

**BROWARD COUNTY  
HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF  
BROWARD COUNTY, FLORIDA)**

**AUDITED FINANCIAL STATEMENTS  
For the Year Ended September 30, 2014**

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)**

**September 30, 2014**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Broward County Health Facilities Authority  
Broward County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and major fund of the Broward County Health Facilities Authority (The "Authority"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund of the Authority as of September 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 17-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the accompanying financial statements present the financial position and the changes in financial position of the Authority. These financial statements do not purport to, and do not, present fairly the financial position of Broward County, Florida, as of September 30, 2014, and changes in its financial position and its cash flows, where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, 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.

*The Shroyton Group, P. A.*

December 17, 2014

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

This section of the Broward County Health Facilities Authority's (the "Authority") annual financial report presents a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2014. Please read it in conjunction with the Authority's financial statements, which follow this section.

**Financial Highlights**

- The assets of the Authority totaled \$39,258, and are equal to the net position at September 30, 2014. This total net position is unrestricted and may be used to meet the Authority's ongoing obligations.
- During the 2014 fiscal year, the Authority's total net position increased by \$31,711. This increase is primarily due to a decrease in grants awarded to non-profit healthcare organizations.
- At the end of the fiscal year, the General Fund reported a total fund balance of \$39,258. Of this amount, \$39,207 is assigned for the subsequent year's budget.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements contain three components: (1) Government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *Government-wide* financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. These Government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of a whether the financial position of the Authority is improving or deteriorating.

The *Statement of Activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses may be reported in this statement for some items that will result in cash flows in future fiscal periods, however, none have been reported in the current fiscal year.

The Authority's government-wide financial statements can be found on pages 7-8 of this report.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority only utilizes one governmental fund, the General Fund.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Authority's governmental fund financial statements can be found on pages 9-10 of this report.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-16 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the General Fund. The required supplementary information can be found on pages 17-18 of this report.

**Governmental Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets equaled net position of \$39,258 at the close of the most recent fiscal year. The total net position of \$39,258 was reported as unrestricted, and may be used to meet the Authority's ongoing obligations.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**Broward County Health Facilities Authority  
Governmental Activities Net Position  
As of September 30, 2014 and 2013**

		2014		2013
Current Assets	\$	39,258	\$	61,124
Current Liabilities	\$	-	\$	53,577
Net Position – Unrestricted	\$	39,258	\$	7,547

The Authority's net position increased by \$31,711 during the current fiscal year as a result of a decrease in grants awarded to non-profit healthcare organizations.

**Broward County Health Facilities Authority Changes in Net Position  
Fiscal Years Ended September 30, 2014 and 2013**

		2014		2013
Program Revenues:				
Charges for Services	\$	36,813	\$	38,137
General Revenues:				
Interest Income		432		785
 Total Revenues		 37,245		 38,922
 Program Expenses:				
Human Services		5,534		59,389
 Increase (Decrease) in Net Position		 31,711		 (20,467)
Net Position, Beginning of Year		7,547		28,014
Net Position, End of Year	\$	39,258	\$	7,547

Program revenues – The Authority's charges for services decreased by \$1,324 from the prior year due to a slight decrease in annual recurring fees. There were no application and issuer's fees received related to financing and refinancing activities for fiscal year 2014.

Program expenses – The decrease in the Authority's expenses is due primarily to the decrease of \$53,577 in the Authority's payment to Broward County. This decrease is a direct result of a decrease in grants awarded to nonprofit healthcare organizations in 2014.

The financial analysis presented above for the Authority's governmental activities is the same as for the governmental funds since there were no transactions requiring reconciliation between the governmental funds and the governmental activities.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2014**

**General Fund Budgetary Highlights**

For the year ended September 30, 2014, the total appropriations between the original budget and the final amended budget remained the same. The Authority generated a positive variance of \$28,930 between the final adopted budget and actual results. Actual revenues were \$37,245 or 106.5% of the final budgeted amount of \$34,972. Total expenditures of \$5,534 were below the final adopted budget of \$32,191 by \$26,657.

**Request for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Broward County Health Facilities Authority, 115 South Andrews Avenue, Room 513, Fort Lauderdale, FL 33301, Attention: Finance and Administrative Services Department.



**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

**ASSETS**

Cash and Cash Equivalents	<u>\$ 39,258</u>
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**NET POSITION**

Unrestricted	<u><u>\$ 39,258</u></u>
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See the accompanying notes to financial statements

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
 BROWARD COUNTY, FLORIDA  
 (A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**PROGRAM EXPENSES**

Human Services:

Professional Services	\$	5,534
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**PROGRAM REVENUES**

Charge for Services - Authority Fee Income		36,813
		36,813

Net Program Income		31,279
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**GENERAL REVENUES**

Interest Income		432
		432

Change in Net Position		31,711
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<b>Net Position, Beginning of Year</b>		7,547
		7,547

<b>Net Position, End of Year</b>	\$	39,258
		39,258

See the accompanying notes to financial statement

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
GOVERNMENTAL FUND BALANCE SHEET  
SEPTEMBER 30, 2014**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 39,258
<b>FUND BALANCE</b>	
Assigned - Subsequent Year's Budget	\$ 39,207
Unassigned	51
<b>Total Fund Balance</b>	<u>\$ 39,258</u>

See the accompanying notes to financial statements

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
 BROWARD COUNTY, FLORIDA  
 (A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
 GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<b>General Fund</b>
<b>REVENUES</b>	
Charge for Services - Authority Fee Income	\$ 36,813
Interest Income	432
Total Revenues	37,245
 <b>EXPENDITURES</b>	
Human Services:	
Professional Services	5,534
Total Expenditures	5,534
Excess of Revenues over Expenditures	31,711
 <b>Fund Balance, Beginning of Year</b>	 7,547
 <b>Fund Balance, End of Year</b>	 \$ 39,258

See the accompanying notes to financial statements

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY**  
**BROWARD COUNTY, FLORIDA**  
**(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Broward County Health Facilities Authority (the "Authority") was established in 1977, by Florida Statute Section 154.207 and by the Broward County Board of County Commissioners County Ordinance No. 77-35, for the purpose of assisting health facilities in the acquisition, construction, financing, and refinancing of projects in any incorporated or unincorporated area of Broward County, Florida (the "County"). The Authority is governed by a Board appointed by the Broward County Board of County Commissioners (BOCC). Bonds issued by the Authority are not deemed to constitute a debt of the Authority, the County, or any political sub-division thereof. The Authority is authorized to issue bonds to fulfill its corporate purpose in a principal amount for all projects not to exceed \$329,100,000. As of September 30, 2014, the Authority has issued \$288,620,000 in revenue bonds of which \$14,480,000 are outstanding.

These financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting policies.

**a. Reporting Entity**

The Authority is considered a component unit of the reporting entity of the BOCC. The Authority is reported as a component unit because the BOCC appoints its governing body which is financially accountable to the BOCC. The Authority is included in the County's Comprehensive Annual Financial Report as a discretely presented component unit.

**b. Basis of Presentation**

*Government-wide Financial Statements*

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Authority. Governmental activities generally are financed through revenues generated by fees. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Items not properly included among program revenues are reported instead as general revenues.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Fund Financial Statements*

Separate financial statements are provided for the Authority's General Fund, which is a governmental fund. The General Fund is the Authority's primary operating fund and is used to account for all of the Authority's financial resources.

c. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resource being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY**  
**BROWARD COUNTY, FLORIDA**  
**(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**d. Implementation of Governmental Accounting Standards Board Statements**

The Authority adopted the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended September 30, 2014.

***1. GASB Statement No. 66 – Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62***

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. This Statement had no impact on the Authority's financial statements.

***2. GASB Statement No. 70 – Accounting and Financial Reporting For Nonexchange Financial Guarantees***

The objective of this Statement is to improve recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement further requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also specifies the information required to be disclosed by a government guarantor or issuer about the amounts and nature of nonexchange financial guarantees. This Statement had no impact on the Authority's financial statements.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY**  
**BROWARD COUNTY, FLORIDA**  
**(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

e. Assets, Liabilities and Net Assets or Equity

*Deposits*

The Authority participates in the investment pool maintained by the County for all cash and cash equivalents and investments. All investments are carried at fair value as determined from market prices. Earnings are allocated to the Authority based on the average daily balances of cash and investments. As of September 30, 2014, the Authority's share of the investment pool consisted of cash deposits.

f. Net Position

Net position of the government-wide activities represents the difference between assets and liabilities and may be categorized as net investment in capital assets, restricted, or unrestricted. All of the Authority's net assets are unrestricted at September 30, 2014.

g. Fund Balance Classification Policies

In the fund financial statements, governmental funds report fund balance in classifications based on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances in the General Fund can be classified as follows:

1. Non-spendable – amounts cannot be spent because they are not in spendable form (e.g., inventories, prepaid items and long-term receivables) or are legally or contractually required to be maintained intact.
2. Restricted – amounts are restricted to specific purposes due to the constraints imposed externally by creditors, grantors, contributors, laws or regulations of other governments or by law through constitutional provisions or enabling legislation.
3. Committed – amounts can be used for specific purposes pursuant to the constraints imposed by formal actions of the Authority's Board of Directors, the Authority's highest level of decision making authority. Amounts specifically committed for use in satisfying contractual obligations are also included in this classification.
4. Assigned – amounts are constrained by the Authority's intent to be used for specific purposes. Intent is expressed by the Authority's Board of Directors.
5. Unassigned – residual amount reported in the General Fund.



**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**h. Use of Estimates**

The preparation of financial statements in accordance 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 of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County mitigates custodial credit risk by generally requiring public funds to be deposited in a qualified public depository pursuant to State Statutes. Under the State Statutes, 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 times the depositories' collateral pledging level. The pledging level may range from 25% to 200% depending upon the depositories' financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors 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.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

The County is reimbursed for the costs incurred for certain financial and administrative services rendered to the Authority in accordance with the terms of the professional services agreement between the County and the Authority. This agreement provides that reimbursable costs for services rendered by the County are due and payable at such time as the Authority has sufficient funds to pay such costs. Charges to the Authority from the County for such services totaled \$5,534 during the year ended September 30, 2014.

The County also administers grants to non-profit healthcare organizations located in Broward County on behalf of the Authority. The Authority did not award any grants during the year ended September 30, 2014, and therefore, there was no liability to the County relating these grants.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 4 - INTERLOCAL AGREEMENT AND CONDUIT DEBT OBLIGATIONS**

On November 24, 1998, the Authority entered into an Interlocal Agreement (the “1998 Agreement”) with Collier County Health Facilities Authority (the “Issuer”) to authorize the Issuer to issue revenue bonds (the “Bonds”) on behalf of and with the agreement of the Authority to loan a portion of the Bond proceeds to Cleveland Clinic Florida (the “Borrower”) for the purpose of providing funds to the Borrower to acquire, construct, renovate, rehabilitate and equip certain healthcare facilities located in Broward County. The terms of the 1998 Agreement shall end upon the discharge of the Bond Indenture in accordance with the provisions thereof. The Borrower agreed to pay the Authority an up-front fee of 5 basis points of the borrowing attributable to the construction in Broward County.

In addition, the Borrower agreed to pay the Authority an annual fee of 5 basis points of the Bonds outstanding on each anniversary of the bond issuance date. As of September 30, 2014, \$41,905,000 of the Series 2003C Bonds issued by Collier County Health Facilities Authority and related to Broward County construction was outstanding.

Pursuant to an Interlocal Agreement, dated May 25, 2000, (the “2000 Agreement”) the BOCC of Broward County authorized the Authority to issue Series 2000 Bonds in connection with the refunding of the Catholic Health Services, Inc. Series 1991 Bonds and the financing of improvements to the St. Anne’s Facility. On December 2, 2010, the Broward County Health Facilities Authority Board approved the refinancing of the Series 2000 Bonds. The Series 2000 Bonds were refunded on December 22, 2010 through the issuance of \$14,200,000 of Series 2010 Bonds. The borrower has agreed to pay the Authority 10 basis points of the Series 2010 Bonds outstanding as of September 30<sup>th</sup> of each year, payable to the Authority on October 1<sup>st</sup> of each fiscal year. At September 30, 2014, the principal outstanding was \$9,380,000.

On May 25, 2004, the BOCC of Broward County authorized the issuance of \$5,100,000 Variable Rate Demand Revenue Bonds (Henderson Mental Health Center, Inc. Project) Series 2004. This bond issue closed successfully on June 30, 2004, and provided funds for Henderson Mental Health Center, Inc. to refinance two properties. The borrower agreed to pay the Authority 10 basis points of the Series 2004 Bonds outstanding as of September 30<sup>th</sup> of each year, payable to the Authority on October 1<sup>st</sup> of each fiscal year. At September 30, 2014, the principal outstanding was \$5,100,000.

None of the currently outstanding bonds constitute a debt, liability, or obligation of the Authority, the County, the State, or any political subdivision thereof, except for pledged revenues collected. Neither the Authority, the County, the State, nor any political subdivision thereof shall be liable for any other indebtedness or liability which may arise in connection with the issuance of the bonds or the making of the loan.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)**

**REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2014**

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charge for Services - Authority Fee Income	\$ 36,813	\$ 36,813	\$ 36,813	\$ -
Interest Income	-	-	432	432
Less 5% of Anticipated Revenue	(1,841)	(1,841)	-	1,841
Total Revenues	<u>34,972</u>	<u>34,972</u>	<u>37,245</u>	<u>2,273</u>
<b>EXPENDITURES</b>				
Human Services:				
Professional Services	6,000	6,000	5,534	466
Payments to Broward County General				
Fund for Grants	26,191	26,191	-	26,191
Total Expenditures	<u>32,191</u>	<u>32,191</u>	<u>5,534</u>	<u>26,657</u>
Excess of Revenues over Expenditures	2,781	2,781	31,711	28,930
<b>Fund Balance, Beginning of Year</b>	<u>7,904</u>	<u>7,904</u>	<u>7,547</u>	<u>(357)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 10,685</u>	<u>\$ 10,685</u>	<u>\$ 39,258</u>	<u>\$ 28,573</u>

See the accompanying notes to budgetary comparison schedule

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY  
BROWARD COUNTY, FLORIDA  
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

**NOTE 1 – BUDGETARY INFORMATION**

The Authority prepares an annual operating budget for the general fund which is reflected in these financial statements. The Authority's budgeting process is based on estimates of revenues and expenditures and requires that all budgets be approved by the Authority's Board (the "Board") after a public hearing is held. Subsequent amendments to the budget, if any, are approved by the Board. General Fund appropriations lapse after year end.

Budgets are prepared on the same basis as accounting as is required for the governmental fund types and conforms with GAAP.



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

To the Board of Directors  
Broward County Health Facilities Authority  
Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Broward County Health Facilities Authority (the "Authority"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 17, 2014.

**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 opinions 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 the 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.

**INDEPENDENT AUDITORS' 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 - Continued**

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*The Shoypton Group, P. A.*

December 17, 2014



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## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors  
Broward County Health Facilities Authority  
Broward County, Florida

We have examined the Broward County Health Facilities Authority (the "Authority"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2014. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

*The Sharpton Group, P. A.*

December 17, 2014





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**MANAGEMENT LETTER  
IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF  
THE STATE OF FLORIDA**

To the Board of Directors  
Broward County Health Facilities Authority  
Broward County, Florida

We have audited the special-purpose financial statements of the Broward County Health Facilities Authority (the “Authority”), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated December 17, 2014.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Report and Schedule**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated December 17, 2014, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

**MANAGEMENT LETTER**  
**IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF**  
**THE STATE OF FLORIDA - Continued**

**Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*The Shroyton Group, P. A.*

December 17, 2014