

**BROWARD COUNTY
HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
AUDITED FINANCIAL STATEMENTS
For the Year Ended September 30, 2013**

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

September 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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 Health Facilities Authority of Broward County, Florida (The "Authority"), as of and for the year ended September 30, 2013, 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, 2013, 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, 2013, 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 18, 2013 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.

Sharpton Brunson & Company, P.A.

December 18, 2013

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

This section of the Broward County Health Facilities Authority's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance for the fiscal year ended September 30, 2013. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The assets of the Authority exceeded liabilities at September 30, 2013 by \$7,547 (net position). This unrestricted net position may be used to meet the Authority's ongoing obligations.
- During the 2013 fiscal year, the Authority's total net position decreased by \$20,467. This decrease is primarily due to a decrease in annual recurring fees, application and issuer's fees, combined with continued grants awarded to non-profit healthcare organizations.
- At the end of the fiscal year, the General Fund reported a total fund balance of \$7,547. This amount is unassigned.

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, 2013**

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 exceeded liabilities by \$7,547 at the close of the most recent fiscal year. The total net position of \$7,547 was reported as unrestricted, and may be used to meet the Authority's ongoing obligations.

**Broward County Health Facilities Authority
Governmental Activities Net Position
As of September 30, 2013 and 2012**

		2013		2012
Current Assets	\$	61,124	\$	105,325
Current Liabilities	\$	53,577	\$	77,311
Net Position – Unrestricted	\$	7,547	\$	28,014

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

The Authority's net position decreased by \$20,467 during the current fiscal year as a result of a decrease in annual recurring fees, application and issuer's fees, combined with continued grants awarded to non-profit healthcare organizations.

**Broward County Health Facilities Authority Changes in Net Position
Fiscal Years Ended September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Program Revenues:		
Charges for Services	\$ 38,137	\$ 39,423
General Revenues:		
Interest Income	<u>785</u>	<u>928</u>
 Total Revenues	 38,922	 40,351
 Program Expenses:		
Human Services	<u>59,389</u>	<u>80,683</u>
 Decrease in Net Position	 (20,467)	 (40,332)
Net Position, Beginning of Year	<u>28,014</u>	<u>68,346</u>
Net Position, End of Year	<u>\$ 7,547</u>	<u>\$ 28,014</u>

Program revenues – The Authority's charges for services decreased by \$1,286 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 2013.

Program expenses – The decrease in the Authority's expenses is due primarily to the decrease of \$21,294 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 2013.

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, 2013**

General Fund Budgetary Highlights

For the year ended September 30, 2013, the total appropriations between the original budget and the final amended budget increased by \$1,785. The Authority generated a positive variance of \$1,857 between the final adopted budget and actual results. Actual revenues were \$38,922 or 105.9% of the final budgeted amount of \$37,038. Total expenditures of \$59,389 exceeded the final adopted budget of \$59,362 by \$27.

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, 2013**

ASSETS

Cash and Cash Equivalents	\$ 61,124
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LIABILITIES

Due to Primary Government	<u>53,577</u>
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NET POSITION

Unrestricted	<u>\$ 7,547</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, 2013**

PROGRAM EXPENSES

Human Services:

Professional Services	\$ 5,812
Payments to Broward County General Fund for Grants	<u>53,577</u>

Total Program Expenses	59,389
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PROGRAM REVENUES

Charge for Services - Authority Fee Income	<u>38,137</u>
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Net Program Loss	(21,252)
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GENERAL REVENUES

Interest Income	<u>785</u>
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Change in Net Position	(20,467)
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Net Position, Beginning of Year	28,014
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Net Position, End of Year	<u><u>\$ 7,547</u></u>
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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, 2013**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 61,124</u>
LIABILITIES AND FUND BALANCE	
Liabilities - Due to Primary Government	53,577
Fund Balance - Unassigned	<u>7,547</u>
Total Liabilities and Fund Balance	<u>\$ 61,124</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 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	General Fund
REVENUES	
Charges for Services - Authority Fee Income	\$ 38,137
Interest Income	785
Total Revenues	38,922
EXPENDITURES	
Human Services:	
Professional Services	5,812
Payments to Broward County General Fund for Grants	53,577
Total Expenditures	59,389
Deficiency of Revenues over Expenditures	(20,467)
Fund Balance, Beginning of Year	28,014
Fund Balance, End of Year	\$ 7,547

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, 2013**

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, 2013, the Authority has issued \$288,620,000 in revenue bonds of which \$15,860,000 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 and can remove its members at will, and therefore 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, 2013**

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.

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, 2013:

1. GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

This Statement classifies all sources of generally accepted accounting principles for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of the governmental financial statement users. The Authority elected to include all pre-November 30, 1989, FASB pronouncements which are now codified in GASB Statement No. 62.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

This Statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of financial position in a separate section following assets. Similarly, amounts required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets. The adoption of this statement resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position. Additionally, the term "net assets" is changed to "net position" throughout the financial statements.

3. GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities."

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement had no impact on the Authority's financial statements.

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 stated at fair value, which is based on quoted market price. Earnings are allocated to the Authority based on the average daily balances of cash and investments. As of September 30, 2013, the Authority's share of the investment pool consisted of cash deposits.

Due to Primary Government

As of September 30, 2013, the Authority owed the County's General Fund \$53,577 for grant awards.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2013.

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 and long-term loans and notes receivable) or 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 provision 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.
4. Assigned – amounts are constrained by the Authority's intent to be used for specific purposes. Intent should be expressed by the Authority's Board of Directors or its delegated body.
5. Unassigned – residual amount reported in the General Fund.

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 and liabilities and disclosure of contingent assets and liabilities 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.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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 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 \$5,812 during the year ended September 30, 2013.

The County also administers grants to non-profit healthcare organizations located in Broward County on behalf of the Authority. For the year ended September 30, 2013, the Authority recorded a liability of \$53,577 to the County relating these grants.

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.

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 4 - INTERLOCAL AGREEMENT AND CONDUIT DEBT OBLIGATIONS - Continued

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, 2013, \$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 Board of County Commissioners 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 of each year, payable to the Authority on October 1 of each fiscal year. At September 30, 2013, the principal outstanding was \$10,760,000.

On May 25, 2004, the Board of County Commissioners 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 of each year, payable to the Authority on October 1 of each fiscal year. At September 30, 2013, 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, 2013**

**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, 2013**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
REVENUES				
Charges for Services - Authority Fee Income	\$ 38,137	\$ 38,137	\$ 38,137	\$ -
Interest Income	850	850	785	(65)
Less 5% of Anticipated Revenue	(1,949)	(1,949)	-	1,949
Total Revenues	<u>37,038</u>	<u>37,038</u>	<u>38,922</u>	<u>1,884</u>
EXPENDITURES				
Human Services:				
Professional Services	4,000	5,785	5,812	(27)
Payments to Broward County General				
Fund for Grants	53,577	53,577	53,577	-
Total Expenditures	<u>57,577</u>	<u>59,362</u>	<u>59,389</u>	<u>(27)</u>
Excess (Deficiency) of Revenues over Expenditures	(20,539)	(22,324)	(20,467)	1,857
Fund Balance, Beginning of Year	<u>28,045</u>	<u>28,045</u>	<u>28,014</u>	<u>(31)</u>
Fund Balance, End of Year	<u>\$ 7,506</u>	<u>\$ 5,721</u>	<u>\$ 7,547</u>	<u>\$ 1,826</u>

See the accompanying notes to budgetary comparison schedule

**BROWARD COUNTY HEALTH FACILITIES AUTHORITY
BROWARD COUNTY, FLORIDA
(A COMPONENT UNIT OF BROWARD COUNTY, FLORIDA)
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

NOTE 1 – BUDGETARY INFORMATION

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

Budgets are prepared on the same basis of accounting as required for the governmental fund types. Expenditures may exceed the approved budget amounts for individual categories as long as total expenditures do not exceed the approved budget. Unencumbered appropriations within the General Fund lapse at year-end.

For the fiscal year ended September 30, 2013, expenditures exceeded appropriations by \$27.



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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
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 Health Facilities of Broward County, Florida (the "Authority"), as of and for the year ended September 30, 2013, 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 18, 2013.

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.

Sharpton Brunson & Company, P.A.

December 18, 2013



SHARPTON, BRUNSON & COMPANY, P.A.

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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
Health Facilities Authority of
Broward County, Florida

We have audited the financial statements of the Health Facilities Authority of Broward County, Florida (the "Authority"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated December 18, 2013.

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. 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*. Disclosures in that report, which is dated December 18, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

- 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.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Authority complied with Section 218.415, Florida Statutes.

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

- Section 10.554(1)(i)3., 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)4., 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.
- Section 10.554(1)(i)5., 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.

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.

Sharpton Brunson & Company, P.A.

December 18, 2013