

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

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

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015



BROWARD COUNTY HOUSING AUTHORITY

FINANCIAL STATEMENTS AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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BROWARD COUNTY HOUSING AUTHORITY

FINANCIAL STATEMENTS AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE FISCAL YEAR ENDED SEPTEMBER 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Broward County Housing Authority
Lauderdale Lakes, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discrete component units of the Broward County Housing Authority (the "Authority"), as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The audits of those discrete component units was performed by other auditors whose reports have been furnished to us and are relied on for the purpose our opinion over the Authority as a whole.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Partnerships included in the discrete component units, of which their statements represents 56%, 49%, and 7% and 57%, 52%, and 7%, respectively, of the total assets, net position, and total revenues as of and for the years ended December 31, 2015 and 2014. Those financials statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Partnerships included in the discrete component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discrete component units of the Authority, as of September 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

April 10, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

BROWARD COUNTY HOUSING AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016 AND 2015

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 years ended September 30, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

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

The Authority's financial statements for the fiscal years ended September 30, 2016 and 2015 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:

- **Statements of Net Position** - reports the Authority's current financial resources (short-term expendable resources) with capital assets and long-term debt obligations.
- **Statements 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.
- **Statements of Cash Flows** - reports information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year. In addition, the statements reflect the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year.

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, 2016 and 2015 on an accrual basis and as a single governmental entity with blended component units on a single enterprise fund basis. The enterprise fund basis accounts for the operations of the Authority in a manner similar to a private business, where the determination of net income on a full accrual basis is made to determine sound financial administration. The full accrual method requires the recording of revenues when earned and expenses when incurred.

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

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

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

The Statement of Cash Flows contains the increases and decreases changes in the Authority's cash balances resulting from all of the financing, operating and investing activities of the Authority during the fiscal years. The combination of these three statements provides the reader with a comprehensive overview of the Authority's operational results for fiscal years 2016 and 2015, 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 on a single enterprise fund basis with discrete component units. The various primary governmental activities include: Public Housing; Multi-family, Housing Choice Voucher Program (Section 8); and Other Enterprise activities, consisting of discrete Affordable Housing affiliates, Housing Counseling, Development and the Central Office Cost Center. Multi-family converted 373 apartments through the Rental Assistance Demonstration program from Public Housing during fiscal years 2014 and 2015; Housing Choice Voucher Program served approximately 5,700 renters, Shelter Plus Care Program served 339 participants, and there were 118 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 discrete component units of the BCHA primary government because: the board of the affiliates may impose its will on the partnerships; the BCHA board and the affiliates' General Partner board consist of the same individuals; and, there is a financial benefit relationship between the Authority and the component units. The 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 disclosed as discrete component units.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS

Entity-wide

- As of September 30, 2016 and 2015, assets and deferred outflows of the Authority exceeded liabilities and deferred inflows by \$53.6 million and \$50.5 million, respectively.
- As of September 30, 2016 and 2015, the Authority's net current assets (current assets minus current liabilities) were \$17.6 million and \$17.4 million, respectively.
- As of September 30, 2016 and 2015, unrestricted net position representing unencumbered available funds were \$13.4 million and \$12.9 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.

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.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

PROGRAM HIGHLIGHTS (Continued)

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

As of December 31, 2015

	Units	Capital Asset	Mortgage	Equity	Tax Credit Partner Equity
Tallman Pines I	176	\$ 18,696,730	\$ 3,944,989	\$ 17,691,284	\$ 24,350,000
Tallman Pines II	24	3,748,116	3,654,876	404,056	1,958,270
Highland Gardens	100	11,010,015	2,034,715	10,518,618	15,000,000
Progresso	76	16,933,671	1,721,428	11,837,224	19,450,850
Crystal Lakes	190	19,457,890	9,585,233	10,972,207	16,750,000
Totals	566	\$ 69,846,422	\$ 20,941,241	\$ 51,423,389	\$ 77,509,120

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

In fiscal years 2016 and 2015, 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 (port-in). Revenues and expenses associated with that program were \$9,132 for 2016 and \$627,641 for 2015. 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 fiscal year 2009, the Authority and HUD approved the demolition of the Ehlinger Apartments in the Town of Davie, at the same time an adjacent parcel of land was purchased with the goal of a new larger affordable housing development called East Village. Construction began in fiscal year 2010 with opening of the new property in 2012. 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 also completed construction of a new affordable housing development adjacent to the Crystal Lakes Apartments in the City of Hollywood called Crystal Lake Townhouses in 2013, consisting of ten units of multi-family housing using a \$500,000 Affordable Housing Program Grant to defray costs.

In partnership with the Reliance Housing Foundation, the Authority completed construction of a new workforce housing development in the City of Fort Lauderdale called Progresso Point with opening of the property in 2012 consisting of 76 units for small family and single person households using \$15 million partnership equity. Stabilization of the property occurred during fiscal year 2013.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

CURRENTLY KNOWN FACTS AND CONDITIONS (Continued)

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 all 14 and 39 of its public housing properties; Highland Gardens and Griffin Gardens properties converted during fiscal year 2014 and then three more; Parkridge, Meyers and Everglades converted during fiscal year 2015 to 20 year long-term Section 8 project based rental assistance contracts. These properties are now under multi-family. RAD is part of HUD's rental housing preservation strategy to preserve the nation's stock of deeply affordable rental housing, promote efficiency within and among HUD programs, and build strong, stable communities. This program allows market financing tools to be applied to public and assisted housing units. The program is part of a national competition, limited to 60,000 units under the first phase. The second phase raised the cap to 159,000 units nationally.

During 2016, new construction commenced on Oakland Preserve, an 80 unit Low Income Housing Tax Credit property in partnership with Pinnacle Housing Group, located in Oakland Park. Also in 2016, construction began at Manors at Middle River in the City of Fort Lauderdale consisting of 12 townhome units of affordable multi-family housing, with an anticipated opening in 2017.

FINANCIAL HIGHLIGHTS

Primary Government and Blended Affiliates

Assets and deferred outflows

Total assets at September 30, 2016, 2015 and 2014 were \$59.6 million, \$56.5 million and \$56.3 million, respectively. Capital assets net of depreciation were \$30.3 million, \$29.7 million and \$28.3 million, respectively; current assets totaled \$18.6 million, \$18.4 million, and \$22.0 million, respectively, at September 30, 2016, 2015, and 2014. For fiscal year 2016, cash of \$17.2 million accounted for the majority of the \$18.6 million in current assets, with receivables, and prepaid expenses of \$1.3 million accounting for the remaining balance. For fiscal year 2015, cash of \$17.2 million accounted for the majority of the \$18.4 million in current assets, with receivables, and prepaid expenses of \$1.2 million accounting for the remaining balance. For fiscal year 2016 and 2015, deferred outflows were \$2.1 million and \$1.1 million, respectively.

Liabilities and deferred inflows

Total liabilities at September 30, 2016, 2015 and 2014 were \$7.9 million, \$6.4 million and \$2.6 million, respectively; with current liabilities of \$1.0 million, \$1.0 million and \$0.8 million, respectively; and long-term liabilities of \$7.0 million, \$5.4 million and \$1.7 million, respectively, of which \$479 thousand, \$471 thousand and \$397 thousand, respectively, related to the Family Self-Sufficiency Program, and \$0 and \$444 thousand related to Rehab escrow under the RAD conversion reported as restricted liabilities in 2016 and 2015, respectively. For fiscal year 2016 and 2015, deferred inflows were \$163 thousand and \$649 thousand, respectively.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Primary Government and Blended Affiliates (Continued)

Revenue

Total revenues for the years ended September 30, 2016, 2015 and 2014 were \$89.3 million, \$85.7 million and \$86.3 million (before loss on disposal of capital assets), respectively.

For 2016, this is an increase of \$3.6 million, primarily due to:

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

For 2015, this is a decrease of \$711 thousand, primarily due to:

- an increase in Management fees of \$563 thousand,
- an increase of \$18 thousand in rental income,
- an increase of \$1.387 million in rent subsidy for Multi-family,
- an increase of \$130 thousand in developer fees, reimbursement of expenses, and ground lease revenues from discrete component units,
- offset by a decrease in Port-in HAP revenue of \$2.747 million due to absorbing tenants,
- a increase in loss on disposition of fixed assets of \$33 thousand,
- and a decrease in interest earning of \$27 thousand.

Expenses

Program expenditures for the years ended September 30, 2016, 2015 and 2014 were \$86.1 million, \$85.5 million and \$85.3 million, respectively.

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

- increased expenditure of \$1.486 million for Housing Assistance Payments (HAP),
- increased tenant services costs of \$6 thousand,
- increased depreciation expense of \$3 thousand,
- decreased utilities expense of \$4 thousand, and
- decreased administrative and maintenance and operations expenses of \$768 thousand.

For 2015, this is an increase of \$123 thousand, primarily due to:

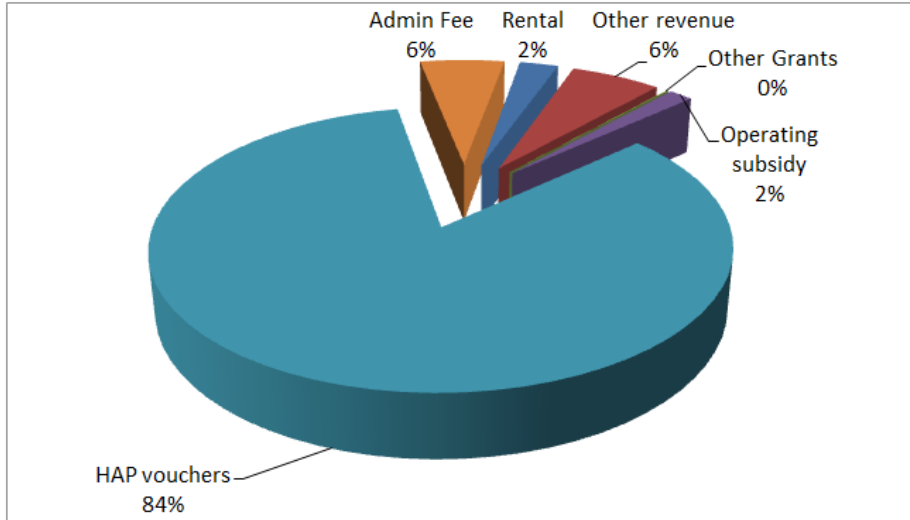
- decreased expenditure of \$625 thousand for Housing Assistance Payments (HAP),
- increased tenant services costs of \$2 thousand,
- increased depreciation expense of \$92 thousand as a result of capital asset additions,
- increased utilities expense of \$30 thousand, and
- increased administrative and maintenance and operations expenses of \$622 thousand.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

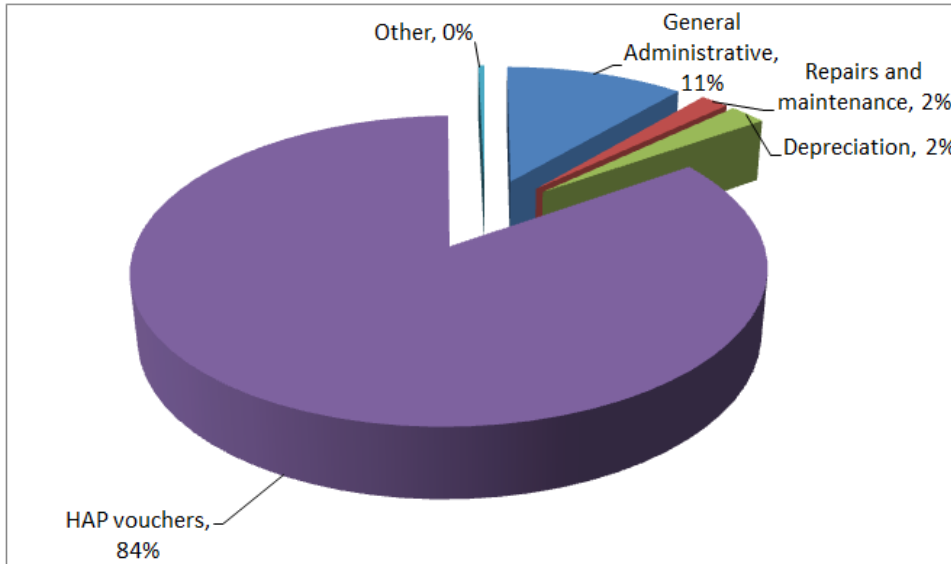
FINANCIAL HIGHLIGHTS (Continued)

Primary Government and Blended Affiliates (Continued)

**Broward County Housing Authority
2016 Revenue
Primary Government and Blended Affiliates**



**Broward County Housing Authority
2016 Expenses
Primary Government and Blended Affiliates**



**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Primary Government and Blended Affiliates (Continued)

**Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended September 30, 2016, 2015 and 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016/ 2015</u>	<u>2015/ 2014</u>
Revenues					
Rental income and other income	\$ 4,325,055	\$ 2,161,233	\$ 2,142,834	100%	1%
Development fees/ operating cash flows/ ground lease	519,086	1,682,475	1,552,740	-69%	8%
Management fees	2,972,158	2,809,927	2,247,176	6%	25%
Interest earnings	50,862	35,414	62,811	44%	-44%
Capital grants	-	2,710,097	1,323,539	-100%	105%
Federal grants and subsidies	81,485,980	76,238,567	78,985,911	7%	-3%
Gain/(loss) on disposition of capital assets	(36,685)	(33,697)	(276)	9%	12109%
Total Revenues	<u>89,316,456</u>	<u>85,604,016</u>	<u>86,314,735</u>	<u>4%</u>	<u>-1%</u>
Expenses					
Administration	9,635,934	10,492,605	9,844,280	-8%	7%
Tenant services	105,622	99,226	97,114	6%	2%
Utilities	319,634	323,301	292,694	-1%	10%
Maintenance and operations	1,531,881	1,443,831	1,469,306	6%	-2%
Housing assistance payments	72,543,210	71,057,695	71,682,782	2%	-1%
Depreciation	1,989,214	1,986,198	1,894,170	0%	5%
Total Expenses	<u>86,125,495</u>	<u>85,402,856</u>	<u>85,280,346</u>	<u>1%</u>	<u>0%</u>
Increase/(Decrease) in Net Position	<u>\$ 3,190,961</u>	<u>\$ 201,160</u>	<u>\$ 1,034,389</u>	<u>1486%</u>	<u>-81%</u>

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Primary Government and Blended Affiliates (Continued)

Net Position

At September 30, 2016, 2015 and 2014 the Authority's net positions were \$53.6 million, \$50.5 million and \$53.7 million, respectively, of which unrestricted net positions were \$13.4 million (and restricted net position was \$9.9 million), \$12.9 million and \$19.4 million, respectively. Unrestricted net position increased in 2016 by \$543 thousand due to HAP revenues exceeding expenditures and declined in 2015 by \$6.5 million due to \$3.8 million of new pension liabilities under the new accounting standard and a restriction of \$3.3 million of cash to construct a new town home development.

**Statements of Net Position
September 30, 2016, 2015 and 2014**

	2016	2015	2014	2016/ 2015	2015/ 2014
Current assets	\$ 18,582,072	\$ 18,409,966	\$ 21,968,025	1%	-16%
Restricted assets	10,661,911	8,321,793	6,339,745	28%	31%
Capital assets, net of depreciation	30,367,405	29,718,626	27,982,412	2%	6%
Total Assets	59,611,388	56,450,385	56,290,182	6%	0%
Deferred outflows	2,139,018	1,068,973	-	100%	100%
Current liabilities	981,356	982,517	837,117	0%	17%
Non-current liabilities payable from restricted assets	478,835	914,410	840,615	-48%	9%
Pension liabilities	5,651,098	3,774,260	-	50%	100%
Long-term liabilities	827,451	741,059	897,826	12%	-17%
Total Liabilities	7,938,740	6,412,246	2,575,558	24%	149%
Deferred inflows	162,723	649,130	-	-75%	100%
Net investment in capital assets	30,325,433	29,984,910	28,305,651	1%	6%
Restricted	9,912,041	7,605,025	6,016,506	30%	26%
Unrestricted	13,411,469	12,868,047	19,392,467	4%	-34%
Total Net Position	\$ 53,648,943	\$ 50,457,982	\$ 53,714,624	6%	-6%

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Primary Government and Blended Affiliates (Continued)

Capital Assets

At September 30, 2016, 2015 and 2014 the Authority had \$30.4 million, \$29.7 million and \$28 million, respectively, invested in a broad range of capital assets, net of depreciation, including land, buildings, furniture, equipment, and building improvements.

During the year 2016, the net value of capital assets increased by \$649 thousand made up of the following:

- building improvements for \$1.8 million, \$446 thousand in construction in progress at a new town home community, and \$396 thousand in equipment purchases,
- less current depreciation of \$2.0 million.

During the year 2015, the net value of capital assets increased by \$1.7 million made up of the following:

- purchase of new assets totaling \$3.7 million, including Disaster Recovery Initiative grant improvements to roofs for \$1.3 million, a new affordable housing complex for \$955 thousand, and \$1.4 million in expenditures from the capital fund and replacement reserves and expenditures to improve recent affordable housing acquisitions,
- less current depreciation of \$2.0 million.

	2016	2015	2014	2016/ 2015	2015/ 2014
Land	\$ 9,884,101	\$ 9,884,101	\$ 9,705,802	100%	102%
Buildings and Constriction in Progress	34,464,937	34,018,770	32,409,810	101%	105%
Furniture and Equipment	3,981,752	3,586,247	1,514,361	111%	237%
Land Improvements	7,073,498	5,282,676	5,408,953	134%	98%
Total Capital Assets	55,404,288	52,771,794	49,038,926	105%	108%
Accumulated Depreciation	(25,036,883)	(23,053,168)	(21,056,514)	109%	109%
Total Net Capital Assets	\$ 30,367,405	\$ 29,718,626	\$ 27,982,412	-4%	-4%

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

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Primary Government and Blended Affiliates (Continued)

Long Term Liabilities

Long-term liabilities activity as of September 30, 2016, 2015 and 2014 were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>% 2016/ 2015</u>	<u>% 2015/ 2014</u>
Family Self-Sufficiency escrow	\$ 478,835	\$ 470,647	\$ 396,852	2%	19%
Rehab Escrow	-	443,763	443,763	100%	0%
Capital Lease	41,972	58,120	-	-28%	100%
Pension obligation	5,651,098	3,774,260	-	50%	0%
Compensated absences	785,479	682,939	678,796	15%	1%
Total long-term liabilities	<u>\$ 6,957,384</u>	<u>\$ 5,429,729</u>	<u>\$ 1,519,411</u>	<u>28%</u>	<u>257%</u>

The pension obligation is dictated by the Florida Retirement System actuarial report and is required to be disclosed as stated. It should be noted that there is an offsetting deferred outflow of \$2.1 million.

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, 2016 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.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Discrete Partnerships

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

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

Assets

Total assets of the partnership affiliates at December 31, 2015, 2014 and 2013 were \$77.0 million, \$80.0 million and \$83.3 million, respectively. Capital assets net of depreciation were \$69.8 million, \$72.6 million and \$75.5 million, respectively; current assets totaled \$4.0, \$4.3, and \$5.4 million, respectively. Other assets of \$2.8 million, \$2.9 million and \$3.0 million, respectively, accounted for the majority of the current assets consisting of prepaid land leases and prepaid expenses. Restricted cash at December 31, 2015, 2014 and 2013 was \$2.7 million, \$2.4 million and \$2.4 million, respectively.

Liabilities

Total liabilities at December 31, 2015, 2014 and 2013 were \$25.9 million, \$26.3 million and \$26.8 million, respectively, with current liabilities of \$1.2 million for all three years and long-term liabilities of \$24.7 million, \$25.1 million and \$25.5 million, respectively, of which \$20.6 million, \$20.9 million and \$21.2 million were mortgages, respectively.

Revenue

Operating revenues for the years ended December 31, 2015, 2014 and 2013 were \$6.3 million, \$6.2 million and \$6.0 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, 2015, 2014 and 2013 were \$6.1 million, \$6.2 million and \$6.2 million, respectively.

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Discrete Partnerships (Continued)

Net Position

At December 31, 2015, 2014 and 2013, the Discrete Component Units' net position was \$51.1 million, \$53.7 million and \$56.5 million, of which unrestricted net position was \$3.3 million, \$4.0 million and \$4.4 million, respectively.

**Discrete Partnerships
Statements of Combined Net Position
December 31, 2015, 2014 and 2013**

	2015	2014	2013	% 2015/ 2014	% 2014/ 2013
Current assets	\$ 3,984,772	\$ 4,344,853	\$ 5,409,273	-8%	-20%
Restricted assets	3,187,367	3,034,616	2,360,869	5%	29%
Capital assets, net of depreciation	69,846,422	72,613,739	75,505,679	-4%	-4%
Total Assets	77,018,561	79,993,208	83,275,821	-4%	-4%
Current liabilities	1,237,303	1,172,620	1,232,918	6%	-5%
Non-current liabilities payable from restricted assets	26,817	7,228	91,775	271%	-92%
Non-current liabilities	24,660,160	25,079,663	25,481,408	-2%	-2%
Total Liabilities	25,924,280	26,259,511	26,806,101	-1%	-2%
Net investment in capital assets	45,669,626	47,848,108	50,167,919	-5%	-5%
Restricted	2,095,104	1,926,831	1,865,031	9%	3%
Unrestricted	3,329,551	3,958,758	4,436,720	-16%	-11%
Total Net Position	\$ 51,094,281	\$ 53,733,697	\$ 56,469,670	-5%	-5%

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Discrete Partnerships (Continued)

**Statements of Combined Revenues, Expenses, and Changes in Net Position
For The Years Ended December 31, 2015, 2014 and 2013**

	2015	2014	2013	% 2015/ 2014	% 2014/ 2013
Revenues					
Rental income	\$ 6,343,600	\$ 6,195,211	\$ 6,019,683	2%	3%
Total Revenues	<u>6,343,600</u>	<u>6,195,211</u>	<u>6,019,683</u>	<u>2%</u>	<u>3%</u>
Expenses					
General administrative	1,826,928	1,752,262	1,765,281	4%	-1%
Repairs and maintenance	732,742	714,312	619,485	3%	15%
Utilities	692,034	718,696	695,325	-4%	3%
Interest and other non-operating expenses	2,071,568	2,002,951	1,917,673	3%	4%
Depreciation	2,848,199	2,972,502	3,151,485	-4%	-6%
Total Expenses	<u>8,171,471</u>	<u>8,160,723</u>	<u>8,149,249</u>	<u>0%</u>	<u>0%</u>
(Decrease) in Net Position before Distributions	<u>\$ (1,827,871)</u>	<u>\$ (1,965,512)</u>	<u>\$ (2,129,566)</u>	<u>-7%</u>	<u>-8%</u>

Capital Assets

At December 31, 2015, 2014 and 2013, the Component Units had \$69.8 million, \$72.6 million and \$75.5 million, respectively, invested in a broad range of capital assets, net of depreciation, including land, buildings, furniture, equipment, and building improvements, respectively.

	2015	2014	2013	% 2015/ 2014	% 2014/ 2013
Land	\$ 2,280,000	\$ 2,280,000	\$ 2,280,000	0%	0%
Buildings	77,410,058	77,410,058	77,410,058	0%	0%
Furniture and Equipment	5,547,196	5,547,196	5,547,196	0%	0%
Land Improvements	5,455,952	5,455,952	5,455,952	0%	0%
Total Capital Assets	<u>90,693,206</u>	<u>90,693,206</u>	<u>90,693,206</u>	<u>0%</u>	<u>0%</u>
Accumulated Depreciation	<u>(20,846,784)</u>	<u>(18,079,467)</u>	<u>(15,187,577)</u>	<u>15%</u>	<u>19%</u>
Total Net Capital Assets	<u>\$ 69,846,422</u>	<u>\$ 72,613,739</u>	<u>\$ 75,505,629</u>	<u>-4%</u>	<u>-4%</u>

**BROWARD COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND
ANALYSIS SEPTEMBER 30, 2016 AND 2015**

FINANCIAL HIGHLIGHTS (Continued)

Discrete 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, 2015, 2014 and 2013 were as follows:

	2015	2014	2013	% 2015/ 2014	% 2014/ 2013
Fee payable to affiliate partners	\$ 26,817	\$ 7,228	\$ 91,775	271%	-92%
Asset management fee	4,492	3,939	3,504	14%	12%
Exchange income advanced	787,112	600,445	413,778	31%	45%
Tax credit exchange program loan	3,235,555	3,534,222	3,832,889	-8%	-8%
Mortgages	20,633,001	20,941,057	21,231,237	-1%	-1%
Total long-term liabilities	<u>\$ 24,686,977</u>	<u>\$ 25,086,891</u>	<u>\$ 25,573,183</u>	-2%	-2%

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
PRIMARY GOVERNMENT AND
BLENDED AFFILIATES
As of **SEPTEMBER 30, 2016 and 2015**

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,033,683	\$ 16,425,452
Restricted cash equivalents	216,462	742,066
Receivables:		
Accounts receivables	445,171	558,324
Intergovernmental	659,396	284,704
Tenants, net of allowance	19,367	27,537
Prepaid expenses	207,993	371,883
Total current assets	18,582,072	18,409,966
Noncurrent assets:		
Restricted cash equivalents	10,337,507	7,997,389
Intangible Assets	324,404	324,404
Capital assets:		
Land	9,884,101	9,884,101
Buildings, CIP and equipment	45,520,187	42,887,693
Accumulated depreciation	(25,036,883)	(23,053,168)
Capital assets, net	30,367,405	29,718,626
Total assets	\$ 59,611,388	\$ 56,450,385
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension costs	\$ 2,139,018	\$ 1,068,973
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 521,815	\$ 540,820
Tenants' security deposits	216,462	219,299
Accrued wages payable	213,079	178,085
Accrued compensated absences	30,000	30,000
HUD liability	-	14,313
Total current liabilities	981,356	982,517
Noncurrent liabilities:		
Liabilities from restricted assets		
Rehab escrow	-	443,763
Family Self-Sufficiency Program escrow	478,835	470,647
Total liabilities payable from restricted assets	478,835	914,410
Captitalized lease obligation	41,972	58,120
Net pension liability	5,651,098	3,774,260
Accrued compensated absences	785,479	682,939
Total noncurrent liabilities	6,957,384	5,429,729
Total liabilities	\$ 7,938,740	\$ 6,412,246
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension costs	\$ 162,723	\$ 649,130
NET POSITION		
Net investment in capital assets	30,325,433	29,984,910
Restricted-replacement reserves	7,808,585	7,605,025
Restricted-Housing Assistance Payments	2,103,456	-
Unrestricted	13,411,469	12,868,047
Total Net Position	\$ 53,648,943	\$ 50,457,982

See accompanying Notes to Financial Statements.

BROWARD COUNTY HOUSING AUTHORITY
STATEMENTS OF NET POSITION
DISCRETE COMPONENT UNITS

As of DECEMBER 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,132,945	\$ 1,454,453
Tenants accounts receivable, net	5,379	15,303
Prepaid expenses	110,051	126,337
Prepaid land lease	2,654,168	2,693,751
Other assets	82,229	55,009
Total current assets	3,984,772	4,344,853
Noncurrent assets:		
Restricted cash equivalents	2,664,481	2,449,598
Tax credit monitoring fees, net	522,886	585,018
Capital assets:		
Land	2,280,000	2,280,000
Buildings and equipment	88,413,206	88,413,206
Accumulated depreciation	(20,846,784)	(18,079,467)
Capital assets, net	69,846,422	72,613,739
Total noncurrent assets	73,033,789	75,648,355
Total assets	\$ 77,018,561	\$ 79,993,208
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 359,686	\$ 359,501
Tenants' security deposits	569,377	522,767
Mortgages	308,240	290,352
Total current liabilities	1,237,303	1,172,620
Noncurrent liabilities:		
Liabilities from restricted assets		
Fee payable to affiliate partners	26,817	7,228
Asset management fee	4,492	3,939
Exchange income received in advance	787,112	600,445
Tax credit exchange program loan	3,235,555	3,534,222
Mortgages	20,633,001	20,941,057
Total noncurrent liabilities	24,686,977	25,086,891
Total liabilities	25,924,280	26,259,511
NET POSITION		
Net investment in capital assets	45,669,626	47,848,108
Restricted-replacement reserves	2,095,104	1,926,831
Unrestricted	3,329,551	3,958,758
Total Net Position	\$ 51,094,281	\$ 53,733,697

See accompanying Notes to Financial Statements.

BROWARD COUNTY HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PRIMARY GOVERNMENT AND BLENDED AFFILIATES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Housing assistance payments	\$ 74,725,973	\$ 67,836,545
Housing choice voucher program administrative fees	5,168,264	4,449,763
Dwelling rental	2,361,095	2,161,233
Operating subsidy	1,522,968	1,547,818
Other revenue (Port-in)	9,132	627,641
Total Operating Revenues	83,787,432	76,623,000
OPERATING EXPENSES		
Housing assistance payments	72,543,210	70,430,054
General and administrative	9,168,362	10,472,631
Repairs and maintenance	1,531,881	1,443,831
Tenants' services	105,622	99,226
Utilities	319,634	323,301
Depreciation	1,989,214	1,986,199
Pension expense	458,440	19,973
Other expense (Port-in)	9,132	627,641
Total Operating Expenses	86,125,495	85,402,856
OPERATING LOSS	(2,338,063)	(8,779,856)
NON-OPERATING REVENUES (EXPENSES)		
Grants	68,775	693,396
Investment revenue/interest (expense)	50,862	35,414
Other revenue/(expense)	5,446,072	5,575,806
Gain/(loss) on disposal of capital assets	(36,685)	(33,697)
Total Non-Operating Revenues	5,529,024	6,270,919
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	3,190,961	(2,508,937)
CAPITAL CONTRIBUTIONS		
Capital grants	-	2,710,097
OTHER FINANCING SOURCES AND USES		
Operating transfers in	1,042,354	8,783,722
Operating transfers out	(1,042,354)	(8,783,722)
CHANGE IN NET POSITION	3,190,961	201,160
NET POSITION, Beginning		
As previously stated	50,457,982	53,714,624
Prior period adjustments (GASB 68, see Note 1 q)	-	(3,457,802)
As adjusted	50,457,982	50,256,822
NET POSITION, Ending	\$ 53,648,943	\$ 50,457,982

See accompanying Notes to Financial Statements

BROWARD COUNTY HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETE COMPONENT UNITS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Dwelling rental and other income	\$ 6,343,600	\$ 6,195,211
OPERATING EXPENSES		
General and administrative	1,826,928	1,752,262
Repairs and maintenance	732,742	714,312
Utilities	692,034	718,696
Depreciation/Amortization	2,848,199	2,972,502
Total Operating Expenses	<u>6,099,903</u>	<u>6,157,772</u>
OPERATING INCOME (LOSS)	<u>243,697</u>	<u>37,439</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment revenue/interest (expense)	(907,027)	(917,616)
Other revenue/(expense)	(1,164,541)	(1,085,335)
Total Non-Operating Expense	<u>(2,071,568)</u>	<u>(2,002,951)</u>
CAPITAL CONTRIBUTIONS		
Capital contributions/(distributions)	(783,491)	(741,362)
CHANGE IN NET POSITION	<u>(2,611,362)</u>	<u>(2,706,874)</u>
NET POSITION, BEGINNING	53,733,697	56,469,670
Add (deduct net effect of GASB 65 (note 1 q))	(28,054)	(29,099)
NET POSITION, ENDING	<u>\$ 51,094,281</u>	<u>\$ 53,733,697</u>

See accompanying Notes to Financial Statements.

**BROWARD COUNTY HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
PRIMARY GOVERNMENT AND BLENDED AFFILIATES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal and local agencies	\$ 81,372,204	\$ 73,834,126
Housing assistance payments	(72,510,806)	(70,430,051)
Cash paid to suppliers and contractors	(6,844,822)	(5,816,358)
Payments to employees	(4,914,628)	(6,402,854)
Other payments-dwelling rental and receipts	2,240,314	2,161,233
Net cash (used in) operating activities	<u>(657,738)</u>	<u>(6,653,904)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operational grants	82,443	693,396
Other revenues and receipts	5,597,697	5,573,974
Net cash provided by non-capital financing	<u>5,680,140</u>	<u>6,267,370</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition (sale/reclassification) of capital assets	(2,106,874)	(3,209,912)
Capital grants	-	2,710,097
Net cash (used in) capital and related financing	<u>(2,106,874)</u>	<u>(499,815)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net deposit in reserve for replacements	(543,645)	(766,132)
Interest income on investment	50,862	35,414
Net cash provided by (used in) investing activities	<u>(492,783)</u>	<u>(730,718)</u>
Net (decrease) increase in cash and cash equivalents	2,422,745	(1,617,067)
Cash and cash equivalents beginning of year	<u>25,164,907</u>	<u>26,781,974</u>
Cash and cash equivalents end of year	<u>\$ 27,587,652</u>	<u>\$ 25,164,907</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (2,338,063)	\$ (8,779,856)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,989,214	1,986,199
(Increase) decrease in:		
Receivables	(162,450)	(162,695)
Prepaid expenses	163,890	33,578
Other assets	-	6,091
Increase (decrease) in:		
Accounts payable	215,794	358,646
Accrued expenses	(572,915)	8,439
HUD liability	-	(173,735)
Family Self-Sufficiency escrow	51,604	73,795
Tenants deposits	(4,812)	(4,366)
	<u>\$ (657,738)</u>	<u>\$ (6,653,904)</u>

See accompanying Notes to Financial Statements.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting entity

The Broward County Housing Authority (the “Authority” or “BCHA”) 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, 2016 AND 2015**

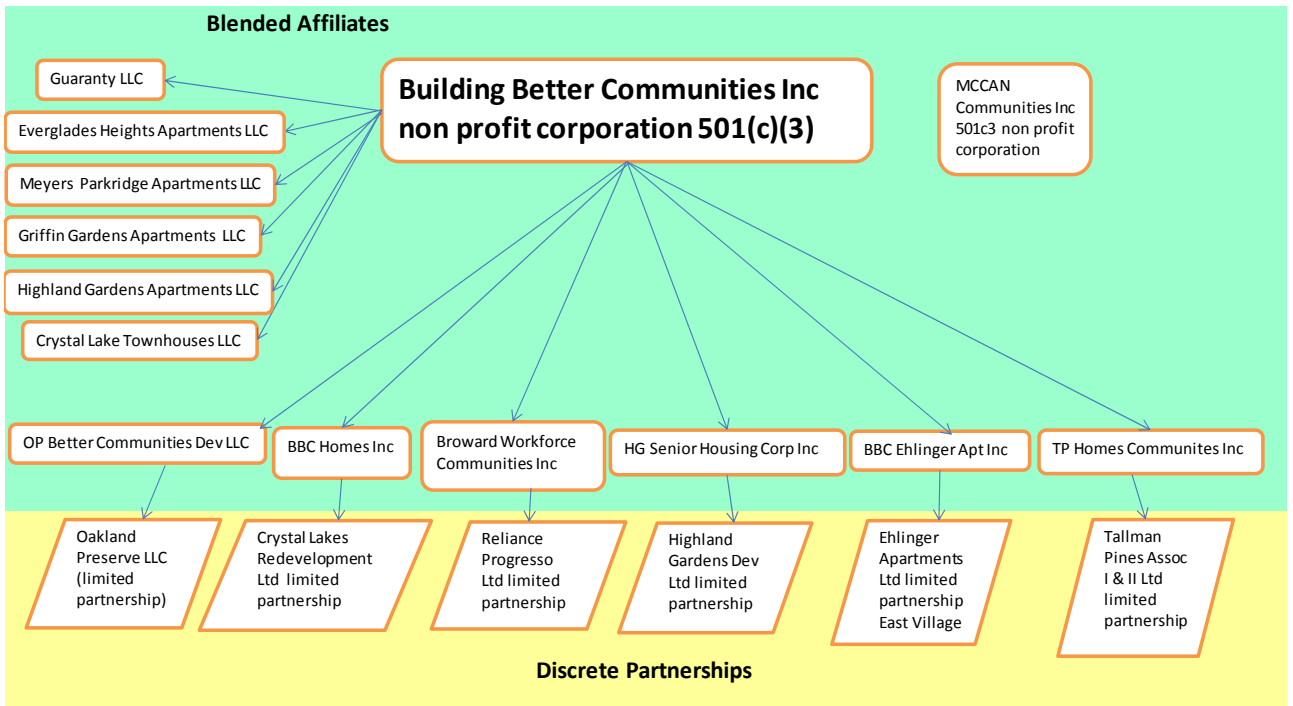
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (continued)

Based upon the application of the criteria in GASB Statement No. 14 (as amended by GASBs 39 and 61), the financial statements of the component units listed below have been included in the Authority’s reporting entity as discrete component units. The Authority is required to include its investment in limited partnerships which qualify as discrete component units. Component units are related but legally separate entities that are evaluated for possible inclusion within the Authority’s reporting entity depending on financial accountability and the nature and significance of the relationship. Blended component units, although legally separate entities, are, in substance, part of the Authority’s operations. Accordingly, data from these component units are included with data of the Authority’s reporting entity.

The Authority follows GASB Statements 14, 39, 61, and 80 accounting standards for its partnerships and for new tax credit properties. As tax credit properties are developed and these projects meet the stabilization requirements as defined in the partnership agreements, the general partner affiliates become the managing partners. At this point, per the GASBs, the partnership entities become discrete component units of the BCHA primary government because; the discrete partnerships are legally separate and do not meet any of the blending criteria. Note that since the partnerships have different fiscal year ends than the primary government, per GASB, the latest audit reports dated December 31 that ended during the current audit year are used to report the component units.

The Blended Affiliates and the Discrete Partnerships:



BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (continued)

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

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

Crystal Lakes Redevelopment, Ltd. Crystal Lakes Redevelopment, Ltd., 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. Crystal Lakes Apartments consists of 190 rental units with community facilities located in the City of Hollywood, Broward County, Florida. Effective May 19, 2008, PHG-Crystal, LLC executed an assignment of general partnership interest to assign its right as managing general partner to the administrative partner BBC Homes, Inc. making BBC Homes, Inc. the new managing partner. The special limited partner is MMA Special Limited Partner, Inc. and the investor limited partner is MMA Financial Housing Investments VIII. Crystal Lakes Redevelopment, Ltd. is a discrete component unit of BCHA.

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

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

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. and is a blended component unit affiliate of BCHA.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (continued)

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

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

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

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

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

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. and is a blended component unit affiliate of BCHA.

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

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting entity (continued)

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

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

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

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

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

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, 2016 AND 2015

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*.

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. 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 was effective for the year ending September 30, 2015.

Newly Issued Accounting Principles but Not Yet Effective: In February, 2015 GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2016. In January, 2016 GASB issued Statement No. 80, *Blending Requirement for Certain Component Units*, which discontinued blending for component unit limited partnerships.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The new standard is effective for the periods beginning after June 15, 2016. The Authority does not anticipate that the implementation of the new standard will have any effect on its financial position, results of operations, and cash flows.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, which clarifies certain provisions of GASB No. 68, *Accounting and Financial Reporting for Pensions* and it establishes requirements for defined contribution pensions that was not within the scope of GASB Statement No. 68. This statement is effective for the Authority's September 30, 2017 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the Authority's financial statements.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement focus, basis of accounting (continued)

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 operations. Grants and subsidies used to cover operating expenses are considered operating revenue for matching purposes; except for capital grants which are reported under contributed capital.

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.

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.

**BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Accounts receivable

The Authority provides an allowance for doubtful accounts, for accounts deemed not collectible, based on prior experience and account composition. Amounts due to the Authority by other governments or agencies are for grants or programs under which the services have been provided to the community by the Authority.

g. Inventories

The Authority uses the purchase method to reflect just in time inventory purchases and has 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.

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 more than one year. Land, buildings and equipment are recorded at cost or estimated historical cost if actual historical cost is not available. Land, buildings, and equipment contributed by third parties are recorded at fair value (appraised value) at the date of contribution or the date of the exchange.

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

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and operating activity

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

n. HAP Port-in accounting

In fiscal years 2016 and 2015, the Authority is reporting the revenue and expense associated with the Housing Choice Voucher (Section 8) families who move from another jurisdiction to Broward County. Revenues associated with that program were \$9,132 for 2016 and \$627,641 for 2015. In accordance with HUD regulations, those families who Port-in from another jurisdiction are eligible to have their rents subsidized by the Authority.

o. Restricted Use of Resources

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Deferred Outflows/Inflows of Resources

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

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

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

q. Restatement of Net Position

The Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, effective for years beginning after June 15, 2014. GASB 68 requires recognition of pension expenditures, deferred outflows and inflows, and pension obligations on the financial statements. The net effect on opening Net Position for 2015 for the Primary Government is a reduction of \$3,457,802. See Note 10 for further pension disclosures.

The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. GASB 65 requires that (1) debt issuance costs be recognized as an expense in the period incurred, and not be deferred and amortized over the life of the debt and (2) loan origination fees, net of costs, be recognized in the period incurred and not be deferred and amortized over the life of the loan. Accordingly, the discrete component units have a reduction in amortized loan costs of \$28,054 and \$29,099 as of December 31, 2015 and 2014, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. 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 discrete component units have \$2.6 million in escrow deposits and restricted balances.

s. Reclassification

Certain 2015 amounts have been reclassified in the accompanying financial statements to conform to the 2016 presentation.

t. Use of Estimates

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

u. Income taxes

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

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

The component units paid no federal and state income taxes for the year ended September 30, 2016. The Authority’s component units open audit periods are 2012 through 2016.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Primary Government and Blended Affiliates:

At September 30, 2016 and 2015 total cash and cash equivalents and investments were composed of the following:

	<u>2016</u>	<u>2015</u>
Deposits, unrestricted	\$ 17,033,683	\$ 16,425,452
Deposits, restricted	<u>10,553,969</u>	<u>8,739,455</u>
Total Primary Government and Blended Affiliates	<u>\$ 27,587,652</u>	<u>\$ 25,164,907</u>

Deposits

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

Since the Authority uses only authorized public depositories for its primary government funds, all of the primary government funds deposited with financial institutions are FDIC insured and/or are fully collateralized and treated as insured.

Discrete Partnerships:

At December 31, 2015 and 2014 total cash and cash equivalents and investments were composed of the following:

	<u>2015</u>	<u>2014</u>
Deposits, unrestricted	\$ 1,132,945	\$ 1,454,453
Deposits, restricted	<u>2,664,481</u>	<u>2,449,598</u>
Total Discrete Partnerships	<u>\$ 3,797,426</u>	<u>\$ 3,904,051</u>

Concentration of Credit Risk

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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

Discrete Partnerships: (continued)

Included in restricted cash and investments are the following:

Operating Reserves

The Crystal Lakes Redevelopment, Ltd. Partnership is required to establish a \$200,000 operating reserve prior to or simultaneously with the payment of the investor limited partner's fourth capital contribution. The administrative general partners shall be solely responsible for funding \$100,000 of the operating reserve and the Partnership shall fund the remaining balance of \$100,000. Funds in the reserve may be withdrawn to pay operating expenses subject to the approval of the investor limited partner. After the third anniversary of the Development Obligation Date, the balance shall be reduced to \$100,000. Any funds released shall be considered operating cash and distributed in accordance with the partnership agreement. Furthermore, the remaining balance of \$100,000 may be partially or entirely released, provided the administrative general partner provides alternative collateral to the investor limited partner, and the investor limited partner approves the release. As of December 31, 2015 and 2014, the balance of the operating reserve was \$205,884 and \$205,601.

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, 2015 and 2014, the balance of the operating reserve was \$151,629 and \$151,478, respectively, which is included in other reserves restricted assets in the balance sheet.

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, 2015 and 2014 was \$256,336 and \$198,520, respectively. In connection with the mortgage loan, the Tallman Pines II Associates, Ltd. Partnership was required to deposit the proceeds with U.S. Bank, N.A. (the trustee). The trustee maintains various funds for use in funding development and operating costs.

The Reliance-Progresso Associates, Ltd. Partnership 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, 2015 and 2014, the operating reserve balance was \$293,344 and \$292,758, 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, 2015 and 2014, the balance in the escrow account was \$112,124 and \$112,823, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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

Discrete Partnerships: (continued)

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, 2015 and 2014, tax and insurance reserves were required to be funded. The balance of tax and insurance escrow was \$36,402 and \$44,259 as of December 31, 2015 and 2014.

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, 2015 and 2014, the balance in the tax and insurance escrow was \$75,793 and \$111,919, 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, 2015 and 2014, the replacement reserve balance was \$292,108 and \$254,040, respectively.

The Highland Gardens Development, Ltd. Partnership is required to fund a replacement reserve of \$250 per unit per year upon commencement of 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, 2015 and 2014, the balance of repair and replacement reserves was \$161,716 and \$123,075, 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, 2015 and 2014, the balance in the reserve was \$152,704 and \$152,643, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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

Discrete Partnerships: (continued)

The Tallman Pines II Associates, Ltd. Partnership is required to make monthly deposits to a reserve for replacements account for use in funding future maintenance and replacement costs upon stabilization.

Monthly payments will be required based on annual base amounts of \$250 per unit. After the initial conversion year, the fee will be adjusted annually to reflect a 3 percent annual increase, as defined. As of December 31, 2015 and 2014 the balance in the Replacement Reserve account was \$76,358 and \$65,777, 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, 2015 and 2014, the replacement reserve balance was \$97,077 and \$74,198, respectively.

NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES

The breakdown of total due from governmental agencies as of September 30, 2016 and 2015, collectible within one year, was as follows:

	2016	2015
Housing Counseling Program	\$ 11,045	\$ 15,363
HOME Investment Partnership Program	42,663	35,221
Broward County Disaster Recovery Initiative (DRI)	4,674	19,411
Shelter Plus Care Program	601,014	214,709
Total	\$ 659,396	\$ 284,704

NOTE 4 – OTHER ASSETS

The breakdown of total other assets as of December 30, 2015 and 2014, was as follows:

Discrete Partnerships

	2015	2014
Due from affiliates	\$ -	\$ 3,225
Escrow Debt Service Reserve	32,000	32,000
Predevelopment Costs Other	7,071	7,071
Other assets	43,158	12,613
Total	\$ 82,229	\$ 54,909

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 5 – CAPITAL ASSETS

Capital assets activity by major classification as of September 30, 2016 and 2015 were as follows:

Primary Government and Blended Affiliates

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

	Beginning Balance October 1, 2014	Additions	Retirements	Ending Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 9,705,802	\$ 178,299	\$ -	\$ 9,884,101
Construction in Progress	60,011	221,827	-	281,838
Total non-depreciable capital assets	9,765,813	400,126	-	10,165,939
Capital assets being depreciated:				
Building	32,349,799	1,289,745	-	33,639,544
Capital Leases	-	75,191	-	75,191
Furniture and fixtures - non-dwelling	1,090,183	2,118,047	-	3,208,230
Furniture and fixture - dwelling	424,178	-	(46,161)	378,017
Building improvements	5,408,953	-	(104,080)	5,304,873
Total capital assets being depreciated	39,273,113	3,482,983	(150,241)	42,605,855
Total accumulated depreciation	(21,056,514)	(1,986,199)	(10,455)	(23,053,168)
Net depreciable capital assets	18,216,599	1,496,784	(160,696)	19,552,687
Net capital assets	\$ 27,982,412	\$ 1,896,910	\$ (160,696)	\$ 29,718,626

Depreciation expense for the years ended September 30, 2016 and 2015 was \$1,989,214 and \$1,986,199, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 5 – CAPITAL ASSETS (continued)

Discrete Partnerships

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

	Beginning Balance January 1, 2014	Additions	Retirements	Ending Balance December 31, 2014
Capital assets not being depreciated:				
Land	\$ 2,280,000	\$ -	\$ -	\$ 2,280,000
Total non-depreciable capital assets	2,280,000	-	-	2,280,000
Capital assets being depreciated:				
Buildings	77,410,058	80,612	(80,612)	77,410,058
Furniture and fixtures - dwelling	5,547,196	-	-	5,547,196
Land improvements	5,455,952	-	-	5,455,952
Total capital assets being depreciated	88,413,206	80,612	(80,612)	88,413,206
Total accumulated depreciation	(15,187,577)	(2,972,502)	80,612	(18,079,467)
Net depreciable capital assets	73,225,629	(2,891,890)	-	70,333,739
Net capital assets	\$ 75,505,629	\$ (2,891,890)	\$ -	\$ 72,613,739

Depreciation expense for the years ended December 31, 2015 and 2014 was \$2,767,317 and \$2,891,890, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES

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

Primary Government and Blended Affiliates

	Beginning Balance October 1, 2015	Additions	Reductions	Ending Balance September 30, 2016	Amount Due within One Year
Family Self-Sufficiency escrow	\$ 470,647	\$ 8,188	\$ -	\$ 478,835	\$ -
Capital leases	58,120	-	(16,148)	41,972	-
Rehab escrow	443,763	-	(443,763)	-	-
Pension Obligation	3,774,260	1,876,838	-	5,651,098	-
Compensated absences	712,939	389,840	(287,300)	815,479	30,000
Total long-term liabilities	<u>\$ 5,459,729</u>	<u>\$ 2,274,866</u>	<u>\$ (747,211)</u>	<u>\$ 6,987,384</u>	<u>\$ 30,000</u>

Long-term liabilities activity as of September 30, 2015 was as follows:

	Beginning Balance October 1, 2014	Additions	Reductions	Ending Balance September 30, 2015	Amount Due Within One Year
Family Self-Sufficiency escrow	\$ 396,852	\$ 269,714	\$ (195,920)	\$ 470,646	\$ -
Rehab escrow	443,763	-	-	443,763	-
Capital Leases	-	58,120	-	58,120	-
Pension Obligations	-	3,774,260	-	3,774,260	-
Compensated absences	708,796	439,610	(435,467)	712,939	30,000
Total long-term liabilities	<u>\$ 1,549,411</u>	<u>\$ 4,541,704</u>	<u>\$ (631,387)</u>	<u>\$ 5,459,728</u>	<u>\$ 30,000</u>

Discrete Partnerships

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Discrete Partnerships: (continued)

	Beginning Balance January 1, 2014	Additions	Reductions	Ending Balance December 31, 2014	Amount Due Within One Year
Fee payable to affiliate partners	\$ 91,775	\$ -	\$ (84,547)	\$ 7,228	\$ -
Asset management fee	3,504	435	-	3,939	-
Exchange income advanced	413,778	186,667	-	600,445	-
Tax credit exchange program loan	3,832,889	-	(298,667)	3,534,222	-
Mortgages	21,504,821	-	(273,412)	21,231,409	290,352
Total long-term liabilities	<u>\$ 25,846,767</u>	<u>\$ 187,102</u>	<u>\$ (656,626)</u>	<u>\$ 25,377,243</u>	<u>\$ 290,352</u>

The Crystal Lakes Redevelopment, Ltd. Partnership

First Mortgage Loan

The Crystal Lakes Redevelopment, Ltd. Partnership entered into a loan agreement on December 28, 2005 with proceeds not to exceed \$11,500,000 with Citicorp USA, Inc. The construction phase of the loan shall have a term of 30 months and bear a fixed interest rate equal to 6.40%. The construction phase of the loan may be extended to December 31, 2008 under certain conditions. Only interest is required to be paid on the construction loan commencing August 1, 2006. The loan converted to the permanent financing phase on March 23, 2008. Before conversion the principal balance was reduced to \$9,255,000. During the permanent financing phase, the loan will bear interest at 6.40%. Monthly payments of principal and interest of \$57,703 are based on a 30 year amortization schedule. All unpaid principal and interest is due on June 30, 2023. The loan is secured by a mortgage on certain real property and improvements of the Partnership. As of December 31, 2015 and 2014, the outstanding balance on the loan was \$8,218,557 and \$8,379,375, respectively. As of December 31, 2015 and 2014, interest expense was \$530,759 and \$540,757, and accrued interest payable was \$43,832 and \$44,690, 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 at that time. As of December 31, 2015 and 2014, the outstanding balance on the loan was \$500,000 for both years.

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.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (continued)

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, 2015 and 2014, the outstanding balance on the loan was \$621,550 for both years.

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, 2015 and 2014, 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:

Year ending December 31:

	<u>Citicorp</u>	<u>BCHA - HOME</u>	<u>BCHA - SHIP</u>	<u>HOME -Hollywood</u>	<u>SHIP -BCHA</u>	<u>Total</u>
2016	\$ 171,418	-	-	-	-	\$ 171,418
2017	182,716	-	-	-	-	182,716
2018	194,759	-	-	-	-	194,759
2019	207,596	-	-	-	-	207,596
2020	221,279	-	-	-	-	221,279
2021-2025	7,240,789	-	-	-	-	7,240,789
2026-2030	-	-	-	-	-	-
2031-2035	-	-	-	-	-	-
2036-2037	-	371,550	250,000	500,000	245,126	1,366,676
Total	<u>\$ 8,218,557</u>	<u>\$ 371,550</u>	<u>\$ 250,000</u>	<u>\$ 500,000</u>	<u>\$ 245,126</u>	9,585,233
Less current maturities						(171,418)
Net long-term portion						<u>\$ 9,413,815</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, 2015 and 2014, the outstanding balance on the loan was \$2,034,715 and \$2,067,452, respectively. As of December 31, 2015 and 2014, interest expense was \$137,958 and \$140,095, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (continued)

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:

Year ending December 31:

2016	\$	35,206
2017		37,650
2018		40,263
2019		43,058
2020		46,047
2021-2024		1,832,491
Total		2,034,715
Less current maturities		(35,206)
Net long-term portion	\$	1,999,509

The Tallman Pines Associates, Ltd. Partnership

Mortgage Payable

The Tallman Pines Associates, Ltd. Partnership has a construction mortgage in the amount of \$3,400,000 with Bank of America, N.A. (BOA). The mortgage bears interest at 6.7 percent per annum through the conversion date. The loan converted on April 1, 2010 and is now payable in monthly installments of principal and interest in the amount of \$21,939 based on a 30-year amortization schedule. The mortgage will mature May 29, 2025. The mortgage is secured by a first trust deed on the Partnership's real property, as defined in the mortgage, assignment, security agreement and fixture filing. As of December 31, 2015 and 2014, the outstanding balance was \$3,164,878 and \$3,214,293, respectively, and accrued interest payable was \$17,671 and \$17,947, 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, 2015 and 2014, there was an outstanding balance of \$780,111 and \$810,718, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (continued)

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

Year ending December 31:	Pacific Life	BCBCC	Total
2016	\$ 52,829	\$ 30,915	\$ 83,744
2017	56,480	31,225	87,705
2018	60,554	31,539	92,093
2019	64,554	31,856	96,410
2020	69,015	32,176	101,191
2021-2025	425,910	165,795	591,705
2026-2030	2,435,536	174,292	2,609,828
2031-2035	-	183,624	183,624
2036-2038	-	98,689	98,689
Total	<u>3,164,878</u>	<u>780,111</u>	3,944,989
Less current maturities			(83,744)
Net long-term portion			<u>\$ 3,861,245</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, 2015 and 2014, there was an outstanding balance of \$3,654,876 and \$3,654,876, accrued interest payable of \$28,619 and \$28,619, and interest costs of \$28,857 and \$28,857, respectively. This mortgage payable of \$3,654,876 is due in its entirety upon maturity.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (continued)

The Reliance-Progresso Associates, Ltd. Partnership

Mortgage Payable

The Reliance-Progresso Associates, Ltd. Partnership entered into a mortgage on December 17, 2010 in the amount of \$7,520,000. The mortgage was to mature on December 17, 2012. On September 12, 2012, the mortgage was amended, restated, and converted in the amount of \$1,520,000. 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, 2015 and 2014, the outstanding principal balance was \$1,471,428 and \$1,488,019, and interest of \$110,447 and \$111,636, respectively, was incurred and paid.

HOME Loan

During December 2010, The Reliance-Progresso Associates, Ltd. Partnership obtained a loan in the original amount of \$250,000 from Broward County Housing Finance and Community Development Divisions (the HOME Loan). The loan bears no interest and is collateralized by the Project. Annual principal payments are made only from available cash flow, as defined in the partnership agreement. No payments are due until December 2040, at which time the total amount outstanding will be due. As of December 31, 2015 and 2014, \$250,000 and \$250,000 was outstanding.

Exchange Program Loan

On December 17, 2010, The Reliance-Progresso Associates, Ltd. Partnership entered into a Subaward Agreement under Section 1602 of ARRA (the "Subaward Agreement") with Florida Housing Finance Corporation (FHFC). Under the Subaward Agreement the Partnership was awarded tax credit exchange program funds (the Exchange Program Funds) for an amount up to \$4,480,000. As of December 31, 2015 and 2014, the Exchange Program Funds of \$4,480,000 were drawn and outstanding. The Partnership received the Exchange Program Funds in the form of an interest free forgivable loan (the "Exchange Program Loan"). The full amount of the Exchange Program Loan is deemed forgiven at the end of the first 15 year compliance period if no recapture event has occurred, as more fully defined in the Subaward Agreement. Pursuant to the Subaward Agreement, if a recapture event arises due to non-compliance, the recapture amount will be equal to the full amount of the Exchange Program Loan less 6.67% for each year of the first 15 year compliance period in which a recapture event has not occurred. The Exchange Program Loan is secured by a recapture mortgage, between the Partnership and FHFC, which is collateralized by the Project. A prorated amount of the loan is amortized on a straight-line basis over the first 15 year compliance period. Each year income is recognized on a straight-line basis over the 40 year life of the asset and the remaining income is deferred. For the years ended December 31, 2015 and 2014, the income recognized on the Exchange Program Loan was \$112,000 and \$112,000, respectively. As of December 31, 2015 and 2014, the Exchange Program Loan balance net of recognized and deferred income was \$3,235,555 and \$3,534,222, respectively. As of December 31, 2015 and 2014, the deferred income on the Exchange Program Loan was \$787,112 and \$600,445, respectively.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Discrete Partnerships (continued)

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

Year ending December 31:

	<u>Pacific Life</u>	<u>Exchange</u>	<u>HOME</u>	<u>Total</u>
2016	\$ 17,872	\$ -	\$ -	\$ 17,872
2017	19,252	-	-	19,252
2018	20,738	-	-	20,738
2019	22,339	-	-	22,339
2020	24,064	-	-	24,064
Thereafter	<u>1,367,163</u>	<u>3,235,555</u>	<u>250,000</u>	<u>4,852,718</u>
Total	<u>\$ 1,471,428</u>	<u>\$ 3,235,555</u>	<u>\$ 250,000</u>	4,956,983
Less current marutiries				<u>(17,872)</u>
Net long-term portion				<u>\$ 4,939,111</u>

NOTE 7 – LEASE OBLIGATION PAYABLE

The Authority leases certain vehicles under leases classified as capital leases. The leased vehicles are amortized on a straight line basis over 5 years. The total accumulated depreciation related to the leased vehicles is \$20,540 at September 30, 2016. The following is a schedule showing the future minimum lease payments under capital leases by years and the present value of the minimum lease payments as of September 30, 2016. The interest rate related to the lease obligation is 5% and the maturity is January 2020.

Year ending September 30:	<u>Amount</u>
2017	\$ 13,228
2018	13,228
2019	<u>13,228</u>
Total minimum lease payments	39,684
Less: Amount representing interest	<u>(3,319)</u>
Present value of minimum lease payments	<u>\$ 36,365</u>

At September 30, 2016, the present value of minimum lease payments due within one year is \$12,598.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 8 – UNRESTRICTED NET POSITION

Unrestricted net position for the Primary Government and Blended Affiliates totaled \$13,411,469 and \$12,868,047 at September 30, 2016 and 2015, respectively. Unrestricted net position for the Discrete Partnerships totaled \$3,329,551 and \$3,958,758 at December 31, 2015 and 2014, respectively.

NOTE 9 – NET POSITION FOR HOUSING ASSISTANCE PAYMENTS

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

NOTE 10 – RETIREMENT PLANS

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

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

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

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.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

FRS Plan

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

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

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

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

FRS Plan (continued)

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

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. Under the System, the Authority was required to contribute, effective July 1, 2016, 7.52% of the salary of regular members and 21.77% for senior management; effective July 1, 2015, 7.26% of the salary of regular members and 21.43% for senior management; and, effective July 1, 2014, 7.37% of the salary of regular members and 21.14% for senior management. The required contribution by the Authority to the System for the fiscal years ended September 30, 2016 and 2015 was \$494,581 and \$507,162, respectively. The Authority has met all contribution requirements each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the Authority reported a liability of \$3,869,605 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Authority's proportionate share was 0.0153 percent, which was a decrease of (.0013) percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the Authority recognized pension expense of \$391,702. In addition the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

FRS Plan (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 96,287	\$ 36,029
Changes of assumptions	234,099	-
Net difference between projected and actual earnings on pension plan investments	1,000,246	-
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	149,764	116,168
Authority Pension Plan contributions subsequent to the measurement date	<u>116,001</u>	<u>-</u>
Total	<u>\$ 1,596,397</u>	<u>\$ 152,197</u>

The deferred outflows of resources related to the Pension Plan, totaling \$116,001 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>Amount</u>
2017	\$ 205,874
2018	\$ 205,874
2019	\$ 595,832
2020	\$ 407,783
2021	\$ 59,980
Thereafter	\$ 19,260

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

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

FRS Plan (continued)

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		2.00%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

**BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 10 – RETIREMENT PLANS (continued)

FRS Plan (continued)

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Authority's proportionate share of the net pension liability	\$ 7,124,203	\$ 3,869,605	\$ 1,160,580

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

Payables to the Pension Plan - At September 30, 2016 no amount was due and payable.

HIS Plan

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

Benefits Provided – For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 was 1.20% and 1.20%, respectively. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Authority's contributions to the HIS Plan totaled \$66,738 for the fiscal year ended September 30, 2016.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

HIS Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the Authority reported a liability of \$1,781,493 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the Authority's proportionate share was 0.0153 percent, which was an increase of .0006 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2016, the Authority recognized pension expense of \$66,738. In addition the Authority reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,063
Change of assumptions	438,234	-
Net difference between projected and actual earnings on HIS Plan investments	227	-
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	45,562	-
Authority HIS Plan contributions subsequent to the measurement date	58,599	-
Total	<u>\$ 542,622</u>	<u>\$ 11,063</u>

The deferred outflows of resources related to the HIS Plan, totaling \$58,599 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

**BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 10 – RETIREMENT PLANS (continued)

HIS Plan (continued)

September 30:	Amount
2017	\$ 49,494
2018	\$ 49,494
2019	\$ 49,323
2020	\$ 49,241
2021	\$ 42,601

Actuarial Assumptions - The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85 %

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

HIS Plan (continued)

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.85%</u>	<u>2.85%</u>	<u>3.85%</u>
Authority's proportionate share of the net pension liability	\$ 2,043,777	\$ 1,781,493	\$ 1,563,811

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

Payables to the Pension Plan - At September 30, 2016, the Authority reported a payable in the amount of \$0 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2016.

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%.

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 10 – RETIREMENT PLANS (continued)

Investment Plan (continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

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

NOTE 11 – RISK MANAGEMENT

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

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

NOTE 12 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority's operations are concentrated in the real estate market. The Authority owns and manages various properties which consist of 373 Multi-family apartments distributed through Broward County, Florida. In addition, at September 30, 2016, the Authority subsidized approximately 6,000 apartment units through federally aided Housing Choice Voucher Program (Section 8) projects under annual contribution contracts throughout Broward County, Florida.

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

BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Legal

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

Grants and contracts

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

The Authority has received cumulative funding in excess of HAP and earned administrative fees through the Housing Choice Voucher Program in accordance with current regulations. As of September 30, 2016, the remaining unspent Housing Choice Voucher HAP reserve of \$2,103,456 is presented as restricted net position. As of September 30, 2016 BCHA has requested and received \$0.3 million from HUD held NRA funds to offset monthly HAP increases. As of September 30, 2016 the Authority had \$3.6 million in HUD held reserves.

Operating Deficit Guarantees

Pursuant to the Crystal Lakes Redevelopment, Ltd. partnership agreement, the general partners are required to advance funds to the Partnership to cover operating deficits of the Project beginning on the admission date and ending for eleven years after the Development Obligation Date, as defined. Advances prior to the Development Obligation Date are considered special capital contributions. Advances after the Development Obligation Date are considered loans. The maximum total advances are \$200,000 through the third year after the Developer Obligation Date. After the third year, the maximum total advances are \$100,000. Any advances shall not bear interest and are repayable from operating cash flow, as defined. Funds in the operating reserve may be used to satisfy the loan obligations, as defined. No operating deficits were funded during 2015 and 2014, 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, 2015 and 2014, no operating deficit advances are outstanding.

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, 2015 and 2014, no operating deficit advances are outstanding.

**BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

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, 2015 and 2014, \$750,000 and \$787,750, respectively, remained to be expensed on the ground lease.

On January 27, 2006, the Tallman Pines I, Ltd. Partnership entered into a ground lease with the Broward County Housing Authority (BCHA). In 2010, a one-time capitalized lease payment in the amount of \$2,000,000 was paid to 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 2015 and 2014, \$20,833 and \$20,833, respectively, of amortization expense was incurred and as of December 31, 2015 and 2014, \$1,885,418 and \$1,906,251 remains as prepaid.

Since these are 89 and 99 year leases and the initial payments were substantially equal to the market value of the land, the Authority has recognized these as sales of land and recognized the cash received as revenue in the year of sale.

NOTE 14 – SUBSEQUENT DISCRETE PARTNERSHIP INFORMATION

As of December 31, 2016, significant unaudited information for the partnerships is presented below:

	Capital asset	Mortgage	Equity	Tax Credit Partner Equity
Tallman Pines I	\$ 17,994,257	\$ 3,847,168	\$ 17,243,874	\$ 24,350,000
Tallman Pines II	3,617,555	3,610,923	308,799	1,958,270
Highland Gardens	10,630,749	1,890,963	10,209,831	15,000,000
Ehlinger	22,209,152	9,739,634	25,260,000	16,174,524
Progresso	16,449,543	1,453,556	11,589,089	19,450,850
Crystal Lakes	18,760,738	9,755,084	10,056,904	16,750,000
Totals	\$ 89,661,994	\$ 30,297,328	\$ 74,668,497	\$ 93,683,644

**BROWARD COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 19, 2017, the date which the financial statements were available to be issued, and noted no additional significant items to be disclosed.

OTHER SUPPLEMENTAL INFORMATION

Broward County Housing Authority
Combining Schedules of Net Position
Primary Government and Blended Affiliates
As of September 30, 2016
(with comparative totals for 2015)

	Multi- Family	Housing Choice Voucher Program	Other Enterprise	Eliminations	Total 2016	Total 2015
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 659,066	\$ 6,433,349	\$ 9,941,268	\$ -	\$ 17,033,683	\$ 16,425,452
Restricted cash equivalents	115,962	-	100,500	-	216,462	-
Receivables:						
Accounts receivables	-	200,292	244,879	-	445,171	558,324
Intergovernmental	-	812,677	15,719	(169,000)	659,396	284,704
Tenants, net of allowance	12,023	-	7,344	-	19,367	27,537
Prepaid expenses	74,710	89,229	44,054	-	207,993	371,883
Total current assets	<u>861,761</u>	<u>7,535,547</u>	<u>10,353,764</u>	<u>(169,000)</u>	<u>18,582,072</u>	<u>17,667,900</u>
Noncurrent assets:						
Restricted cash equivalents	3,709,542	2,528,922	4,099,043	-	10,337,507	8,739,455
Intangible Assets	-	324,404	-	-	324,404	324,404
Capital assets:						
Land	2,829,288	602,470	6,452,343	-	9,884,101	9,884,101
Buildings, CIP and equipment	30,333,425	3,555,150	11,631,612	-	45,520,187	42,887,693
Accumulated depreciation	(21,046,702)	(1,905,839)	(2,084,342)	-	(25,036,883)	(23,053,168)
Capital assets, net	<u>12,116,011</u>	<u>2,251,781</u>	<u>15,999,613</u>	<u>-</u>	<u>30,367,405</u>	<u>29,718,626</u>
Total assets	<u>16,687,314</u>	<u>12,640,654</u>	<u>30,452,420</u>	<u>(169,000)</u>	<u>59,611,388</u>	<u>56,450,385</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension costs	192,512	919,778	1,026,729	-	2,139,019	1,068,973
LIABILITIES						
Current liabilities:						
Accounts payable	63,208	470,517	157,091	(169,000)	521,816	540,820
Accrued wages payable	27,252	96,397	89,430	-	213,079	178,085
Accrued compensated absences	15,000	15,000	-	-	30,000	30,000
Tenants' security deposits	115,962	-	100,500	-	216,462	219,299
HUD liability	-	-	-	-	-	14,313
Total current liabilities	<u>221,422</u>	<u>581,914</u>	<u>347,021</u>	<u>(169,000)</u>	<u>981,357</u>	<u>982,517</u>
Noncurrent liabilities:						
Liabilities from restricted assets						
Rehab escrow	-	-	-	-	-	443,763
Family Self-Sufficiency Program escrow	53,369	425,466	-	-	478,835	470,647
Total liabilities payable from restricted assets	<u>53,369</u>	<u>425,466</u>	<u>-</u>	<u>-</u>	<u>478,835</u>	<u>914,410</u>
Capitalized lease obligation	19,840	22,132	-	-	41,972	58,120
Net pension liability	508,598	2,429,972	2,712,528	-	5,651,098	3,774,260
Accrued compensated absences	140,608	231,332	413,539	-	785,479	682,939
Total noncurrent liabilities	<u>722,415</u>	<u>3,108,902</u>	<u>3,126,067</u>	<u>-</u>	<u>6,957,384</u>	<u>5,429,729</u>
Total liabilities	<u>943,837</u>	<u>3,690,816</u>	<u>3,473,088</u>	<u>(169,000)</u>	<u>7,938,741</u>	<u>6,412,246</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension costs	14,694	69,970	78,059	-	162,723	649,130
NET POSITION						
Net investment in capital assets	12,096,171	2,229,649	15,999,613	-	30,325,433	29,984,910
Restricted- replacement reserves	3,656,173	-	4,152,412	-	7,808,585	7,605,025
Restricted-Housing Assistance Payments	-	2,103,456	-	-	2,103,456	-
Unrestricted	168,951	5,466,541	7,775,977	-	13,411,469	12,868,047
Total Net Position	<u>\$ 15,921,295</u>	<u>\$ 9,799,646</u>	<u>\$ 27,928,002</u>	<u>\$ -</u>	<u>\$ 53,648,943</u>	<u>\$ 50,457,982</u>

Broward County Housing Authority
Combining Schedules of Revenues, Expenses and Changes in Net Position
Primary Government and Blended Affiliates
For the Year Ended September 30, 2016
(with comparative totals for 2015)

	Multi- Family	Housing Choice Voucher Program	Other Enterprise	Elimination	Total 2016	Total 2015
OPERATING REVENUES						
Housing assistance payments	\$ -	\$ 74,725,973	\$ -	\$ -	\$ 74,725,973	\$ 67,836,545
Housing choice voucher program administrative fees	-	5,168,264	-	-	5,168,264	4,449,763
Dwelling rental	1,209,334	-	1,151,761	-	2,361,095	2,161,233
Operating subsidy	1,475,852	-	47,116	-	1,522,968	1,547,818
Other revenue (Port-in)	-	9,132	-	-	9,132	627,641
Total Operating Revenues	2,685,186	79,903,369	1,198,877	-	83,787,432	76,623,000
OPERATING EXPENSES						
Housing assistance payments	32,404	72,510,806	-	-	72,543,210	70,430,054
General and administrative	1,058,871	4,686,573	6,444,105	(3,021,187)	9,168,362	10,472,631
Repairs and maintenance	1,072,593	32,541	426,747	-	1,531,881	1,443,831
Tenants' services	51,618	-	54,004	-	105,622	99,226
Utilities	144,263	-	175,371	-	319,634	323,301
Depreciation	1,414,839	209,739	364,636	-	1,989,214	1,986,199
Pension expense	41,260	197,129	220,051	-	458,440	19,973
Other expense (Port-in)	-	9,132	-	-	9,132	627,641
Total Operating Expenses	3,815,848	77,645,920	7,684,914	(3,021,187)	86,125,495	85,402,856
OPERATING INCOME (LOSS)	(1,130,662)	2,257,449	(6,486,037)	3,021,187	(2,338,063)	(8,779,856)
NON-OPERATING REVENUES (EXPENSES)						
Grants	-	-	68,775	-	68,775	693,396
Investment revenue/interest (expense)	69	19,002	31,791	-	50,862	35,414
Other revenue/(expense)	586,233	570,081	7,310,945	(3,021,187)	5,446,072	5,575,806
Gain/(loss) on disposal of capital assets	(15,356)	(1,453)	(19,876)	-	(36,685)	(33,697)
Total Non-Operating Revenues	570,946	587,630	7,391,635	(3,021,187)	5,529,024	6,270,919
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	(559,716)	2,845,079	905,598	-	3,190,961	(2,508,937)
CAPITAL CONTRIBUTIONS						
Capital grants	-	-	-	-	-	2,710,097
Total Capital Contributions	-	-	-	-	-	2,710,097
OTHER FINANCING SOURCES AND USES						
Operating transfers in	361,591	-	680,763	-	1,042,354	8,783,722
Operating transfers out	(241,591)	-	(800,763)	-	(1,042,354)	(8,783,722)
Total Other Financing Sources and Uses	120,000	-	(120,000)	-	-	-
CHANGE IN NET POSITION	(439,716)	2,845,079	785,598	-	3,190,961	201,160
NET POSITION, Beginning						
As previously stated	16,361,011	6,954,567	27,142,404	-	50,457,982	53,714,624
Add (deduct) prior period adjustments net effect of GASB 68 (note 10)	-	-	-	-	-	(3,457,802)
As adjusted	16,361,011	6,954,567	27,142,404	-	50,457,982	50,256,822
NET POSITION, Ending	\$ 15,921,295	\$ 9,799,646	\$ 27,928,002	\$ -	\$ 53,648,943	\$ 50,457,982

Broward County Housing Authority
Combining Schedules of Cash Flows
Primary Government and Blended Affiliates
For the Year Ended September 30, 2016
(with comparative totals for 2015)

	<u>Multi-Family</u>	<u>Housing Choice Voucher Program</u>	<u>Other Enterprise</u>	<u>Total 2016</u>	<u>Total 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from federal and local agencies	\$ 1,475,852	\$ 79,896,352	\$ -	\$ 81,372,204	\$ 73,834,126
Housing assistance payments	-	(72,510,806)	-	(72,510,806)	(70,430,051)
Cash paid to suppliers and contractors	(1,733,304)	(2,762,885)	(2,348,633)	(6,844,822)	(5,816,358)
Payments to employees	(638,822)	(2,184,096)	(2,091,710)	(4,914,628)	(6,402,854)
Other payment-dwelling rental and receipts	1,209,334	-	1,030,980	2,240,314	2,161,233
Net cash used in operating activities	<u>313,060</u>	<u>2,438,565</u>	<u>(3,409,363)</u>	<u>(657,738)</u>	<u>(6,653,904)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operational grants	-	-	82,443	82,443	693,396
Other revenues and receipts	586,233	570,081	4,441,383	5,597,697	5,573,974
Net cash provided by non-capital financing	<u>586,233</u>	<u>570,081</u>	<u>4,523,826</u>	<u>5,680,140</u>	<u>6,267,370</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition (sale/reclassification) of capital assets	-	(1,453)	(2,105,421)	(2,106,874)	(3,209,912)
Capital grants	-	-	-	-	2,710,097
Net cash provided by (used in) capital and related financing	<u>-</u>	<u>(1,453)</u>	<u>(2,105,421)</u>	<u>(2,106,874)</u>	<u>(499,815)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Net deposit in reserve for replacement	(524,119)	-	(19,526)	(543,645)	(766,132)
Interest income on investment	69	19,002	31,791	50,862	35,414
Net cash provided by (used in) investing activities	<u>(524,050)</u>	<u>19,002</u>	<u>12,265</u>	<u>(492,783)</u>	<u>(730,718)</u>
Net (decrease) increase in cash and cash equivalents	375,243	3,026,195	(978,693)	2,422,745	(1,617,067)
Cash and cash equivalents beginning of year	4,109,327	5,936,076	15,119,504	25,164,907	26,781,974
Cash and cash equivalents end of year	<u>\$ 4,484,570</u>	<u>\$ 8,962,271</u>	<u>\$ 14,140,811</u>	<u>\$ 27,587,652</u>	<u>\$ 25,164,907</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ (1,130,662)	\$ 2,257,217	\$ (3,464,618)	\$ (2,338,063)	\$ (8,779,856)
Adjustment to reconcile operating loss to net cash used in operating activities:					
Depreciation	1,414,839	209,739	364,636	1,989,214	1,986,199
(Increase) decrease in					
Receivables	15,183	(394,272)	216,639	(162,450)	(162,695)
Prepaid expenses	13,395	155,631	(5,136)	163,890	33,578
Other assets	-	-	-	-	6,091
Increase (decrease) in					
Accounts payable	(45,465)	196,416	64,843	215,794	358,646
Accrued expenses	19,261	(7,874)	(584,302)	(572,915)	8,439
HUD liability	-	-	-	-	(173,735)
Famil Self-sufficiency escrow	29,896	21,708	-	51,604	73,795
Tenants deposits	(3,387)	-	(1,425)	(4,812)	(4,366)
	<u>\$ 313,060</u>	<u>\$ 2,438,565</u>	<u>\$ (3,409,363)</u>	<u>\$ (657,738)</u>	<u>\$ (6,653,904)</u>

Broward County Housing Authority
Combining Schedules of Net Position
Blended Affiliates
As of September 30, 2016

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-family	Other non-COCC Enterprise	Total 2016
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 393,506	\$ 7,478,867	\$ 280,749	\$ 659,066	\$ 1,159,195	\$ 9,971,383
Cash and cash equivalents - restricted	-	-	63,925	115,962	36,575	216,462
Receivables:						
Accounts receivables	4,337	-	-	-	208,163	212,500
Intergovernmental	-	-	-	-	4,674	4,674
Tenants, net of allowance	-	-	-	12,023	7,344	19,367
Prepaid expenses	11,698	-	13,594	74,710	10,289	110,291
Other assets	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total current assets	<u>409,541</u>	<u>7,478,867</u>	<u>358,268</u>	<u>861,761</u>	<u>1,426,240</u>	<u>10,534,677</u>
Noncurrent assets:						
Restricted cash equivalents	950,227	-	1,064,355	3,709,542	2,075,948	7,800,072
Capital assets:						
Land	-	-	193,600	2,829,288	6,258,743	9,281,631
Buildings, CIP and equipment	-	-	4,204,170	30,333,425	6,292,048	40,829,643
Accumulated depreciation	-	-	(1,346,063)	(21,046,702)	(339,694)	(22,732,459)
Capital assets, net	<u>-</u>	<u>-</u>	<u>3,051,707</u>	<u>12,116,011</u>	<u>12,211,097</u>	<u>27,378,815</u>
Total assets	<u>1,359,768</u>	<u>7,478,867</u>	<u>4,474,330</u>	<u>16,687,314</u>	<u>15,713,285</u>	<u>45,713,564</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension costs	171,121	-	-	192,512	-	363,633
Total deferred outflows of resources	<u>171,121</u>	<u>-</u>	<u>-</u>	<u>192,512</u>	<u>-</u>	<u>363,633</u>
LIABILITIES						
Current liabilities:						
Accounts payable	20,146	-	32,811	63,208	54,281	170,446
Accrued wages payable	4,246	-	6,518	27,252	1,411	39,427
Accrued compensated absences	-	-	-	15,000	-	15,000
Tenants' security deposits	-	-	63,925	115,962	36,575	216,462
Total current liabilities	<u>24,392</u>	<u>-</u>	<u>103,254</u>	<u>221,422</u>	<u>92,267</u>	<u>441,335</u>
Noncurrent liabilities:						
Liabilities from restricted assets						
Family Self-Sufficiency Program escrow	-	-	-	53,369	-	53,369
Total liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,369</u>	<u>-</u>	<u>53,369</u>
Capitalized lease obligation	-	-	-	19,840	-	19,840
Net pension liability	452,086	-	-	508,598	3	960,687
Accrued compensated absences	-	-	17,680	140,608	1	158,289
Total noncurrent liabilities	<u>452,086</u>	<u>-</u>	<u>17,680</u>	<u>722,415</u>	<u>4</u>	<u>1,192,185</u>
Total liabilities	<u>476,478</u>	<u>-</u>	<u>120,934</u>	<u>943,837</u>	<u>92,271</u>	<u>1,633,520</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension costs	12,971	-	-	14,694	-	27,665
Total deferred inflows of resources	<u>12,971</u>	<u>-</u>	<u>-</u>	<u>14,694</u>	<u>-</u>	<u>27,665</u>
NET POSITION						
Net investment in capital assets	-	-	3,051,707	12,096,171	12,211,097	27,358,975
Restricted- replacement reserves	-	-	-	3,656,173	4,143,899	7,800,072
Unrestricted	1,041,440	7,478,867	1,301,689	168,951	(733,982)	9,256,965
Total Net Position	<u>\$ 1,041,440</u>	<u>\$ 7,478,867</u>	<u>\$ 4,353,396</u>	<u>\$ 15,921,295</u>	<u>\$ 15,621,014</u>	<u>\$ 44,416,012</u>

Broward County Housing Authority
Combining Schedules of Revenues, Expenses and Changes in Net Position
Blended Affiliates
For the Year Ended September 30, 2016

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-family	Other non-COCC Enterprise	Total 2016
OPERATING REVENUES						
Dwelling rental	\$ -	\$ -	\$ 762,533	\$ 1,209,334	389,228	2,361,095
Operating subsidy	-	-	-	1,475,852	-	1,475,852
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>762,533</u>	<u>2,685,186</u>	<u>389,228</u>	<u>3,836,947</u>
OPERATING EXPENSES						
Housing assistance payments	-	-	-	32,404	-	32,404
General and administrative	1,781,786	5,599	320,121	1,058,871	1,797,943	4,964,320
Repairs and maintenance	-	-	174,330	1,072,593	64,253	1,311,176
Tenants' services	-	-	-	51,618	-	51,618
Utilities	-	-	77,413	144,263	44,759	266,435
Depreciation	-	-	186,619	1,414,839	159,410	1,760,868
Pension expense	36,675	-	-	41,260	-	77,935
Total Operating Expenses	<u>1,818,461</u>	<u>5,599</u>	<u>758,483</u>	<u>3,815,848</u>	<u>2,066,365</u>	<u>8,464,756</u>
OPERATING INCOME (LOSS)	<u>(1,818,461)</u>	<u>(5,599)</u>	<u>4,050</u>	<u>(1,130,662)</u>	<u>(1,677,137)</u>	<u>(4,627,809)</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment revenue/interest (expense)	8,869	22,600	215	69	107	31,860
Other revenue/(expense)	2,058,104	-	1,054	586,233	2,257,631	4,903,022
Gain/(loss) on disposal of capital assets	(79)	(16,167)	(1,790)	(15,356)	(24,400)	(57,792)
Total Non-Operating Revenues	<u>2,066,894</u>	<u>6,433</u>	<u>(521)</u>	<u>570,946</u>	<u>2,233,338</u>	<u>4,877,090</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	248,433	834	3,529	(559,716)	556,201	249,281
OTHER FINANCING SOURCES AND USES						
Operating transfers in	-	-	-	361,591	671,078	1,032,669
Operating transfers out	(791,078)	-	-	(241,591)	-	(1,032,669)
Total Other Financing Sources and Uses	<u>(791,078)</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>671,078</u>	<u>-</u>
CHANGE IN NET POSITION	(542,645)	834	3,529	(439,716)	1,227,279	249,281
NET POSITION, Beginning	<u>1,584,085</u>	<u>7,478,033</u>	<u>4,349,867</u>	<u>16,361,011</u>	<u>14,769,262</u>	<u>44,542,258</u>
NET POSITION, Ending	<u>\$ 1,041,440</u>	<u>\$ 7,478,867</u>	<u>\$ 4,353,396</u>	<u>\$ 15,921,295</u>	<u>\$ 15,996,541</u>	<u>\$ 44,791,539</u>

**Broward County Housing Authority
Combining Schedules of Cash Flows
Blended Affiliates
For the Year Ended September 30, 2016**

	Building Better Communities, Inc.	McCan Communities, Inc.	Guaranty, LLC	Multi-family	Other non-COCC Enterprise	Total 2016
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from federal can local agencies	\$ -	\$ -	\$ -	\$ 1,475,852	\$ -	\$ 1,475,852
Housing assistance payments	-	-	-	-	-	-
Cash pain to suppliers and contractors	15,579	(5,599)	(332,568)	(1,733,304)	(1,888,365)	(3,944,257)
Payments to employees	(103,463)	-	(203,974)	(638,822)	(35,300)	(981,559)
Other payment-dwellign rental and receipts	(1,697,664)	-	762,533	1,209,334	389,228	663,431
Net cash used in operating activities	(1,785,548)	(5,599)	225,991	313,060	(1,534,437)	(2,786,533)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Other revenues and receipts	1,268,255	-	1,054	586,233	2,904,309	4,759,851
Net cash provided by non-capital financing	1,268,255	-	1,054	586,233	2,904,309	4,759,851
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition (sale/reclassification) of capital assets	-	-	(119,933)	-	(1,716,039)	(1,835,972)
Net cash provided by (used in) capital and realted financing	-	-	(119,933)	-	(1,716,039)	(1,835,972)
CASH FLOWS FROM INVESTING ACITIVITES						
Net deposit in reserve for replacement	-	-	-	(524,119)	-	(524,119)
Interest income on investment	8,869	22,600	215	69	107	31,860
Net cash provided by (used in) investing activities	8,869	22,600	215	(524,050)	107	(492,259)
Net (decrease) increase in cash and cash equivalents	(508,424)	17,001	107,327	375,243	(346,060)	(354,913)
Cash and cash equivalents beginning of year	1,852,157	7,461,866	1,301,702	4,109,327	3,626,291	18,351,343
Cash and cash equivalents end of year	\$ 1,343,733	\$ 7,478,867	\$ 1,409,029	\$ 4,484,570	\$ 3,280,231	\$ 17,996,430
Reconciliatopn of operating loss to net cash used in operating activities:						
Operting loss	\$ (1,818,461)	\$ (5,599)	\$ 4,050	\$ (1,130,662)	\$ (1,677,137)	\$ (4,627,809)
Adjustment to reconcile operatin loss to net cash used in operating activities:						
Depreciation	-	-	186,619	1,414,839	159,410	1,760,868
(Increase) decrease in						
Receivables	72,703	-	7,630	15,183	-	95,516
Prepaid expenses	-	-	813	13,395	-	14,208
Other assets	-	-	-	-	-	-
Increase (decrease) in						
Accounts payable	(35,544)	-	8,920	(45,465)	(18,985)	(91,074)
Accured expenses	(4,246)	-	19,384	19,261	-	34,399
HUD liability	-	-	-	-	-	-
Famil Self-sufficiency escrow	-	-	-	29,896	-	29,896
Tenants deposits	-	-	(1,425)	(3,387)	2,275	(2,537)
	\$ (1,785,548)	\$ (5,599)	\$ 225,991	\$ 313,060	\$ (1,534,437)	\$ (2,786,533)

Broward County Housing Authority
Combining Schedule of Cash Flows
Discrete Partnerships
For the Year Ended December 31, 2015
(with comparative totals for 2014)

	<u>Highland 2015</u>	<u>Crystal Lakes 2015</u>	<u>Progresso 2015</u>	<u>Tallman Pines I 2015</u>	<u>Tallman Pines II 2015</u>	<u>Total Discrete Partnerships 2015</u>	<u>Total Discrete Partnerships 2014</u>
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 222,960	\$ 355,533	\$ 25,157	\$ 427,367	\$ 101,928	\$ 1,132,945	\$ 1,454,453
Tenants accounts receivable, net of allowance	2,241	-	1,232	1,338	568	5,379	15,303
Prepaid expenses	15,862	36,693	13,781	39,308	4,407	110,051	126,337
Prepaid land lease	768,750	-	-	1,885,418	-	2,654,168	2,693,751
Other assets	7,215	-	55,605	5,284	14,125	82,229	55,009
Total current assets	<u>1,017,028</u>	<u>392,226</u>	<u>95,775</u>	<u>2,358,715</u>	<u>121,028</u>	<u>3,984,772</u>	<u>4,344,853</u>
Noncurrent assets:							
Restricted cash equivalents	432,491	840,032	544,402	664,223	183,333	2,664,481	2,449,598
Tax credit monitoring fees, net	90,386	91,687	146,810	167,309	26,694	522,886	585,018
Capital assets:							
Land	-	-	2,280,000	-	-	2,280,000	2,280,000
Building and equipment	14,373,428	26,769,895	16,501,886	25,829,416	4,938,581	88,413,206	88,413,206
Accumulated depreciation	(3,363,413)	(7,312,005)	(1,848,215)	(7,132,686)	(1,190,465)	(20,846,784)	(18,079,467)
Capital assets, net	<u>11,010,015</u>	<u>19,457,890</u>	<u>16,933,671</u>	<u>18,696,730</u>	<u>3,748,116</u>	<u>69,846,422</u>	<u>72,613,739</u>
Total noncurrent assets	<u>11,532,892</u>	<u>20,389,609</u>	<u>17,624,883</u>	<u>19,528,262</u>	<u>3,958,143</u>	<u>73,033,789</u>	<u>75,648,355</u>
Total assets	<u>12,549,920</u>	<u>20,781,835</u>	<u>17,720,658</u>	<u>21,886,977</u>	<u>4,079,171</u>	<u>77,018,561</u>	<u>79,993,208</u>
LIABILITIES							
Current liabilities							
Accounts payable	29,265	80,751	139,292	68,526	41,852	359,686	359,501
Tenants' security deposits	82,744	229,916	53,588	179,390	23,739	569,377	522,767
Mortgage	35,206	171,418	17,872	83,744	-	308,240	290,352
Total current liabilities	<u>147,215</u>	<u>482,085</u>	<u>210,752</u>	<u>331,660</u>	<u>65,591</u>	<u>1,237,303</u>	<u>1,172,620</u>
Noncurrent liabilities:							
Liabilities from restricted assets							
Fee payable to affiliate partners	-	3,298	5,150	18,369	-	26,817	7,228
Asset management fee	4,492	-	-	-	-	4,492	3,939
Exchange income received in advance	-	-	787,112	-	-	787,112	600,445
Tax credit exchange program loan	-	-	3,235,555	-	-	3,235,555	3,534,222
Mortgage	1,999,509	9,413,815	1,703,556	3,861,245	3,654,876	20,633,001	20,941,057
Total noncurrent liabilities	<u>2,004,001</u>	<u>9,417,113</u>	<u>5,731,373</u>	<u>3,879,614</u>	<u>3,654,876</u>	<u>24,686,977</u>	<u>27,072,630</u>
Total liabilities	<u>2,151,216</u>	<u>9,899,198</u>	<u>5,942,125</u>	<u>4,211,274</u>	<u>3,720,467</u>	<u>25,924,280</u>	<u>28,245,250</u>
NET POSITION							
Net investment in capital assets	8,975,300	9,872,657	11,976,688	14,751,741	93,240	45,669,626	47,848,108
Restructured - Replacmenet Reservesu	349,747	610,116	490,814	484,833	159,594	2,095,104	1,926,831
Unrestricted	1,073,657	399,864	(688,969)	2,439,129	105,870	3,329,551	3,958,758
Total Net Position	<u>\$ 10,398,704</u>	<u>\$ 10,882,637</u>	<u>\$ 11,778,533</u>	<u>\$ 17,675,703</u>	<u>\$ 358,704</u>	<u>\$ 51,094,281</u>	<u>\$ 53,733,697</u>

Broward County Housing Authority
Combining Schedules of Revenues, Expenses and Changes in Net Position
Discrete Partnerships
For the Year Ended December 31, 2015
(with comparative totals for 2014)

	<u>Highland 2015</u>	<u>Crystal lakes 2015</u>	<u>Progresso 2015</u>	<u>Tallman Pine I 2015</u>	<u>Tallman Pine II 2015</u>	<u>Total Discrete Partnerships 2015</u>	<u>Total Discrete Partnerships 2014</u>
OPERATING REVENUES							
Dwelling rental and other income	\$ 923,349	\$ 2,372,105	\$ 681,152	\$ 2,078,139	\$ 288,855	\$ 6,343,600	\$ 6,195,211
Total Operating Revenues	<u>923,349</u>	<u>2,372,105</u>	<u>681,152</u>	<u>2,078,139</u>	<u>288,855</u>	<u>6,343,600</u>	<u>6,195,211</u>
OPERATING EXPENSES							
General and administrative	256,199	536,284	371,926	564,297	98,222	1,826,928	1,752,262
Repairs and maintenance	113,280	272,778	108,367	213,622	24,695	732,742	714,312
Utilities	75,830	306,058	88,386	198,296	23,464	692,034	718,696
Depreciation/Amortization	501,886	709,726	497,472	972,863	166,252	2,848,199	2,972,502
Total Operating Expenses	<u>947,195</u>	<u>1,824,846</u>	<u>1,066,151</u>	<u>1,949,078</u>	<u>312,633</u>	<u>6,099,903</u>	<u>6,157,772</u>
OPERATING INCOME (LOSS)	<u>(23,846)</u>	<u>547,259</u>	<u>(384,999)</u>	<u>129,061</u>	<u>(23,778)</u>	<u>243,697</u>	<u>37,439</u>
NON-OPERATING REVENUES (EXPENSES)							
Investment revenue/interest (expense)	(126,602)	(519,698)	(13,398)	(219,901)	(27,428)	(907,027)	(917,616)
Other revenue/(expense)	<u>(64,809)</u>	<u>(166,599)</u>	<u>(5,150)</u>	<u>(849,356)</u>	<u>(78,627)</u>	<u>(1,164,541)</u>	<u>(1,085,335)</u>
Total Non-Operating Revenues	<u>(191,411)</u>	<u>(686,297)</u>	<u>(18,548)</u>	<u>(1,069,257)</u>	<u>(106,055)</u>	<u>(2,071,568)</u>	<u>(2,002,951)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	<u>(215,257)</u>	<u>(139,038)</u>	<u>(403,547)</u>	<u>(940,196)</u>	<u>(129,833)</u>	<u>(1,827,871)</u>	<u>(1,965,512)</u>
CAPITAL CONTRIBUTIONS							
Capital distributions	<u>(227,744)</u>	<u>(337,695)</u>	<u>(39,305)</u>	<u>(153,834)</u>	<u>(24,913)</u>	<u>(783,491)</u>	<u>(741,362)</u>
CHANGE IN NET POSITION	<u>(443,001)</u>	<u>(476,733)</u>	<u>(442,852)</u>	<u>(1,094,030)</u>	<u>(154,746)</u>	<u>(2,611,362)</u>	<u>(2,706,874)</u>
NET POSITION, Beginning	10,852,877	11,370,071	12,224,750	18,771,150	514,849	53,733,697	56,469,670
Add (deduct) prior period adjustments net effect of GASB 68 (note 1 p)	<u>(11,172)</u>	<u>(10,701)</u>	<u>(3,365)</u>	<u>(1,417)</u>	<u>(1,399)</u>	<u>(28,054)</u>	<u>(29,099)</u>
NET POSITION, Ending	<u>\$ 10,398,704</u>	<u>\$ 10,882,637</u>	<u>\$ 11,778,533</u>	<u>\$ 17,675,703</u>	<u>\$ 358,704</u>	<u>\$ 51,094,281</u>	<u>\$ 53,733,697</u>

Broward County Housing Authority
Combining Schedule of Cash Flows
Discrete Partnerships
For the Year Ended December 31, 2015
(with comparative totals for 2014)

	<u>Highland 2015</u>	<u>Crystal Lakes 2015</u>	<u>Progresso 2015</u>	<u>Tallman Pines I 2015</u>	<u>Tallman Pines II 2015</u>	<u>Total Discrete Partnership 2015</u>	<u>Total Discrete Partnership 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash paid to suppliers and contractors	\$ (350,974)	\$ (822,256)	\$ (415,499)	\$ (735,293)	\$ (132,212)	\$ (2,456,234)	\$ (2,649,351)
Payments to employees	(95,951)	(248,691)	(77,685)	(226,343)	(24,774)	(673,444)	(660,380)
Other payments-dwelling rental and receipts	923,349	2,342,237	681,152	2,078,139	285,661	6,310,538	6,195,211
Net cash provided by operating activities	<u>476,424</u>	<u>1,271,290</u>	<u>187,968</u>	<u>1,116,503</u>	<u>128,675</u>	<u>3,180,860</u>	<u>2,885,480</u>
CASH FLOWS FROM FINANCING ACTIVITIES							
Principal (payments) proceeds on mortgage	(32,737)	(160,818)	(16,591)	(80,022)	-	(290,168)	(259,552)
Distribution to partners	(227,744)	(337,695)	(39,305)	(153,834)	(24,913)	(783,491)	(713,858)
Net cash used in financing	<u>(260,481)</u>	<u>(498,513)</u>	<u>(55,896)</u>	<u>(233,856)</u>	<u>(24,913)</u>	<u>(1,073,659)</u>	<u>(973,410)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Change in reserve for replacements	(24,727)	(38,068)	(22,876)	(61)	(1,046)	(86,778)	(8,758)
Change in other reserves, net of withdrawals	(151)	(283)	-	(3,380)	(21)	(3,835)	(26,567)
Due from affiliates	-	-	(30,234)	(1,358)	-	(31,592)	(1,358)
Change in escrows	7,857	699	(45,552)	36,126	1,098	228	25,785
Other related party fees	(64,809)	(163,976)	-	(824,298)	(78,214)	(1,131,297)	(1,121,365)
Interest, net	(137,774)	(530,399)	(16,763)	(246,376)	(29,240)	(960,552)	(973,035)
Net cash used in investing activities	<u>(219,604)</u>	<u>(732,027)</u>	<u>(115,425)</u>	<u>(1,039,347)</u>	<u>(107,423)</u>	<u>(2,213,826)</u>	<u>(2,105,298)</u>
Net (decrease) increase in cash and cash equivalents	(3,661)	40,750	16,647	(156,700)	(3,661)	(106,625)	(193,228)
Cash and cash equivalents beginning of year	659,112	1,154,815	552,912	1,248,290	288,922	3,904,051	4,097,279
Cash and cash equivalents end of year	<u>\$ 655,451</u>	<u>\$ 1,195,565</u>	<u>\$ 569,559</u>	<u>\$ 1,091,590</u>	<u>\$ 285,261</u>	<u>\$ 3,797,426</u>	<u>\$ 3,904,051</u>
Reconciliation of operating loss to net cash used in operating activities:							
Operating loss	\$ (23,846)	\$ 547,259	\$ (384,999)	\$ 129,061	\$ (23,778)	\$ 243,697	\$ 37,439
Adjustments to reconcile operating loss to net cash used in operating activities:							
Depreciation/amortization	513,058	720,427	497,472	972,863	167,651	2,871,471	3,001,602
(Increase) decrease in:							
Receivables	(2,241)	27	(1,054)	2,778	3,502	3,012	(4,417)
Prepaid expenses	1,247	4,694	(3,565)	20,833	745	23,954	23,772
Other assets	313	(559)	(19,476)	(1,144)	(14,011)	(34,877)	(31,386)
Increase (decrease) in:							
Accounts payable	(8,971)	28,431	91,549	(2,808)	(2,109)	106,092	(107,745)
Accrued expenses	(2,952)	(27,526)	2,891	(19,168)	-	(46,755)	(6,971)
Accrued interest	(184)	(858)	-	(258)	-	(1,300)	(1,235)
Annual fee payable to/(fm) affiliate of LP	-	(605)	5,150	14,346	(3,325)	15,566	(25,579)
Total	<u>\$ 476,424</u>	<u>\$ 1,271,290</u>	<u>\$ 187,968</u>	<u>\$ 1,116,503</u>	<u>\$ 128,675</u>	<u>\$ 3,180,860</u>	<u>\$ 2,885,480</u>

SUPPLEMENTAL INFORMATION

Broward County Housing Authority

FINANCIAL DATA SCHEDULE

Year ended September 30, 2016

PHA: FL079 FYE: 09/30/2016														
Line Item No.	Account Description	Section 8 Housing Choice Voucher Program 14.871	Section 8 Mod Rehab Program 14.856	Shelter Plus Care 14.238	HOME - Investment Partnerships Program 14.239	Resident Opportunity and Supportive Services 14.870	Community Development Block Grant - Entitlement Grants 14.218	Business Activities	Blended Component Unit	Central Office Cost Center	Elimination	Primary Government Subtotal	Discrete Component Units	Total
111	Cash - Unrestricted	6,432,522	827	-	-	-	25,013	-	9,971,383	603,938	-	17,033,683	1,132,945	18,166,628
113	Cash - other restricted	2,528,922	-	-	-	-	-	8,513	7,800,072	-	-	10,337,507	2,095,104	12,432,611
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	216,462	-	-	216,462	569,377	785,839
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Total Cash	8,961,444	827	-	-	-	25,013	8,513	17,987,917	603,938	-	27,587,652	3,797,426	31,385,078
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	11,045	-	-	-	-	11,045	-	11,045
124	Accounts Receivable - other government	643,677	-	-	-	-	-	-	4,674	-	-	648,351	-	648,351
125	Accounts Receivable - Miscellaneous	5,978	194,314	-	-	-	-	-	212,500	32,379	-	445,171	-	445,171
126	Accounts Receivable - Tenants - Dwelling Rents	-	-	-	-	-	-	-	42,419	-	-	42,419	5,379	47,798
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	(23,052)	-	-	(23,052)	-	(23,052)
120	Total Receivables, net of allowances for doubtful accounts	649,655	194,314	-	-	-	11,045	-	236,541	32,379	-	1,123,934	5,379	1,129,313
142	Prepaid Expenses and Other Assets	89,229	-	-	-	-	-	-	110,291	8,473	-	207,993	3,369,334	3,577,327
144	Interprogram due from	169,000	-	-	-	-	-	-	-	-	(169,000)	-	-	-
150	Total Current Assets	9,869,328	195,141	-	-	-	36,058	8,513	18,334,749	644,790	(169,000)	28,919,579	7,172,139	36,091,718
161	Land	602,470	-	-	-	-	-	-	9,281,631	-	-	9,884,101	2,280,000	12,164,101
162	Buildings	2,271,183	-	-	-	-	-	245,799	30,487,565	275,971	-	33,280,518	77,410,058	110,690,576
163	Furniture, Equipment & Machinery - Dwellings	15,950	-	-	-	-	-	-	394,734	-	-	410,684	5,547,196	5,957,880
164	Furniture, Equipment & Machinery - Administration	418,887	-	-	-	-	-	-	2,440,703	435,507	-	3,295,097	-	3,295,097
165	Leasehold Improvements	849,130	-	-	-	-	-	141,809	6,082,557	-	-	7,073,496	5,455,952	12,529,448
166	Accumulated Depreciation	(1,905,839)	-	-	-	-	-	(56,905)	(22,732,459)	(341,680)	-	(25,036,883)	(20,846,784)	(45,883,667)
167	Construction In Progress	-	-	-	-	-	-	36,308	1,424,084	-	-	1,460,392	-	1,460,392
160	Total Fixed Assets, Net of Accumulated Depreciation	2,251,781	-	-	-	-	-	367,011	27,378,815	369,798	-	30,367,405	69,846,422	100,213,827
174	Other Assets	324,404	-	-	-	-	-	-	-	-	-	324,404	-	324,404
180	Total Non-Current Assets	2,576,185	-	-	-	-	-	367,011	27,378,815	369,798	-	30,691,809	69,846,422	100,538,231
190	Total Assets	12,445,513	195,141	-	-	-	36,058	375,524	45,713,564	1,014,588	(169,000)	59,611,388	77,018,561	136,629,949
200	Deferred Outflows of Resources	919,778	-	-	-	-	-	-	363,633	855,607	-	2,139,018	-	2,139,018
290	Total Assets and Deferred Outflow of Resources	13,365,291	195,141	-	-	-	36,058	375,524	46,077,197	1,870,195	(169,000)	61,750,406	77,018,561	138,768,967
311	Bank overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	73,031	-	-	-	-	660	-	170,446	49,192	-	293,329	359,686	653,015
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	96,397	-	-	-	-	2,777	-	39,427	74,478	-	213,079	-	213,079
322	Accrued Compensated Absences	15,000	-	-	-	-	-	-	15,000	-	-	30,000	-	30,000
331	Accounts Payable - HUD PHA Programs	218,880	-	-	-	-	-	-	-	-	-	218,880	-	218,880
332	Accounts Payable - PHA Projects	-	6,556	-	-	-	-	-	-	-	-	6,556	-	6,556
333	Accounts Payable - Other Government	3,050	-	-	-	-	-	-	-	-	-	3,050	-	3,050
341	Tenant Security Deposits	-	-	-	-	-	-	-	216,462	-	-	216,462	569,377	785,839
342	Unearned Revenues	-	-	-	-	-	-	-	-	-	-	-	787,112	787,112
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-	-	-	308,240	308,240
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	31,309	31,309
347	Interprogram due to	-	169,000	-	-	-	-	-	-	-	(169,000)	-	-	-
310	Total Current Liabilities	406,358	175,556	-	-	-	3,437	-	441,335	123,670	(169,000)	981,356	2,055,724	3,037,080
351	Long-term debt, net of current - capital projects	22,132	-	-	-	-	-	-	19,840	-	-	41,972	20,633,001	20,674,973
353	Noncurrent Liabilities - Other	425,466	-	-	-	-	-	-	53,369	-	-	478,835	-	478,835
354	Accrued compensated Absences - Non Current	231,332	-	-	-	-	23,534	-	158,289	372,324	-	785,479	-	785,479
355	Loan liability - noncurrent	-	-	-	-	-	-	-	-	-	-	-	3,235,555	3,235,555
357	Net pension liability	2,429,972	-	-	-	-	-	-	960,687	2,260,439	-	5,651,098	-	5,651,098
350	Total Noncurrent Liabilities	3,108,902	-	-	-	-	23,534	-	1,192,185	2,632,763	-	6,957,384	23,868,556	30,825,940
300	Total Liabilities	3,515,260	175,556	-	-	-	26,971	-	1,633,520	2,756,433	(169,000)	7,938,740	25,924,280	33,863,020
400	Deferred Inflows of Resources	69,970	-	-	-	-	-	-	27,665	65,088	-	162,723	-	162,723
490	Total Liability and Deferred Inflow of Resources	3,585,230	175,556	-	-	-	26,971	-	1,661,185	2,821,521	(169,000)	8,101,463	25,924,280	34,025,743
508.4	Net Investment in Capital Assets	2,229,649	-	-	-	-	-	367,011	27,358,975	369,798	-	30,325,433	48,905,181	79,230,614
511.4	Restricted Net Position	2,103,456	-	-	-	-	-	8,513	7,800,072	-	-	9,912,041	2,095,104	12,007,145
512.4	Unrestricted Net Position	5,446,956	19,585	-	-	-	9,087	-	9,256,965	(1,321,124)	-	13,411,469	93,996	13,505,465
513	Total Equity	9,780,061	19,585	-	-	-	9,087	375,524	44,416,012	(951,326)	-	53,648,943	51,094,281	104,743,224
600	Total Liabilities, Deferred Inflows and Equity	13,365,291	195,141	-	-	-	36,058	375,524	46,077,197	1,870,195	(169,000)	61,750,406	77,018,561	138,768,967
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	-	2,361,095	-	-	2,361,095	6,343,600	8,704,695
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	-	-	-	-	-	-	-	2,361,095	-	-	2,361,095	6,343,600	8,704,695
70600	HUD PHA Grants	73,682,915	2,343,513	3,781,253	86,556	-	17,443	-	-	-	-	79,911,680	-	79,911,680
70720	Asset Management Fee	-	-	-	-	-	-	-	-	718,969	(718,969)	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	532,169	(532,169)	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	1,770,049	(1,770,049)	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	3,021,187	(3,021,187)	-	-	-
70800	Other government grants	3,775	-	-	-	-	65,000	-	1,522,968	-	-	1,591,743	-	1,591,743
71100	Investment Income - Unrestricted	-	-	-	-	-	-	-	31,791	-	-	31,791	-	31,791
71400	Fraud recovery	30,668	-	-	-	-	-	-	-	-	-	30,668	-	30,668

See Independent Auditor's Report

Broward County Housing Authority

FINANCIAL DATA SCHEDULE

Year ended September 30, 2016

PHA: FL079 FYE: 09/30/2016														
Line Item No.	Account Description	Section 8 Housing Choice Voucher Program 14.871	Section 8 Mod Rehab Program 14.856	Shelter Plus Care 14.238	HOME - Investment Partnerships Program 14.239	Resident Opportunity and Supportive Services 14.870	Community Development Block Grant - Entitlement Grants 14.218	Business Activities	Blended Component Unit	Central Office Cost Center	Elimination	Primary Government Subtotal	Discrete Component Units	Total
71500	Other revenue	538,019	1,911	-	-	-	9,986	443,763	4,390,058	23,356	-	5,407,093	-	5,407,093
71600	Gain/Loss on Sale of Fixed Assets	(1,720)	-	-	-	-	-	-	(34,965)	-	-	(36,685)	-	(36,685)
72000	Investment income - restricted	19,002	-	-	-	-	-	-	69	-	-	19,071	-	19,071
70000	Total Revenue	74,272,659	2,345,424	3,781,253	86,556	-	92,429	443,763	8,271,016	3,044,543	(3,021,187)	89,316,456	6,343,600	95,660,056
91100	Administrative salaries	1,973,769	252,348	-	-	-	39,851	-	353,726	1,507,108	-	4,126,802	-	4,126,802
91200	Auditing fees	22,570	-	-	-	-	-	-	2,681	19,749	-	45,000	-	45,000
91300	Management Fee	488,590	-	-	-	-	-	-	230,379	-	(718,969)	-	-	-
91310	Book-Keeping Fee	532,169	-	-	-	-	-	-	-	-	(532,169)	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
91500	Employee benefit contributions - administrative	928,632	-	-	-	-	24,518	-	377,945	684,925	-	2,016,020	-	2,016,020
91600	Office Expenses	341,474	-	-	-	-	2	-	106,347	212,465	-	660,288	-	660,288
91700	Legal Expense	20,902	-	-	-	-	-	-	46,310	85,711	-	152,923	-	152,923
91800	Travel	9,636	-	-	-	-	752	-	9,376	20,743	-	40,507	-	40,507
91810	Allocated Overhead	-	-	-	-	-	-	-	1,578	-	-	1,578	-	1,578
91900	Other	64,045	-	-	-	-	1,733	-	-	2,281	-	68,059	1,826,928	1,894,987
92100	Tenant services - salaries	-	-	-	-	-	-	-	99,215	-	-	99,215	-	99,215
92400	Tenant Services - Other	-	-	-	-	-	-	-	6,407	-	-	6,407	-	6,407
93100	Water	-	-	-	-	-	-	-	197,613	13,983	-	211,596	-	211,596
93200	Electricity	-	-	-	-	-	-	-	68,822	39,216	-	108,038	-	108,038
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	692,034	692,034
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-	413,395	71,268	-	484,663	-	484,663
94200	OMO - Materials and Other	24,160	-	-	-	-	-	-	215,486	31,028	-	270,674	732,742	1,003,416
94300	Ordinary Maintenance and Operations - Contract Costs	7,360	-	-	-	-	-	11,332	707,469	47,883	-	774,044	-	774,044
95200	Protective Services - Other Contract Costs	1,021	-	-	-	-	-	-	34,636	5,857	-	41,514	-	41,514
96110	Property Insurance	95,385	-	-	-	-	176	-	240,064	39,932	-	375,557	-	375,557
96200	Other General Expenses	558	-	-	-	-	-	-	3,353,812	-	(1,770,049)	1,584,321	1,976,086	3,560,407
96210	Compensated Absences	148,037	-	-	-	-	10,383	-	56,257	175,163	-	389,840	-	389,840
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	78,772	-	-	78,772	-	78,772
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	44,895	-	-	44,895	-	44,895
96720	Interest on Notes Payable (Short and Long Term)	478	-	-	-	-	-	-	-	-	-	478	907,027	907,505
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	248	-	248	-	248
96900	Total Operating Expenses	4,658,786	252,348	-	-	-	77,415	11,332	6,645,185	2,957,560	(3,021,187)	11,581,439	6,134,817	17,716,256
97000	Excess Operating Revenue over Operating Expenses	69,613,873	2,093,076	3,781,253	86,556	-	15,014	432,431	1,625,831	86,983	-	77,735,017	208,783	77,943,800
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	2,500	-	-	2,500	-	2,500
97300	Housing Assistance Payments	66,552,284	2,090,713	3,781,253	86,556	-	-	-	32,404	-	-	72,543,210	-	72,543,210
97350	HAP Portability - In	9,132	-	-	-	-	-	-	-	-	-	9,132	-	9,132
97400	Depreciation Expense	209,739	-	-	-	-	-	43,695	1,717,173	18,607	-	1,989,214	2,848,199	4,837,413
90000	Total Expenses	71,429,941	2,343,061	3,781,253	86,556	-	77,415	55,027	8,397,262	2,976,167	(3,021,187)	86,125,495	8,983,016	95,108,511
10093	Transfers between programs and projects in	-	-	-	-	-	-	-	1,032,669	9,685	-	1,042,354	-	1,042,354
10094	Transfers between programs and projects out	-	-	-	-	-	(9,685)	-	(1,032,669)	-	-	(1,042,354)	-	(1,042,354)
10100	Total other financing sources (Uses)	-	-	-	-	-	(9,685)	-	-	9,685	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	2,842,718	2,363	-	-	(9,685)	15,014	388,736	(126,246)	78,061	-	3,190,961	(2,639,416)	551,545
11020	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-	-	-	-	-	-	308,240	308,240
11030	Beginning Equity	6,954,565	-	-	-	9,685	(5,927)	(13,212)	44,542,258	(1,029,387)	-	50,457,982	53,733,697	104,191,679
11040	Total Prior Period Adjustments and Equity Transfers	(17,222)	17,222	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	7,676,605	19,585	-	-	-	-	-	-	-	-	7,696,190	-	7,696,190
11180	Housing Assistance Payments Equity	2,103,456	-	-	-	-	-	-	-	-	-	2,103,456	-	2,103,456
11190	Unit Months Available	70,176	2,796	4,176	192	-	-	-	5,664	-	-	83,004	8,652	91,656
11210	Number of Unit Months Leased	70,956	2,791	4,176	192	-	-	-	5,615	-	-	83,730	8,652	92,382
11270	Excess Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-

See Independent Auditor's Report

REPORTS REQUIRED BY THE UNIFORM GUIDANCE

**BROWARD COUNTY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Housing Voucher Cluster		
Section 8 Housing Choice Voucher Program	14.871	\$ 73,686,690
Section 8 Project-Based Cluster:		
Section 8 Moderate Rehabilitation	14.856	2,343,513
Section 8 Housing Assistance Payment Program	14.195	1,522,968
Shelter Plus Care	14.238	3,781,253
HOME Investment Partnership Program	14.239	86,556
Community Development Block Grant	14.218	17,443
Pass through from the State of Florida:		
Community Development Block Grant	14.228	65,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$ 81,503,423

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, 2016

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, 2016.

NOTE 2. BASIS OF PRESENTATION

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

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

Not included are \$9,132 of Port-in expenses included in the statement of revenue and expenses based on a directive from HUD REAC.

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

The Authority has converted the existing Low Income Public Housing utilizing the RAD program and those associated expenditures are no reflect in the above Schedule of Expenditures of Federal Awards as those expenditures are being subsidized by HUD under separate legal entities, in the amount of \$1,522.968 under CFDA# 14.195.

NOTE 5. INDIRECT COST RATE

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

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

Board of Commissioners
Broward County Housing Authority
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Broward County Housing Authority (the "Authority" or "BCHA"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 10, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 10, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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

Board of Commissioners
Broward County Housing Authority
Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program

We have audited the Broward County Housing Authority (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

April 10, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**BROWARD COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? **No**

Significant deficiencies identified? **None Reported**

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

Federal Awards

Internal control over major program:

Material weaknesses identified? **No**

Significant deficiencies identified? **None Reported**

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

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

The programs tested as major programs are as follows:

- Housing Voucher Cluster
Section 8 Housing Choice Voucher Program - CFDA No. 14.871
- Shelter Plus Care - CFDA No. 14.238
- Section 8 Project-Based Cluster
Section 8 Moderate Rehabilitation - CFDA No. 14.856

The threshold for distinguishing types A and B programs was **\$2,445,102**

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

**BROWARD COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016
(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.