b>2,941,663</b>	<b>(3,897,329)</b>	<b>(7,341,174)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operational grants	3,780,870	-	3,780,870	3,367,581
Other revenues and receipts	5,198,414	-	5,198,414	6,942,570
<b>Net cash provided by non-capital financing</b>	<b>8,979,284</b>	<b>-</b>	<b>8,979,284</b>	<b>10,310,151</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition (sale/reclassification) of capital assets	(5,673,119)	-	(5,673,119)	(860,712)
Principal (payments) proceeds on mortgage	-	(257,703)	(257,703)	(229,702)
Distribution to partners	-	(905,589)	(905,589)	(367,013)
Capital grants	1,323,539	-	1,323,539	691,291
<b>Net cash provided by (used) capital and related financing</b>	<b>(4,349,580)</b>	<b>(1,163,292)</b>	<b>(5,512,872)</b>	<b>(766,136)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Expenditures on rental properties	-	(96,848)	(96,848)	-
Change in reserve for replacements	(1,038,490)	(72,800)	(1,111,290)	(72,856)
Change in other reserves, net of withdrawals	-	148,835	148,835	(74,917)
Due from affiliates	-	128,794	128,794	150,342
Change in escrows	-	(185,890)	(185,890)	(2,134)
Other related party fees	-	(816,456)	(816,456)	(695,353)
accrued costs - solar electric installation	-	-	-	(14,480)
Interest, net	-	(1,158,009)	(1,158,009)	(578,028)
Interest income on investment	42,111	-	42,111	52,908
<b>Net cash provided by (used in) investing activities</b>	<b>(996,379)</b>	<b>(2,052,374)</b>	<b>(3,048,753)</b>	<b>(1,234,518)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(3,205,667)</b>	<b>(274,003)</b>	<b>(3,479,670)</b>	<b>968,323</b>
<b>Cash and cash equivalents beginning of year</b>	<b>23,971,135</b>	<b>2,010,413</b>	<b>25,981,548</b>	<b>24,496,851</b>
<b>Cash and cash equivalents end of year</b>	<b>\$ 20,765,468</b>	<b>\$ 1,736,410</b>	<b>\$ 22,501,878</b>	<b>\$ 25,465,174</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>				
Operating loss	\$ (9,305,130)	\$ (211,893)	\$ (9,517,023)	\$ (12,813,149)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation/Amortization	1,894,170	3,147,128	5,041,298	4,415,548
(Increase) decrease in:				
Receivables	585,651	(4,648)	581,003	879,888
Prepaid expenses	(121,555)	(5,116)	(126,671)	16,466
Other assets	6,091	84,555	90,646	43,117
Increase (decrease) in:				
Accounts payable	(112,674)	(10,283)	(122,957)	(120,914)
Accrued expenses	28,962	(45,319)	(16,357)	63,410
HUD liability	43,815	-	43,815	43,816
Family Self-Sufficiency escrow	73,572	-	73,572	76,636
Accrued interest	-	(39,447)	(39,447)	27,772
Annual fee payable to/(from) affiliate of LP	-	26,686	26,686	6,739
Tenants deposits	68,106	-	68,106	19,497
	<b>\$ (6,838,992)</b>	<b>\$ 2,941,663</b>	<b>\$ (3,897,329)</b>	<b>\$ (7,341,174)</b>



**Broward County Housing Authority**  
**Combining Statement of Net Position**  
**Blended Partnerships**  
**As of September 30, 2014**  
**(with comparative totals for 2013)**

	<u>Highland 2013</u>	<u>Crystal Lakes 2013</u>	<u>Progresso 2013</u>	<u>Tallman Pines I 2013</u>	<u>Tallman Pines II 2013</u>	<u>Total Blended Partnerships 2013</u>	<u>Total Blended Partnerships 2012</u>
<b>ASSETS</b>							
Current Assets:							
Cash and cash equivalents	\$ 306,122	\$ 367,661	\$ 101,568	\$ 779,920	\$ 181,139	\$ 1,736,410	\$ 1,494,039
Tenants, net of allowance	4,445	2,279	6,036	4,745	1,011	18,516	10,329
Prepaid expenses	18,189	44,152	47,306	50,354	5,634	165,635	127,602
Prepaid land lease	806,250	-	-	1,927,084	-	2,733,334	2,772,917
Other assets	34,719	-	12,095	7,524	53,890	108,228	201,552
<b>Total current assets</b>	<u>1,169,725</u>	<u>414,092</u>	<u>167,005</u>	<u>2,769,627</u>	<u>241,674</u>	<u>4,762,123</u>	<u>4,606,439</u>
Noncurrent assets:							
Restricted cash equivalents	366,904	716,140	567,639	549,202	160,984	2,360,869	1,834,285
Tax credit monitoring fees, net	113,210	116,837	173,498	210,025	33,580	647,150	522,440
Capital assets:							
Land	-	-	2,280,000	-	-	2,280,000	-
Buildings and equipment	14,373,428	26,769,895	16,501,886	25,829,416	4,938,581	88,413,206	71,814,472
Accumulated depreciation	<u>(2,412,243)</u>	<u>(5,785,503)</u>	<u>(951,563)</u>	<u>(5,179,867)</u>	<u>(858,401)</u>	<u>(15,187,577)</u>	<u>(11,678,313)</u>
Capital assets, net	11,961,185	20,984,392	17,830,323	20,649,549	4,080,180	75,505,629	60,136,159
Total noncurrent assets	<u>12,441,299</u>	<u>21,817,369</u>	<u>18,571,460</u>	<u>21,408,776</u>	<u>4,274,744</u>	<u>78,513,648</u>	<u>62,492,884</u>
<b>Total assets</b>	<u>13,611,024</u>	<u>22,231,461</u>	<u>18,738,465</u>	<u>24,178,403</u>	<u>4,516,418</u>	<u>83,275,771</u>	<u>67,099,323</u>
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	36,296	123,513	176,845	80,149	46,693	463,496	357,692
Mortgages	30,784	150,874	15,402	76,524	-	273,584	243,566
<b>Total current liabilities</b>	<u>67,080</u>	<u>274,387</u>	<u>192,247</u>	<u>156,673</u>	<u>46,693</u>	<u>737,080</u>	<u>601,258</u>
Noncurrent liabilities:							
Liabilities from restricted assets							
Tenants' security deposits	85,555	205,484	39,440	145,691	19,668	495,838	432,417
Fee payable to affiliate partners	-	4,462	72,190	13,156	1,967	91,775	33,579
Total liab payable fm restricted assets	85,555	209,946	111,630	158,847	21,635	587,613	465,996
Asset management fee	3,504	-	-	-	-	3,504	-
Exchange income received in advance	-	-	413,778	-	-	413,778	-
Tax credit exchange program loan	-	-	3,832,889	-	-	3,832,889	-
Mortgages	2,067,280	9,746,051	1,738,019	4,025,011	3,654,876	21,231,237	19,751,239
Total noncurrent liabilities	<u>2,156,339</u>	<u>9,955,997</u>	<u>6,096,316</u>	<u>4,183,858</u>	<u>3,676,511</u>	<u>26,069,021</u>	<u>20,217,235</u>
<b>Total liabilities</b>	<u>2,223,419</u>	<u>10,230,384</u>	<u>6,288,563</u>	<u>4,340,531</u>	<u>3,723,204</u>	<u>26,806,101</u>	<u>20,818,493</u>
<b>NET POSITION</b>							
Net investment in capital assets	9,863,121	11,087,467	12,244,013	16,548,014	425,304	50,167,919	40,141,354
Unrestricted	1,524,484	913,610	205,889	3,289,858	367,910	6,301,751	6,139,476
<b>Total Net Position</b>	<u>\$ 11,387,605</u>	<u>\$ 12,001,077</u>	<u>\$ 12,449,902</u>	<u>\$ 19,837,872</u>	<u>\$ 793,214</u>	<u>\$ 56,469,670</u>	<u>\$ 46,280,830</u>

**Broward County Housing Authority**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Blended Partnerships**  
**For the Year Ended September 30, 2014**  
**(with comparative totals for 2013)**

	Highland 2013	Crystal Lakes 2013	Progresso 2013	Tallman Pines I 2013	Tallman Pines II 2013	Total Blended Partnerships 2013	Total Blended Partnerships 2012
<b>OPERATING REVENUES</b>							
Dwelling rental and other income	\$ 882,371	\$ 2,266,296	\$ 653,381	\$ 1,942,441	\$ 275,194	\$ 6,019,683	\$ 5,175,867
Total Operating Revenues	<u>882,371</u>	<u>2,266,296</u>	<u>653,381</u>	<u>1,942,441</u>	<u>275,194</u>	<u>6,019,683</u>	<u>5,175,867</u>
<b>OPERATING EXPENSES</b>							
General and administrative	274,677	593,022	270,903	557,770	68,909	1,765,281	1,466,069
Repairs and maintenance	106,559	222,126	57,656	207,699	25,445	619,485	612,979
Utilities	74,264	330,668	77,428	191,632	21,333	695,325	573,245
Depreciation	520,780	930,962	501,557	1,024,089	174,097	3,151,485	2,643,011
Total Operating Expenses	<u>976,280</u>	<u>2,076,778</u>	<u>907,544</u>	<u>1,981,190</u>	<u>289,784</u>	<u>6,231,576</u>	<u>5,295,304</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(93,909)</u>	<u>189,518</u>	<u>(254,163)</u>	<u>(38,749)</u>	<u>(14,590)</u>	<u>(211,893)</u>	<u>(119,437)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Investment revenue/interest (expense)	(130,911)	(536,322)	86	(410,037)	(25,112)	(1,102,296)	(850,680)
Other revenue/(expense)	(61,595)	(157,687)	(48,329)	(517,639)	(30,127)	(815,377)	(426,683)
Total Non-operating Revenues, net	<u>(192,506)</u>	<u>(694,009)</u>	<u>(48,243)</u>	<u>(927,676)</u>	<u>(55,239)</u>	<u>(1,917,673)</u>	<u>(1,277,363)</u>
<b>CHANGE IN NET POSITION</b>	<u>(286,415)</u>	<u>(504,491)</u>	<u>(302,406)</u>	<u>(966,425)</u>	<u>(69,829)</u>	<u>(2,129,566)</u>	<u>(1,396,800)</u>
<b>NET POSITION, BEGINNING</b>							
As previously stated	11,899,235	12,649,230	13,115,133	20,876,765	855,600	59,395,963	48,389,127
Add (deduct) prior period adjustments net effect of GASB 65 (note 1 p)			(66,196)			(66,196)	(344,484)
Capital contributions/(distributions)	<u>(225,215)</u>	<u>(143,662)</u>	<u>(296,629)</u>	<u>(72,468)</u>	<u>7,443</u>	<u>(730,531)</u>	<u>(367,013)</u>
As adjusted	<u>11,674,020</u>	<u>12,505,568</u>	<u>12,752,308</u>	<u>20,804,297</u>	<u>863,043</u>	<u>58,599,236</u>	<u>47,677,630</u>
<b>NET POSITION, ENDING</b>	<u>\$ 11,387,605</u>	<u>\$ 12,001,077</u>	<u>\$ 12,449,902</u>	<u>\$ 19,837,872</u>	<u>\$ 793,214</u>	<u>\$ 56,469,670</u>	<u>\$ 46,280,830</u>

**Broward County Housing Authority**  
**Combining Statement of Cash Flows**  
**Blended Partnerships**  
**For the Year Ended September 30, 2014**  
**(with comparative totals for 2013)**

	Highland Gardens	Crystal Lakes	Progresso	Tallman Pines I	Tallman Pines II	Total 2013	Total 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash paid to suppliers and contractors	\$ (362,393)	\$ (907,294)	\$ (311,988)	\$ (677,488)	\$ (153,899)	\$ (2,413,062)	\$ (2,027,683)
Payments to employees	(112,838)	(227,534)	(95,966)	(205,711)	(22,909)	(664,958)	(550,318)
Other payments-dwelling rental and receipts	882,371	2,266,296	653,381	1,942,441	275,194	6,019,683	5,175,867
<b>Net cash (used in) operating activities</b>	<u>407,140</u>	<u>1,131,468</u>	<u>245,427</u>	<u>1,059,242</u>	<u>98,386</u>	<u>2,941,663</u>	<u>2,597,866</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Principal (payments) proceeds on mortgage	(28,625)	(141,544)	(14,298)	(73,236)	-	(257,703)	(229,702)
Distribution to partners	(225,215)	(143,662)	(471,687)	(59,312)	(5,713)	(905,589)	(367,013)
<b>Net cash provided by financing</b>	<u>(253,840)</u>	<u>(285,206)</u>	<u>(485,985)</u>	<u>(132,548)</u>	<u>(5,713)</u>	<u>(1,163,292)</u>	<u>(596,715)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Expenditures on rental properties	-	(96,848)	-	-	-	(96,848)	-
Change in reserve for replacements	(25,036)	(38,088)	-	(69)	(9,607)	(72,800)	(72,856)
Change in other reserves, net of withdrawals	(162)	(337)	-	155,856	(6,522)	148,835	(74,917)
Due from affiliates	54,894	-	72,190	1,710	-	128,794	150,342
Change in escrows	(6,113)	(7,233)	(175,584)	4,120	(1,080)	(185,890)	(2,134)
Other related party fees	(61,595)	(157,687)	(70,854)	(496,534)	(29,786)	(816,456)	(695,353)
Interest, net	(141,894)	(544,889)	-	(445,720)	(25,506)	(1,158,009)	(578,028)
Accrued costs - solar electric installation	-	-	-	-	-	-	(14,480)
<b>Net cash provided by (used in) investing activities</b>	<u>(179,906)</u>	<u>(845,082)</u>	<u>(174,248)</u>	<u>(780,637)</u>	<u>(72,501)</u>	<u>(2,052,374)</u>	<u>(1,287,426)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(26,606)	1,180	(414,806)	146,057	20,172	(274,003)	713,725
<b>Cash and cash equivalents beginning of year</b>	332,728	366,481	516,374	633,863	160,967	2,010,413	780,314
<b>Cash and cash equivalents end of year</b>	<u>\$ 306,122</u>	<u>\$ 367,661</u>	<u>\$ 101,568</u>	<u>\$ 779,920</u>	<u>\$ 181,139</u>	<u>\$ 1,736,410</u>	<u>\$ 1,494,039</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>							
Operating loss	\$ (93,909)	\$ 189,518	\$ (254,163)	\$ (38,749)	\$ (14,590)	\$ (211,893)	\$ (119,437)
Adjustments to reconcile operating loss to net cash used in operating activities:							
Depreciation/amortization	520,780	930,962	501,557	1,024,089	169,740	3,147,128	2,643,011
(Increase) decrease in:							
Receivables	(3,568)	(2,279)	(2,497)	2,569	1,127	(4,648)	10,350
Prepaid expenses	4,984	1,440	(35,222)	22,378	1,304	(5,116)	13,028
Other assets	24,768	-	-	48,400	11,387	84,555	1,139
Increase (decrease) in:							
Accounts payable	(809)	(773)	20,649	(13,932)	(15,418)	(10,283)	(4,771)
Accrued expenses	(3,291)	13,824	(35,222)	1,572	(22,202)	(45,319)	20,035
Accrued interest	(160)	(755)	(9,435)	(241)	(28,856)	(39,447)	27,772
Annual fee payable to/(fm) affiliate of LP	(41,655)	(469)	59,760	13,156	(4,106)	26,686	6,739
Total	<u>\$ 407,140</u>	<u>\$ 1,131,468</u>	<u>\$ 245,427</u>	<u>\$ 1,059,242</u>	<u>\$ 98,386</u>	<u>\$ 2,941,663</u>	<u>\$ 2,597,866</u>

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**REPORTS REQUIRED BY OMB CIRCULAR A-133  
AND RULES OF THE AUDITOR GENERAL**

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**BROWARD COUNTY HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2014**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Amount</u>
<b>U.S. Department of Housing and Urban Development</b>			
Supportive Housing for Persons with Disabilities Program	14.181	A2983-FL079V0	\$ 449,848
Section 8 Housing Choice Voucher Program	14.871	A2983-FL079V0	65,160,043
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation Program	14.856	A2983-FL079-2	2,175,562
Public and Indian Housing Program	14.850	A4123-FL079	895,392
Public Housing Capital Fund Program	14.872	FL14PO79-50114	68,927
Public Housing Capital Fund Program	14.872	FL14SO79-50113	193,742
Public Housing Capital Fund Program	14.872	FL14PO79-50110	2,537
Public Housing Capital Fund Program	14.872	FL14SO79-50112	114,315
Public Housing Capital Fund Program	14.872	FL14PO79-50111	2,938
		<b>Sub-total</b>	<u>382,459</u>
Home Investment Partnership Program - Contract #48	14.239	11-HFCDD-028	45,926
Home Investment Partnership Program - Contract #47	14.239	10-HFCDD-0040	48,744
		<b>Sub-total</b>	<u>94,670</u>
Shelter Plus Care Program	14.238	FL140259L4DO11205	716,998
Shelter Plus Care Program	14.238	10-CP-HIP-8264-HUD-8	332,284
Shelter Plus Care Program	14.238	FL140259L4DO11306	284,318
Shelter Plus Care Program	14.238	10-CP-HIP-8264-HUD-7	857,597
Shelter Plus Care Program	14.238	10-CP-HIP-8264-HUD-5	905,294
Shelter Plus Care Program	14.238	05-8264-HUD-5	225,318
Shelter Plus Care Program	14.238	07-8264-HUD-1	212,760
		<b>Sub-total</b>	<u>3,534,569</u>
Community Development Block Grant Program			
- Housing Counseling-38th Year	14.218	N/A	1,249
- Housing Counseling-39th Year	14.218	N/A	68,556
- Hardest Hit Fund	14.218	N/A	27,475
- HUD Grant	14.218	N/A	15,214
		<b>Sub-total</b>	<u>112,494</u>
Resident Opportunity and Supportive Services			
- Service Coordinators Program	14.870	N/A	94,377
<i>Passed-through Broward County, Florida</i>			
Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii	14.228	050710-DG-IMPW-D	210,647
<b>Total Expenditure of Federal Awards</b>			<b><u>\$ 73,110,061</u></b>

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, 2014**

**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, 2014.

**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 OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. 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 \$5,349,227 of Port-in expenses included in the statement of revenue and expenses based on a directive from HUD REAC.



**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  
Lauderdale Lakes, Florida

We have audited, 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, the basic financial statements of Broward County Housing Authority (“BCHA”) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise BCHA’s basic financial statements, and have issued our report thereon dated March 9, 2015. Our report includes a reference to other auditors who audited the financial statements of BCHA, as described in our report on BCHA’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control over Financial Reporting***

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

Fort Lauderdale, Florida  
March 9, 2015

*BCA Watson Rice LLP*





**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Broward County Housing Authority  
Lauderdale Lakes, Florida

***Report on Compliance for Each Major Federal Program***

We have audited the Broward County Housing Authority (the “BCHA”)’s compliance with the types of compliance requirements described in (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. The BCHA’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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of BCHA’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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 BCHA’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 on BCHA’s compliance with those requirements.

### ***Opinion on Each Major Federal Program***

In our opinion, BCHA complied, in all material respects, with the 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, 2014.

### **Report on Internal Control Over Compliance**

Management of BCHA 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 BCHA'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 OMB Circular A-133, 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 BCHA'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.

### ***Purpose of this Report***

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the basic financial statements of BCHA as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise BCHA's basic financial statements. We issued our report thereon dated March 9, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic

financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fort Lauderdale, Florida  
March 9, 2015

*BCA Watson Rice LLP*

**BROWARD COUNTY HOUSING AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 FEDERAL PROGRAMS  
 YEAR ENDED SEPTEMBER 30, 2014**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes  No
- Significant control deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

***Federal Programs***

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes  No
- Significant control deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes  No

**Identification of major programs:**

***CFDA Numbers***

14.871

***Name of Federal Program or Cluster***

Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 2,193,302

Auditee qualified as low-risk auditee?

Yes \_\_\_\_\_ No

**BROWARD COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014  
(Continued)**

**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.

**SECTION IV FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL  
ASSISTANCE**

None.

**BROWARD COUNTY HOUSING AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

There were no federal awards and state financial assistance findings reported in the September 30, 2013 schedule of findings and questioned costs.



## MANAGEMENT LETTER

The Board of Commissioners  
Broward County Housing Authority  
Lauderdale Lakes, Florida

We have audited the financial statements of the Broward County Housing Authority (“BCHA”) as of and for the year ended September 30, 2014, and have issued our report thereon dated March 9, 2015.

We conducted our audit 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 9, 2015, should be considered in conjunction with this management letter.

*Government Auditing Standards* requires the auditor to communicate in a management letter the following matters unless clearly inconsequential -- (a) immaterial violations of provisions of contracts or grant agreements; or (b) immaterial abuse. In connection with our audit we have no such matters to report.

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Authority for the year ended September 30, 2014. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Authority's practices and procedures.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the audit committee, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Fort Lauderdale, Florida  
March 9, 2015

A handwritten signature in black ink that reads "BCA Watson Rice LLP".

Watson Rice is a registered trade mark of BCA Watson Rice LLP  
An Independently-owned member of the McGladrey Alliance

**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT LETTER  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**I. Current Year Recommendations**

None.

**II. Status of Prior Year’s Recommendations and Management’s Responses**

<u>Finding Number</u>	<u>Prior Year Comment</u>	<u>In-progress</u>	<u>Comment Has Been Addressed</u>
2011-ML-01	IT Governance		✓

**2011-ML-01 IT Governance**

***Comment and Recommendation***

IT Governance is critical to the overall integrity, confidentiality and availability of financial statements produced by a financial management system. We have found several instances where controls can be strengthened in the IT Governance area:

- BCHA’s personnel have administrative rights to their workstations/computers and can install software and have access to sensitive data without appropriate safeguards.
- Formal IT policies and procedures are inadequate.
- Security awareness and training is not formalized.
- Formal Risk Assessments are not done periodically.
- A test environment does not exist to test critical changes/patches or fixes prior to placing them into the production environment.
- Back-up occurs on a daily basis and the files are secured off-site. However, the necessary supporting procedures and plans related to recovering IT and financial operations are not formalized.

We recommended that BCHA make the following modifications to its enterprise infrastructure:

- Formalize the IT policies and procedures and remove administrative rights from non-IT personnel workstations/computers.
- Develop and implement a formal Security Awareness and Training program to address IT security and system functionality training for financial management system Users.



**BROWARD COUNTY HOUSING AUTHORITY  
MANAGEMENT LETTER  
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**2011-ML-01 IT Governance (Continued)**

- We understand that BCHA is procuring a new Enterprise Resource Planning (ERP) system. We recommend that BCHA include a test environment to address critical changes/modifications and upgrades to the software prior to moving it to the production environment.
- Develop, implement and test a formal Disaster Recovery Plan.

***Current Year Status***

The condition to test a formal Disaster Recovery Plan no longer exist. BCHA contracted IT auditors and the necessary testing were conducted. No formal report has been issued yet.

***End of Report.***

**BROWARD COUNTY HOUSING AUTHORITY  
 CERTIFICATION OF ACTUAL CAPITAL FUND  
 MODERNIZATION COST  
 SEPTEMBER 30, 2014**

**PROGRAM**

	<u><b>FL14P079-501-10</b></u>	<u><b>FL14P079-501-11</b></u>	<u><b>FL14P079-501-12</b></u>
Funds approved	\$ 797,577	\$ 683,011	\$ 483,524
Funds expended	<u>797,577</u>	<u>683,011</u>	<u>483,524</u>
Excess/(deficit)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Funds advanced	\$ 797,577	\$ 683,011	\$ 483,524
Funds expended	<u>797,577</u>	<u>683,011</u>	<u>483,524</u>
Excess/(deficit)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to US HUD for approval is in agreement with the PHAs record.

All modernization costs have been paid and all liabilities have been discharged through payment.