

Boston Housing Authority

Financial Report
March 31, 2015

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Independent Auditor's Report

To the Administrator
Boston Housing Authority
Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Boston Housing Authority (the "Authority"), as of and for the year ended March 31, 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.

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 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 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 business-type activities and the aggregate discretely presented component units of the Authority, as of March 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-10 and the Schedule of Funding Progress for the Retiree Health Plan on page 35 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary 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 December 31, 2015 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.

RSM US LLP

Boston, Massachusetts
December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

The Boston Housing Authority's (the "Authority" or "BHA") financial statements are those of a special-purpose government engaged only in business-type activities, also known as the enterprise model, and are prepared on the accrual basis of accounting. As such, it is similar to a commercial entity's presentation of financial statements in that the Authority-wide financial statements are appropriately reported in single columnar format, providing both long-term and short-term information about the BHA's overall financial status.

The BHA's accounting records are organized and maintained by individual programs and reported collectively as business-type activities, including a component units fund comprised of separate legal entities of which the BHA is the sole member. The component units are discretely presented in the financial statements.

The financial statements included in this report are:

- **Statement of net position** - reports the Authority's current financial resources, capital assets and other non-current assets, current financial obligations, and long-term debt obligations. It is presented in the format where assets minus liabilities equal "Net Position". Assets are presented in order of liquidity and are classified as "Current" (convertible into cash within one year) and "Non-Current". Current liabilities are obligations that should be satisfied within one year and liabilities that do not meet this expectation are classified as "Non-Current". This statement is designed to represent the net position, net of liabilities, for the entire Authority and is reported in three categories:
 - **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - **Restricted** - Consists of net position restricted to specific uses either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation
 - **Unrestricted** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets". In instances where unrestricted or restricted resources are available to fund expenditures, the Authority will initially use unrestricted assets.
- **Statement of revenues, expenses and changes in net position** - reports the Authority's operating revenues, such as rental income and subsidy, and operating expenses, such as administrative, utilities and maintenance, and depreciation, and non-operating revenues and expenses such as capital grants, investment income, and interest expense. The focus of this statement is the "Change in Net Position", which is similar to net income or loss.
- **Statement of cash flows** - reports the net cash provided by or used by operating activities, investing, non-capital financing activities and from capital and related financing activities.

The financial statements also include notes that provide more detailed and explanatory information and are an integral part of the financial statements.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements and notes are followed with supplementary information that further supports the financial statements and is made up of the following information:

- Management's Discussion and Analysis (MD&A) (unaudited)
- Schedule of Funding Progress for the Retiree Health Plan (unaudited)
- Combining Statement of Net Position – Primary Government Programs
- Combining Statement of Revenues, Expenses and Changes in Net Position – Primary Government Programs
- Combining Statement of Net Position – Discretely Presented Component Units
- Combining Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units
- Statement of Net Position – Building
- Statement of Revenues, Expenses and Changes in Net Position – Building
- Statement of Certification of Actual Program Costs - Federally Funded Programs

The following sections examining the statement of net position and the statement of revenues, expenses and changes in net position will highlight the changes between FY 2015 and FY 2014. In looking at the causes for these changes only items of significant importance will be noted. There may be other minor, immaterial fluctuations in the other accounts associated with each line item and it should be assumed that any variation between the line item change and any amounts specifically noted and discussed would be explained by the net result of these minor fluctuations occurring in the various applicable programs.

ANALYSIS OF AUTHORITY WIDE NET POSITION (STATEMENT OF NET POSITION)

The schedule below shows comparative balance sheet data from the fiscal year ended March 31, 2015 (FY 2015) and the fiscal year ended March 31, 2014 (FY 2014) for the primary government.

Condensed Comparative Statement of Net Position

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>	<u>Variance</u>
Cash & Investments	\$ 88,539,926	\$101,171,484	\$(12,631,558)	-12.49%
Other Current Assets	10,618,153	8,555,758	2,062,395	24.11%
Capital Assets	338,325,751	359,571,805	(21,246,054)	-5.91%
Other Non-current assets	134,308,164	132,429,233	1,878,931	1.42%
Total Assets	<u>\$571,791,994</u>	<u>\$601,728,280</u>	<u>\$(29,936,286)</u>	<u>-4.98%</u>
Current Liabilities	\$ 36,726,740	\$ 32,587,065	\$ 4,139,675	12.70%
Non-current liabilities	191,771,233	193,647,205	(1,875,972)	-0.97%
Total Liabilities	228,497,973	226,234,270	2,263,703	1.00%
Net position invested in capital assets, net of related debt	205,800,583	221,780,132	(15,979,549)	-7.21%
Restricted net position	15,805,426	21,144,737	(5,339,311)	-25.25%
Unrestricted net position	121,688,012	132,569,141	(10,881,129)	-8.21%
Total Net Position	<u>343,294,021</u>	<u>375,494,010</u>	<u>(32,199,989)</u>	<u>-8.58%</u>
Total Liabilities and Net Assets	<u>\$571,791,994</u>	<u>\$601,728,280</u>	<u>\$(29,936,286)</u>	<u>-4.98%</u>

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

ANALYSIS OF AUTHORITY WIDE NET POSITION (STATEMENT OF NET POSITION) (Continued)

Total assets decreased by \$29.9 million or 5%, from FY 2014. The significant changes in asset categories that resulted in this net decrease are discussed below.

- Cash and cash equivalents and investments realized a net decrease of \$12.6 million. Significant decreases include \$6 million to draw down of operating reserves due to subsidy funding reductions in the federal operating program. The Housing Choice Voucher Program ("HCVP") cash and investments decreased by \$6.8 million due to draw down of reserves used to make housing assistance payments.
- Other current assets realized an increase of \$2 million. The increase was due mainly to an increase in accounts receivable from HOPE VI funds for work done in 2014, \$1.3 million and The HCVP program increased \$800,000.
- Capital assets decreased by \$21.2 million. This decrease is primarily accounted for by a \$16 million increase in building improvements offset by a \$37 million increase to accumulated depreciation.
- Other non-current assets increased by \$1.9 million mainly due to a \$2.6 million increase to notes receivable in the HOPE VI Program and a \$544,000 decrease in notes receivable projects and a \$200,000 decrease in notes receivable from the Commonwealth of Massachusetts.

Total liabilities increased in FY2015 by \$2.8 million. The significant changes in liability categories that resulted in this net increase are discussed below.

- "Current liabilities" increased by \$4.1 million due to an increase in the accrual for utility expense at the federal projects and an increase in current liabilities due from component units.
- "Non-current liabilities" decreased by \$1.9 million due mainly to the net of an increase in accrued pension and other post-employment benefits (OPEB) liabilities and a decrease of long-term debt associated with Energy Service Companies (ESCO) and Capital Fund Financing Program (CFFP) and West Broadway bonds.

As previously stated above in the MD&A section "Overview of the Financial Statements", the Statement of Net Position is presented in the format where assets minus liabilities equal "Net Position". Using this formula, the decrease from FY 2014 to FY 2015 in total assets of \$30 million netted against the increase in total liabilities of \$2 million from FY 2014 to FY 2015 equals the net decrease in net position of \$32 million.

To conclude this section some selected liquidity and debt ratios are shown. Cash and investments and current assets showed decreases between FY 2015 and FY 2014 resulting in decreases in the current and cash ratios.

Selected Financial Ratios	2015	2014
Current ratio	2.70	3.32
Cash ratio	2.41	3.10
Cash ratio (excluding restricted cash and related current portion of debt)	2.25	2.81
Debt to equity	40%	38%
Debt ratio	40%	38%
Capitalization ratio	28%	27%

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

ANALYSIS OF AUTHORITY WIDE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The major sections of the statement of revenues, expenses and changes in net position for the primary government, discussed more fully below, show that in FY 2015, the BHA had total operating revenue of \$324 million, total operating expenses of \$362 million and total non-operating revenues (net of non-operating expenses) of \$6 million. The result is a \$32.2 million decrease in net position --- described as "Change in Net Position" --- for FY 2015 on the statement of revenues, expenses and changes in net position.

Comparative Statement of Revenues and Expenses

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>	<u>Variance</u>
Total tenant revenue - net	41,937,481	40,171,386	1,766,095	4.40%
HUD operating subsidies and grants	249,379,221	249,763,990	(384,769)	-0.15%
Other governmental grants	28,948,292	30,171,873	(1,223,581)	-4.06%
Other revenue	4,521,535	6,381,899	(1,860,364)	-29.15%
Bad debt	(542,539)	(498,031)	(44,508)	8.94%
Total Operating Revenue	324,786,529	325,991,117	(1,747,127)	-0.54%
Administration	40,678,087	40,088,449	589,638	1.47%
Tenant services	1,959,022	3,061,424	(1,102,402)	-36.01%
Utilities	39,307,315	37,225,369	2,081,946	5.59%
Maintenance and operations	44,434,226	43,497,934	936,292	2.15%
Protective services	6,517,085	6,363,303	153,782	2.42%
Insurance	4,216,360	4,145,999	70,361	1.70%
Payment in lieu of taxes	450,773	291,816	158,957	54.47%
Housing assistance payments	180,618,058	183,621,400	(3,003,342)	-1.64%
Pension and other post-retirement employee benefit expense	5,212,956	6,244,013	(1,031,057)	-16.51%
Other general expenses	1,608,660	1,989,830	(381,170)	-19.16%
Depreciation	37,623,264	38,755,261	(1,131,997)	-2.92%
Total Operating Expenses	362,625,806	365,284,798	(2,658,992)	-0.73%
Total Operating Loss	(37,839,277)	(39,293,681)	911,865	-2.32%
Capital Grants	14,214,469	20,292,619	(6,078,150)	-29.95%
Investment income - unrestricted	178,114	148,312	29,802	20.09%
Investment income - restricted	28,973	26,866	2,107	7.84%
Interest expense	(7,226,672)	(7,389,624)	162,952	-2.21%
Extraordinary maintenance	(712,454)	(476,112)	(236,342)	49.64%
Disposition of property	1,655	(18,159)	19,814	-109.11%
Casualty losses	(302,258)	(737,520)	435,262	-59.02%
Equity transfers	-	(661,757)	661,757	-100.00%
Total Non-Operating Revenues	6,181,827	11,184,625	(5,002,798)	-44.73%
Change in Net Position	(31,657,450)	(28,109,056)	(4,090,933)	14.55%
Net Position, beginning of year	375,494,010	403,603,066	(28,109,056)	-6.96%
Net Position, End of Year	\$ 343,836,560	\$ 375,494,010	\$ (32,199,989)	-8.58%

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

ANALYSIS OF AUTHORITY WIDE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

Total operating revenue decreased by \$1.7 million in FY 2015 from FY 2014. Significant factors included:

- A \$1.7 million increase in tenant revenues. The increase in tenant revenues is due mainly to increased rent.

This increase was offset by the following decreases:

- A \$384,000 decrease in Department of Housing and Urban Development (HUD) subsidies and grants due to a \$4.35 million increase in federal operating subsidy and a \$1.4 million increase in federal leased housing funds, a \$900,000 increase in Federal Capital funds offset by a \$6.8 million decrease in federal HOPE VI funds and a \$191,000 decrease in miscellaneous grants.
- A \$1.2 million decrease in other governmental grants due to a decrease state capital funding and local grants.
- A \$1.7 million decrease in other revenue due to the net effect of a \$1.4 million decrease in Portability revenue, a \$250,000 decrease in projects workers compensation reimbursement, a \$364,000 decrease in local grants and a \$313,000 decrease in State capital program administrative fees.

Total operating expense: Total operating expense decreased by \$2.7 million or .7% from FY2014 to FY2015. This decrease is accounted for in the following programs and categories:

- Administration expense increased by \$590,000 or 1.5%. This increase in 2015 was due to losses related housing assistance payments in the Leased Housing Program.
- Tenant services decreased by \$1.1 million or 36%. Approximately \$774,000 of the reduction was from the reduced Federal social services funding, \$463,000 was from reduced HOPE VI management improvement funding, these reduction were offset by an increase in State and local funding for Adult Education and Training programs
- Utilities increased by \$2 million or 6%. The majority of this increase due to a colder winter in 2015 and utility cost increases.
- Maintenance and operations increased by \$936,000 or 2% due to increases in snow removal contracts and increased materials and supplies generated from major snow storms in 2015. In addition contract expense for HOPE VI sites increased.
- Protective services expense increased by \$154,000 or 2% in 2015 due to an increase in employee salaries and benefits for public safety.
- Insurance expense increased by \$70,000 driven mainly by an increase in the worker's compensation premium for 2015.
- Housing assistance payments decreased \$3 million due to due to a reduction in the number of units leased as well as decrease in portability units in from other housing authorities.
- Pension and other post-retirement employee benefit expense decreased \$1 million due to a decrease in the GASB 45 accrued expense.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

ANALYSIS OF AUTHORITY WIDE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

Total operating expense (continued):

- Other general decreased by \$381,000 or 19% due primarily to \$324,000 of reserve funds used for Old Colony Community Center and \$840,000 state set aside funds for West Broadway was offset by a \$644,000 reduction in GASB 45 accrual.
- Depreciation decreased by \$1.1 million or 3%. Approximately \$880,000 was attributed to the federal properties and \$240,000 was attributed to State properties.

Total non-operating revenues and expenses: Total non-operating revenues and expenses decreased by \$5.1 million.

- Federal Capital Grants decreased by \$6 million or 30% due to a reduction in Federal capital funding. This decrease was offset by Casualty Loss proceeds from insurance related due to fires and storm damage at several Federal housing sites.
- Equity transfers decreased by \$661,000 due to the representation of Heritage Housing Corporation and Lower Mills Housing Corporation in component units in FY2014.

CAPITAL ACTIVITY

In FY 2015 the Authority expended funds from several sources on capital improvement projects. Funding of \$10.5 million for the federal developments was received under the Capital Fund Program ("CFP", an annual allocation). Approximately \$5 million was expended for capital improvements at the state developments. State capital funds derive from the proceeds of debt issued by the state and is allocated based on need. Approximately \$3.9 million was expended under the federal HOPE VI program on redevelopment projects; however, these funds do not produce capital assets for the Authority. The developer retains the new capital assets and the Authority retains possession of the land assets of the old developments, leased to the developer through ground leases, and acquires notes receivable from the developer for the grant funds disbursed.

In order to insure that capital dollars are spent to the greatest possible advantage the Authority has a Capital Construction department dedicated to the assessment of capital needs at the developments, advising BHA decision-makers of suggested priorities, and planning and implementing approved capital projects. Formal capital plans and needs assessments are submitted to HUD and Department of Housing and Community Development ("DHCD") and these agencies render approval to the capital plans at the respective federal and state developments. A summary of capital activity is included in Note 4 of the financial statements.

LONG TERM DEBT

At March 31, 2015 the Authority had \$132.8 million in long term debt net of the current portion. This figure represents four bonds, each issued for a specific purpose. Each bond is secured differently and none of the debt encumbers the combined assets of the Authority. Other than repayments, there was no debt activity in FY2015. These bonds are discussed in greater detail in Note 7 to the financial statements.

The debt to equity, debt, and capitalization ratios presented above are in the acceptable range for a property management enterprise. The Authority's current Standard and Poor's issuer credit rating is A+/Stable.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

BUDGET VARIATIONS

The Administrator of the BHA approves all of the Authority's budgets including the Federal Low-Rent and State Public Housing operating budgets, Capital Budgets, Leased Housing budgets, Central Office Cost Center budgets and other grant budgets. The Administrator is appointed by the Mayor of the City of Boston and is empowered to manage and control the Authority under Massachusetts law, Chapter 88 of the Acts of 1989, approved May 23, 1989. The budgets is an administrative management tool used by the Authority and is not considered a legally adopted budget. Accordingly, the budget is not presented as required supplementary information to the financial statements.

The Authority's Conventional Public Housing Operating Program supports the maintenance and management of approximately 12,665 public housing units scattered throughout the City of Boston, with approximately 10,335 of these units funded by HUD and 2,330 units funded by DHCD. The Administrator of the BHA approves the Authority's Federal Low-Rent and State Public Housing operating budgets. The Administrator is appointed by the Mayor of the City of Boston and is empowered to manage and control the Authority under Massachusetts's law, Chapter 88 of the Acts of 1989, approved May 23, 1989.

Revenues under the Authority's Federal Low-Rent Operating Program totaled approximately \$87.3 million against a total revenue budget of \$86.5 million. The positive variance in revenue of \$802,000 was due to higher than expected rental income, \$1.1 million, lower than expected subsidy, \$865,000, unanticipated proceeds from insurance of \$166,000, along with higher than expected other income, \$372,000, due mainly to the sale of a parcel of property at our Highland Park site.

Total federal operating program expenses, excluding depreciation and amortization, were approximately \$97.8 million against a budget of \$96.8 million. Total expenses were \$1 million or 1% greater than budgeted. Utility expense accounted for \$2 million of this variance. The \$2 million was offset by non-utility expense approximately \$1 million lower than budgeted. Total Routine Maintenance expense was \$550,000 or 3% less than the budgeted. Other significant variances were \$166,000 in insurance and unemployment, \$120,000 in unemployment, and \$200,000 in tenant services

State Consolidated public housing program total revenue was \$25.5 million against a budget of \$25.6 million. Dwelling rents higher than budgeted accounted for this slight variance.

State consolidated operating program total expenses, excluding depreciation, were approximately \$25 million against a budget of \$25.6 million. Utility expense was approximately \$200,000 less than budgeted. Routine maintenance was approximately \$225,000 less than budgeted and Administrative expense were approximately \$200,000 less than budgeted

The Authority's federal leased housing program administrative budget generated revenue of approximately \$14 million against a budget of \$14 million. Total expenses were \$13.4 million against a budget of \$14 million or 4% less than budget. Administrative salaries were budgeted at \$6.6 million with expense of \$6.2 million due to attrition and a hiring freeze. Fees to the central office cost center were budgeted at \$2.6 million with expense at \$2.4 million. Fees were less than anticipated due to leased units being less than expected.

State leased housing program revenue was approximately \$336,000 against a budget of \$291,000, while expense was \$332,000 against a budget of \$321,000.

The Central Office Cost Center (COCC) generated approximately \$15.8 million of income mainly from management fees from the federal and state operating, capital and leased housing programs against a budget of \$15.6 million. Administrative fees from State Capital construction work can in higher than anticipated by approximately \$200,000. Total expenditures were \$16.2 million against a budget of \$16.2 million

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

BUDGET HIGHLIGHTS

Federal congressional budget appropriations funded the federal low-rent operating program nation-wide at 88.79% of operating subsidy eligibility for calendar year 2014. This resulted in the BHA receiving approximately \$7 million less than it was eligible to receive during FY15.

The federal operating program ended the year with a deficit of approximately \$10 million, excluding amortization and depreciation. The Authority used \$4 million from the capital program and \$6 million in operating reserves to fund this deficit.

The State Department of Housing and Community Development increased the state operating program non-utility budgets by 9%, or \$1,280,000 in BHA Fiscal Year 2015. The state operating budget program budget generated net income of approximately \$462,000 in FY15. In addition the State provided a subsidy enhancement of \$387,137 for the State Operating Program.

CONDITIONS AFFECTING ONGOING OPERATIONS AND FINANCIAL POSITION

Significant economic factors impacting budget and strategic planning of the Authority are as follows:

- Congressional appropriation to the federal HUD
- Appropriations of the state legislature to the Commonwealth of Massachusetts DHCD
- State bond rating and the ability of the state to issue debt to provide capital improvement funds
- Collective bargaining negotiations and agreements
- Local economic trends, including employment trends affecting residents' income and resulting rental income, as well as local market rents affecting the HCVP program
- Interest rates, affecting both funds investment and debt financing
- The bond and tax credit market as they affect the Authority's ability to finance property redevelopment
- Significant fluctuation in the cost of utilities and materials and supplies
- Significant fluctuation in the cost of employer-paid employee benefits, particularly health insurance, workers' compensation, unemployment benefits
- Significant fluctuation in the cost of property and other insurance

The Authority anticipates that the continuing focus of Congress and the federal government to curtail spending and reduce debt will mean continued reductions to operating, capital and housing assistance payments subsidy for the federal program in the foreseeable future. Federal operating subsidy for calendar year 2014 was increased from 81.86% of eligibility in calendar year 2013 to 88.79% in calendar year 2014 however this amount is still significantly less than 100% of eligibility. HUD is funding calendar year 2015 at 85.36%. HUD has determined that 100% of eligibility is the amount needed to properly administer a Public Housing Authority (PHA) yet Congress continues to underfund that amount. The state operating non-utility expense level was increased by 3% for BHA FY16 but it is expected to be level funded with no increase in FY17.

The Authority continues to pursue smaller social service grants and partnerships with city agencies and institutions in order to augment its resources and provide programs and services to its residents and clients that it couldn't do otherwise given the current fiscal climate.

REQUESTS FOR INFORMATION

The report is intended to provide an overview of the Authority's financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the Boston Housing Authority, 52 Chauncy Street, Boston, MA 02111 and to the attention of the Deputy Administrator of Finance and Administration.

Boston Housing Authority

Statement of Net Position

March 31, 2015

	Primary Government	Discrete Component Units
Assets		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 70,265,513	\$ 10,890,135
Cash and cash equivalents - restricted	17,397,797	1,585,147
Investments - restricted	876,616	-
Accounts receivable:		
Accounts receivable - tenants	1,361,420	121,624
Allowance for doubtful accounts - tenants	(606,679)	(46,591)
Accounts receivable - HUD other projects	1,316,596	-
Accounts receivable - other government	1,368,718	-
Allowance for doubtful accounts - other government	(322,842)	-
Accounts receivable - HUD Public Housing Authority projects	1,767,247	-
Accounts receivable - miscellaneous	2,849,191	2,732
Notes, loans, and mortgages receivable - current	1,507,969	-
Accrued interest receivable	8,903	-
Prepaid expenses and other assets	928,619	608,016
Inventories	439,011	-
Due from primary government	-	1,657,214
Total current assets	<u>99,158,079</u>	<u>14,818,277</u>
Noncurrent Assets		
Capital assets:		
Land	64,288,571	11,224,330
Construction in progress	43,940,177	-
Buildings	1,220,798,277	78,072,942
Furniture, equipment and machinery	6,080,625	-
Accumulated depreciation	(996,781,899)	(44,919,140)
Total capital assets	<u>338,325,751</u>	<u>44,378,132</u>
Other assets:		
Notes, loans and mortgages receivable - non-current	135,954,659	124,514,597
Allowance for doubtful accounts - notes, loans and mortgages	(1,646,495)	(820,000)
Total other assets	<u>134,308,164</u>	<u>123,694,597</u>
Total assets	<u>571,791,994</u>	<u>182,891,006</u>

See Notes to Financial Statements.

Boston Housing Authority**Statement of Net Position (Continued)**
March 31, 2015

	Primary Government	Discrete Component Units
Liabilities		
Current Liabilities		
Accounts payable - operating	1,138,264	174
Accounts payable - HUD Public Housing Authority programs	588,326	-
Accounts payable - other government	6,560,270	5,359
Accrued compensated absences - current portion	1,377,870	12,120
Unearned revenues	4,310,357	1,302,900
Due to component units	1,657,214	-
Accrued liabilities	11,601,656	398,650
Accrued interest payable	2,824,012	125,235
Other current liabilities	1,118,771	165,394
Current portion of long term debt - capital	5,550,000	-
Total current liabilities	36,726,740	2,009,832
Noncurrent Liabilities		
Long-term debt capital, net of current portion	132,820,000	28,383,447
Accrued compensated absences, net of current portion	6,310,101	78,240
Accrued pension and other post-retirement employee benefit liabilities	46,215,880	460,620
Non-current liabilities - other	6,425,252	841
Total noncurrent liabilities	191,771,233	28,923,148
Total liabilities	228,497,973	30,932,980
Net Position		
Net investment in capital assets	205,800,583	15,869,449
Restricted	15,805,426	1,585,147
Unrestricted	121,688,012	134,503,430
Total net position	\$ 343,294,021	\$ 151,958,026

See Notes to Financial Statements.

Boston Housing Authority

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended March 31, 2015**

	Primary Government	Discrete Component Units
Operating Revenues		
Tenant rental revenue, net	\$ 41,195,578	\$ 1,592,064
Tenant revenue - other	199,364	4,813,637
Total tenant revenue	41,394,942	6,405,701
HUD Public Housing Authority operating grants	175,727,311	-
HUD operating grants	73,651,910	32,833
Other governmental grants	28,948,292	-
Other revenue	4,521,535	3,741,871
Total operating revenues	324,243,990	10,180,405
Operating Expenses		
Administrative	40,678,087	711,998
Tenant services	1,959,022	247,059
Utilities	39,307,315	1,244,316
Maintenance	44,434,226	1,074,406
Protective services	6,517,085	470,752
Insurance premiums	4,216,360	305,541
Payment in lieu of taxes	450,773	5,359
Housing assistance payments	180,618,058	-
Pension and other post-retirement employee benefit expense	5,212,956	12,845
Other general expenses	1,608,660	9,133
Depreciation	37,623,264	1,813,072
Total operating expenses	362,625,806	5,894,481
(Deficiency) excess of operating revenue over (under) operating expenses	(38,381,816)	4,285,924
Non-operating (Expenses) Revenues		
Investment income - unrestricted	178,114	9,666
Investment income - restricted	28,973	1,841
Interest expense	(7,226,672)	(1,794,765)
Extraordinary maintenance	(712,454)	(9,218)
Disposal of property	1,655	47
Casualty losses	(302,258)	(25)
Total non-operating (expenses) revenues	(8,032,642)	(1,792,454)
(Deficiency) excess of total revenue over (under) total expenses	(46,414,458)	2,493,470
Capital Grants	14,214,469	-
Change in net position	(32,199,989)	2,493,470
Net Position, Beginning of Year	375,494,010	149,464,556
Net Position, End of Year	\$ 343,294,021	\$ 151,958,026

See Notes to Financial Statements.

Boston Housing Authority

**Statement of Cash Flows
Year Ended March 31, 2015**

	<u>Primary Government</u>
Cash Flows from Operating Activities	
Cash receipts:	
Tenant revenues	\$ 41,375,038
HUD rental assistance subsidy	173,727,220
HUD operating grants	73,338,662
Other governmental grants	31,676,596
Other	5,598,617
	<u>325,716,133</u>
Cash disbursements:	
Administrative	39,766,987
Tenant services	1,990,037
Utilities	41,851,586
Maintenance	44,638,855
Protective services	6,517,085
Insurance premiums	4,258,524
Payment in lieu of taxes	450,773
Housing assistance payments	180,618,058
Pension and other post-retirement employee benefit expense	(158,707)
Other general	1,608,660
	<u>321,541,858</u>
	<u>4,174,275</u>
Cash Flows from Investing Activities	
Purchase of investments	(63,689,868)
Sale of investments	110,440,596
Interest income received	203,516
Issuance of notes receivable	(3,945,652)
Repayment of notes receivable	1,032,752
	<u>44,041,344</u>

See Notes to Financial Statements.

Boston Housing Authority

Statement of Cash Flows (Continued)

Year Ended March 31, 2015

Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(16,377,210)
Capital grants received	14,214,469
Principal paid on capital debt	(5,270,000)
Interest expense paid	(7,293,341)
Proceeds from sale of property	1,655
Non-routine maintenance and other expenses paid	(1,014,712)
Due to component units	1,642,690
Net cash used in financing activities	<u>(14,096,449)</u>
Net increase in cash and cash equivalents	34,119,170
Cash and Cash Equivalents, Beginning of Year	<u>53,544,140</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 87,663,310</u></u>
Reconciliation of Deficiency of Operating Revenue over Operating Expenses provided by Operating Activities	
Deficiency of operating revenue over operating expenses	\$ (38,381,816)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	37,623,264
Other postemployment healthcare benefit expense	5,371,663
Changes in:	
Accounts receivable	(1,043,775)
Prepaid expenses	(93,118)
Inventories	112,038
Accounts payable	(578,978)
Accrued liabilities and compensated absences	2,385,598
Other liabilities	(1,506,787)
Unearned revenues	286,186
Net cash provided by operating activities	<u><u>\$ 4,174,275</u></u>

See Notes to Financial Statements.

Boston Housing Authority

Notes to Financial Statements

Note 1. Organization and Reporting Entity

The Boston Housing Authority (the “BHA” or “Authority”) is a public instrumentality organized under laws of the Commonwealth of Massachusetts. The Authority is governed by an Administrator who is appointed by the Mayor of the City of Boston. The Authority develops and operates low-rent housing programs in Boston, Massachusetts. At March 31, 2015, the Authority maintains 70 developments encompassing approximately 11,000 federally funded units and 2,300 state funded units. The Authority also has a leased housing program which provides housing assistance for approximately 14,000 units.

In determining how to define the reporting entity, management has considered all potential component units to the BHA. Component units are legally separate entities for which the BHA is financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The decision to include a component unit in the reporting entity using the blending method or by discrete presentation was made by applying the criteria set forth in Sections 2100 and 2600 of the Government Accounting Standards Board (“GASB”) *Codification of Governmental Accounting and Financial Reporting*. As of March 31, 2015, all component units are reported as discrete component units:

- Boston Housing Capital Investment Corporation (“BHCIC”)
- Orchard Park Revitalization Corporation (“OPRC”)
- Mission Main Revitalization Corporation (“MMRC”)
- Boston Public Housing Corporation (“BPHC”)
- Maverick Revitalization Corporation (“MRC”)
- Franklin Hill Revitalization Corporation (“FHRC”)
- Washington Beech Revitalization Corporation (“WBRC”)
- Old Colony Revitalization Corporation (“OCRC”)
- West Broadway Housing Corporation (“WBHC”)
- Lower Mills Housing Corporation (“LMHC”)
- Heritage Housing Corporation (“HHC”)

The discrete component units were established to provide financing (BHCIC) and hold title to land (OPRC, MMRC, MRC, FHRC, WBRC, OCRC, and WBHC) related to the improvements for certain mixed-financed and mixed-income housing developments. BPHC was created primarily to allow the Authority to compete for grants for which it could not do so directly.

LMHC and HHC receive a mix of federal public housing and section 8 project based vouchers subsidies through the Authority.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The BHA is a special purpose governmental entity created to provide low rent housing. The activities of the BHA are accounted for as proprietary fund. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting and distinguish operating revenues and expenses from non-operating items. Under the accrual basis, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of presentation (continued): The Authority's principal operating revenues for all the Authority's programs are charges to tenants for providing housing and related services, and subsidies from federal and state agencies for these same services. Operating expenses for programs include the cost of sales and services, administrative expenses, and depreciation on capital assets. Non-routine maintenance expenses are expensed as non-operating as incurred. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The GASB defines the basic financial statements of a business type activity as the: statement of net position, statement of revenues, expenses and changes in net position and, the statement of cash flows. These basis financial statements are supplemented by a management's discussion and analysis as required supplemental information. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating or nonoperating activities in the statement of revenues, expenses and changes in net position.

Budgetary control: The Administrator of the BHA approves all the Authority's budgets including the Federal Low-Rent and State Public Housing operating budgets, Capital Budgets, Leased Housing budgets, Central Office Cost Center budgets and other grant budgets. The Administrator is appointed by the Mayor of the City of Boston and is empowered to manage and control the Authority under Massachusetts law, Chapter 88 of the Acts of 1989, approved May 23, 1989. The budget is an administrative management tool used by the Authority and is not considered a legally adopted budget. Accordingly, the budget is not presented as required supplementary information to the financial statements.

Cash and cash equivalents: The Authority's policy is to treat all highly liquid investments with original maturities of three months or less when purchased as cash equivalents.

Investments: Investments, consisting principally of U.S. Government and agency obligations that have a remaining maturity at time of purchase of one year or less, are carried at amortized cost which approximates fair value, and held to maturity. The Authority also invests in external investment pools that are valued at current share price which approximates fair value.

Accounts receivable: Management reviews the collectability of all accounts receivable on a periodic basis. An allowance for doubtful accounts has been established based on the history of past write-offs and collections, and current credit conditions. This allowance totals \$606,679 and \$46,591 for the Primary Government and the Discrete Component Units, respectively, for tenant receivables and \$322,842 for other accounts receivable at March 31, 2015.

Notes, loans, and mortgages receivable: At March 31, 2015, the outstanding balance of the non-interest bearing and interest bearing notes, loans, and mortgages receivable related to the Authority's redevelopment initiatives is \$259,510,730, which is net of the allowance for doubtful accounts, totaling \$2,466,495. The notes receivables include accrued ground lease rent and redevelopment fees, and bear interest at rates ranging from 0% to 6.85% per annum. Certain notes require interest to be paid upon maturity of the notes receivable, which, in some cases, exceeds twenty years. Ground lease payments are made when cash flow allows. At March 31, 2015, the accrued interest on the notes (due at maturity) and ground lease rent is \$64,182,063. An allowance has been established for the full amount of accrued interest (See Note 6).

Interfund account: Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund due from/to in the accompanying statement of net position. All significant inter-company accounts and transactions have been eliminated.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Land, buildings and improvements and equipment: Land, building, improvements and equipment are recorded at historical cost. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. The Authority provides for depreciation by use of the straight-line method. Depreciation is intended to distribute the cost of depreciable properties over the estimated useful life.

All buildings, improvements and equipment are depreciated over the following lives:

	Years
Buildings	40
Building improvements	10
Administrative equipment	3 to 7

Construction in progress: Construction in progress represents costs incurred on open development projects or on major capital improvement projects. The Authority recognizes capital costs of the Capital Fund Programs as construction in progress on the accompanying statement of net position until such time as the assets are placed in service and transferred to the applicable fund on a development by development basis. These projects were at various stages of completion at March 31, 2015.

Compensated absences: Employees are granted vacation in varying amounts. In addition, certain employees earn compensatory time. Upon retirement, termination or death, certain employees are paid out for unused vacation (subject to certain limitations) and compensatory time at their then current rates of pay. Accordingly, the Authority recognizes an expense and accrued liability for compensated absences as earned by employees. The amount of vacation costs and compensatory time which is not currently payable is recorded as a noncurrent liability. The total amount due is calculated based on the unused days earned times the current rate of pay.

Revenues: The Authority receives funding from the United States Department of Housing and Urban Development ("HUD") and the Commonwealth of Massachusetts Department of Housing and Community Development ("DHCD") in the form of operating subsidies and grants for capital improvements. Grants for capital improvements are reported as capital grants. Operating subsidies and grants are recognized as revenue when eligibility requirements are met.

Tenant rental revenue: Rents from tenants are recognized as rentals become due. Rental payments received in advance are reflected as unearned revenue.

Unearned revenues: The Authority reports unearned revenues on its statement of net position. Unearned revenues arise when resources are received before the Authority has met the eligibility requirements, such as when grant money is received before the qualifying expenditure is made. In the subsequent period, when the Authority has met the eligibility requirements, the liability for unearned revenue is removed from the statement of net position, and the revenue is recognized.

Tax matters: The Authority, as an instrumentality of the Commonwealth of Massachusetts, is exempt from federal and state taxes under Internal Revenue Code ("IRC") Section 115 and, therefore, is not required to file federal and state income tax returns.

BHCIC, LMHC and HHC receive the same tax treatment as the Authority.

WBHC is a for-profit membership corporation, with BHA as its sole member.

BPHC, OPRC, MRC, FHRC, MMRC and WBRC are nonprofit organizations described under IRC Section 501(c)(3) and are generally exempt from income taxes under the provisions of IRC Section 501(a). OCRC is in the process of filing with the IRS for 501(c)(3) exempt status.

Note 2. Summary of Significant Accounting Policies (Continued)

Net position classifications: Net position is reported in three components in accordance with GASB 34:

- a. Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted** - Consists of net position restricted to specific uses either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted** - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”. In instances where unrestricted or restricted resources are available to fund expenditures, the Authority will initially use unrestricted assets.

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncement adopted in fiscal year 2015: In January 2013, the GASB issued GASB No. 69 – *Government Combinations and Disposals of Government Operations*. This statement establishes reporting standards relating to government combinations and disposals of government operations. This statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged, and this statement requires use of carrying values to measure the assets and liabilities in a transfer of operations. For BHA, the amendments in GASB No. 69 are effective beginning with the fiscal year beginning after December 15, 2013. The implementation of this statement did not have a material effect on the Authority’s financial statements.

In April 2013, the GASB issued GASB No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. 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 requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also 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. This statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. For BHA, the amendments in GASB No. 70 are effective beginning with the fiscal year beginning after June 15, 2013. The implementation of this statement did not have a material effect on the Authority’s financial statements.

Recent accounting pronouncements not yet adopted: In June 2012, the GASB issued GASB No. 68 – *Accounting and Financial Reporting for Pensions*. This statement replaces requirements of GASB Statements No. 27 and No. 50, related to pension plans administered through trusts or similar arrangements. The standard requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. In addition, the standard adds revised and new note disclosures and required supplementary information. For BHA, the amendments in GASB No. 68 are effective beginning with the fiscal year beginning after June 15, 2014. The Authority’s management is currently evaluating the impact of adoption of the standard will have on its financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements not yet adopted (continued): In November 2013, the GASB issued GASB No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* (amendment of GASB No. 68). The objective of this statement is to address amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement amends GASB No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Adoption of the amendments in GASB No. 71 should be made simultaneously with the adoption of GASB No. 68. The Authority's management is currently evaluating the impact of adoption of the standard will have on its financial statements.

In February 2015, the GASB issued GASB No. 72-*Fair Value Measurement and Application*. The standard addresses accounting and financial reporting issues related to fair value measurements. This standard requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. This standard is effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The adoption of this standard is not expected to have a significant impact on the Authority's financial statements.

In June 2015, the GASB issued GASB No. 73-*Accounting and Financial Reporting for Pensions and Related Assets* that are not within the Scope of GASB No. 68, and Amendments to Certain Provisions of GASB No. 67 and 68. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decision and assessing accountability. This statement also clarifies the application of certain provisions of GASBs No. 67 and No. 68. The requirements of this standard that addresses accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB No. 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this standard that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after Jun 15, 2015. The requirements of this standard for pension plans that are within the scope of GASB No. 67 or 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged. The adoption of this standard is not expected to have a significant impact on the Authority's financial statements.

In June 2015, the GASB issued GASB No. 74-*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this standard is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental plans for making decisions and assessing accountability. This statement replaces GASB No. 43-*Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, as amended and GASB No. 57-*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This standard is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The Authority's management is currently evaluating the impact of adoption of the standard will have on its financial statements.

In June 2015, the GASB issued GASB No. 75-*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of the standard is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The standard establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This statement replaces GASB No. 45-*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and GASB No. 57-*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This standard is effective for financial statements for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The Authority's management is currently evaluating the impact of adoption of the standard will have on its financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements not yet adopted (continued): In June 2015, the GASB issued GASB No. 76-*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this standard is to identify the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This standard establishes the hierarchy of GAAP for state and local governmental entities. This standard supersedes GASB No. 55-*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB No. 62-*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, paragraphs 64, 74 and 82*. This standard is effective for financial statements for fiscal years beginning after June 15, 2015. Earlier application is encouraged. The adoption of this standard is not expected to have a significant impact on the Authority's financial statements.

In August 2015, the GASB issued GASB No. 77-*Tax Abatement Disclosures*. This standard establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures encompass tax abatements resulting from both a) agreements that are entered into by the reporting government and b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. This standard is effective for financial statements for fiscal years beginning after December 15, 2015. Earlier application is encouraged. The adoption of this standard is not expected to have a significant impact on the Authority's financial statements.

In December 2015, the GASB issues GASB No.78 -*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this standard is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Authority's management is currently evaluating the impact of adoption of the standard will have on its financial statements.

In December 2015, the GASB issues GASB No.79-*Certain External Investment Pools and Pool Participants*. This standard addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this standard. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The requirements of this standard are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Authority's management is currently evaluating the impact of adoption of the standard will have on its financial statements.

Note 3. Cash and Investments

The Authority's Cash Management and Investment Policy (the "Policy") is based on mandatory regulations prescribed by HUD and DHCD. These regulations place certain limitations on the nature of deposits and investments available to the Authority. As a means of managing its exposure that an issuer of a debt security will not fulfill its obligations, the Authority follows HUD's credit risk requirements by investing in authorized securities with certain credit risk ratings and maturities.

Boston Housing Authority

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain prescribed levels without collateralization by the financial institutions involved.

Cash and cash equivalent deposits:	
Primary Government	\$ 87,663,310
Discrete Component Units	<u>12,475,282</u>
 Total	 <u>\$100,138,592</u>

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its cash or investments that are in the possession of the counterparty. To mitigate this risk, the Authority uses one bank (the "Primary Bank") for the majority of its deposits and investments. The Primary Bank is required to execute the HUD-mandated General Depository Agreement (Form HUD-51999) (the "Agreement"). A key provision of the Agreement is the collateralization of all the Authority's deposits and investments with U.S. government securities which are held by a third party. The Primary Bank has collateralized all the Authority's deposits at March 31, 2015. The Primary Bank also maintains accounts on behalf of the Authority's component units. The amount of cash not held in the Primary Bank, which was not collateralized, amounted to \$14,519,753 at March 31, 2015, of which \$13,769,753 is in excess of amounts insured by the Federal Deposit Insurance Corporation.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency manages its exposure to interest rate risk by investing operating funds primarily in short term investments.

Credit risk is the risk that the Authority's investments will be negatively impacted due to the default of the Authority's investments. According to the Authority's investment policy, investments must be prime quality and rated no less than A by either Moody's, Standard and Poor's, or Fitch.

The investment policy of the Authority limits the Authority's foreign currency risk by excluding foreign investments as an investment option.

Investments: Investments can be made in securities or repurchase agreements issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of less than one year from the date of purchase. As of March 31, 2015, all U.S. treasury bills and repurchase agreements account have been liquidated.

Restricted funds: The BHA maintains funds that are restricted in use either by contractual agreement or at the specific direction of HUD. Some of these restricted funds are held by third-party trustees. These restricted funds are available for disbursement for their intended uses. These restricted funds are as follows:

Housing Assistance Payments ("HAP"): The Authority has \$623,110 in residual funds restricted by HUD for use only as HAP, and only if subsidy is insufficient to support leasing for the total remaining number of unit months available, otherwise known as the baseline cap. All amounts are in the Section 8 Housing Choice Voucher program.

Family Self-Sufficiency Program: The Authority has \$87,303 held in escrow by the BHA on behalf of clients participating in the Family Self-Sufficiency Program, a HUD funded initiative.

Boston Housing Authority

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

Restricted funds (continued):

Orchard Park Redevelopment Agreement: The Authority has \$2,240,241 held in trust as an Affordability Reserve to augment subsidy shortfalls pursuant to the Orchard Park Redevelopment Agreement.

Old Colony Redevelopment Agreement: Pursuant to an agreement made as part of the Old Colony Phase 1 redevelopment, the Authority has set aside \$2,562,111 in restricted funds as a reserve for the Old Colony Community Center.

Capital Revenue Bonds Project Fund Account: The Authority has \$10,031,038 held in trust in a Capital Revenue Bonds Project Fund account to be used to address capital needs in several developments in BHA's Federal portfolio.

West Broadway Redevelopment Agreement: The Authority has \$675,000 related to the BHA bond issuance and consisting of residual redevelopment funds, debt service funds, interest earned on these funds, and a debt service reserve required by the West Broadway Redevelopment Agreement to facilitate debt service payments in the event of late or inadequate subsidy receipts. These funds are held by a trustee.

The Authority also maintains fiscal agent investment accounts for debt service and project funding that are not covered under any collateralization agreement. The balance for these accounts at March 31, 2015 was \$876,616 representing the balance in restricted investments.

Heritage Housing Corporation Agreement: Pursuant to an agreement made as part of the Heritage Housing redevelopment, the Authority has set aside \$604,723 restricted funds as a Replacement Reserve account with the Massachusetts Housing Finance Authority.

Lower Mills Housing Corporation Agreement: Pursuant to an agreement made as part of the Lower Mills Housing redevelopment, the Authority has set aside \$372,791 restricted funds as a Replacement Reserve account with the Massachusetts Housing Finance Authority.

52 Chauncy Street Funds: The Authority has \$1,786,627 in capital debt proceeds held by a trustee to be used for capital improvements at the 52 Chauncy Street headquarters.

Below is a summarization of the information above for primary government and discrete component units combined.

<u>Description</u>	<u>Total</u>	<u>Primary Government Restricted Cash</u>	<u>Primary Government Restricted Investments</u>	<u>Discrete Component Units Restricted Cash</u>
Housing Assistance Payments -				
Section 8 Housing Choice Voucher Fund	\$ 623,110	\$ 623,110	\$ -	\$ -
Family Self-Sufficiency Program	87,303	87,303	-	-
Orchard Park Redevelopment Agreement	2,240,241	2,240,241	-	-
Old Colony Redevelopment Agreement	2,562,111	2,562,111	-	-
Capital Revenue Bonds Project Fund	10,031,038	10,031,038	-	-
West Broadway Redevelopment Agreement	1,551,616	675,000	876,616	-
Heritage Housing Corporation Agreement	604,723	-	-	604,723
Lower Mills Housing Corporation Agreement	372,791	-	-	372,791
52 Chauncy Street Funds	1,786,627	1,178,994	-	607,633
	<u>\$ 19,859,560</u>	<u>\$ 17,397,797</u>	<u>\$ 876,616</u>	<u>\$ 1,585,147</u>

Boston Housing Authority

Notes to Financial Statements

Note 4. Capital Asset

Capital assets are comprised of the following at March 31, 2015:

Capital Assets - Primary Government

	Balance April 1, 2014	Additions	Transfers	Disposals	Balance March 31, 2015
Land	\$ 64,288,571	\$ -	\$ -	\$ -	\$ 64,288,571
Buildings	1,193,736,908	5,134,401	21,926,968	-	1,220,798,277
Furniture, equipment and machinery	6,077,207	192,851	-	(189,433)	6,080,625
Construction in progress	54,817,187	11,049,958	(21,926,968)	-	43,940,177
	<u>1,318,919,873</u>	<u>16,377,210</u>	<u>-</u>	<u>(189,433)</u>	<u>1,335,107,650</u>
Less accumulated depreciation:					
Buildings	(954,105,045)	(37,383,533)	-	-	(991,488,578)
Furniture, equipment and machinery	(5,243,023)	(239,731)	-	189,433	(5,293,321)
	<u>(959,348,068)</u>	<u>(37,623,264)</u>	<u>-</u>	<u>189,433</u>	<u>(996,781,899)</u>
Total	<u>\$ 359,571,805</u>	<u>\$ (21,246,054)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,325,751</u>

Capital Assets - Component Units

	Balance April 1, 2014	Additions	Transfers	Disposals	Balance March 31, 2015
Land	\$ 11,224,330	\$ -	\$ -	\$ -	\$ 11,224,330
Buildings	44,570,226	196,178	33,306,538	-	78,072,942
Construction in progress	33,484,412	297,088	(33,306,538)	(474,962)	-
	<u>89,278,968</u>	<u>493,266</u>	<u>-</u>	<u>(474,962)</u>	<u>89,297,272</u>
Less accumulated depreciation:					
Buildings	(43,106,068)	(1,813,072)	-	-	(44,919,140)
	<u>(43,106,068)</u>	<u>(1,813,072)</u>	<u>-</u>	<u>-</u>	<u>(44,919,140)</u>
Total	<u>\$ 46,172,900</u>	<u>\$ (1,319,806)</u>	<u>\$ -</u>	<u>\$ (474,962)</u>	<u>\$ 44,378,132</u>

As of March 31, 2015, the Authority has committed approximately \$3,956,444 of additional funds to construction contracts related to these development projects.

Note 5. Retirement Plan

Plan description: All full-time Authority employees are eligible to participate in the State-Boston Retirement System (the "System"), a cost-sharing multiple-employer, defined benefit pension plan. The System provides for retirement allowable benefits up to a maximum of 80% of an employee's consecutive highest three-year average annual rate of regular compensation. Benefit payments are based upon an employee's age, length of creditable service, level of compensation, and group classification. Employees become vested after 10 years of creditable service. A retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. The System issues a publicly available financial report which can be obtained through the State-Boston Retirement System, Boston City Hall, Room 816, Boston, Massachusetts 02201.

Boston Housing Authority

Notes to Financial Statements

Note 5. Retirement Plan (Continued)

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5%-9% of their gross compensation. Members hired after December 31, 1978, must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining system-wide actuarially determined contribution, which is apportioned among the employers based on active covered payroll. The Commonwealth of Massachusetts reimburses the System for a portion of benefit payments for cost-of-living increases granted before July 1, 1998. The contributions of plan members and the Authority are governed by Chapter 32 of Massachusetts General Laws. Beginning July 1, 1998, the System is locally funding the cost of living adjustments, as approved by the Systems Board of Retirement, the Mayor of the City of Boston and the Boston City Council.

The Authority's required and actual contribution to the System for the year ended March 31, 2015 was \$11,923,493.

Note 6. Development Initiatives

Initiatives through component units: In accordance with HUD's HOPE VI grant program, the BHA and its component units have entered into a series of agreements such as note agreements, ground lease agreements and development and design service agreements with several private, unrelated entities for the development of mixed-financed, mixed-income housing, including replacement of public housing units

These agreements are entered into through the Primary Government and Discrete Component Units require the BHA to provide partial financing through loans and future assistance to preserve the affordable housing initiatives as outlined in its amended annual contribution contracts with HUD. The agreements also require the private entities to provide equity participation for which they receive allocations of low-income housing tax credits. In relation to these agreements, the Discrete Component Units have a receivable due from the Primary Government totaling \$2,535,434 and the Primary Government has a corresponding payable to the Discrete Component units totaling \$878,219 at March 31, 2015.

It is management's policy to fully reserve all accrued interest on notes receivable related to these initiatives.

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

Summary of Redevelopment Notes Receivable and Deferred Ground Lease/ Developer Fee Payments - Primary Government

*AFR – Applicable Federal Rate

Borrower	Interest Rate	Amount	Due Date	Accrued Interest
Trinity East Boston LP	0.10%	\$ 6,500,000	09/24/2033	\$ 66,167
Trinity East Boston LP	0.10%	9,082,234	09/24/2033	96,662
Trinity East Boston Two LP	AFR*/4.87%	4,959,056	09/24/2033	3,011,443
Trinity East Boston Three LP	4.70%	4,856,085	04/19/2055	2,672,868
Trinity East Boston VI	2.00%	6,914,496	04/19/2055	1,266,018
Trinity East Boston VI	2.00%	4,931,926	04/19/2055	1,007,818
Total Maverick		<u>37,243,797</u>		<u>8,120,976</u>
West Broadway Redevelopment	1%	3,570,000	12/23/2043	363,267
West Broadway Redevelopment	1%	10,821,700	12/23/2043	1,096,863
West Broadway Redevelopment	5.28%	8,768,292	12/01/2035	523,823
Total West Broadway Redevelopment		<u>23,159,992</u>		<u>1,983,953</u>
Harbor Point	3%	8,700,000	12/31/2041	7,896,146
Long-Glen Rental LLC	Greater of AFR or 4.68%	1,850,000	02/28/2046	1,010,672
Trinity Franklin Hill Limited Partnership	0.10%	6,256,406	12/31/2059	35,754
Trinity Franklin Hill Limited Partnership	5.20%	3,640,739	03/13/2057	1,748,968
Trinity Franklin Hill Limited Partnership	5.2% - 6.85%	1,271,428	04/25/2057	69,091
Total Trinity Franklin Hill Limited Partnership		<u>11,168,573</u>		<u>1,853,813</u>
Trinity Washington Beech Phase One LP	4.40%	-	06/10/2049	-
Trinity Washington Beech Phase One LP	AFR/3.88%	196,327	06/10/2049	48,068
Trinity Washington Beech Phase One LP	0.10%	4,407,747	06/10/2049	24,530
Trinity Washington Beech Phase One LP	0.10%	9,751,330	06/10/2049	54,205
Total Trinity Washington Beech Phase One LP		<u>14,355,404</u>		<u>126,803</u>
Trinity Washington Beech Phase Two LP	2.70%	750,000	09/30/2052	93,784
Trinity Washington Beech Phase Two LP	2.70%	2,602,554	09/30/2052	273,542
Trinity Washington Beech Phase Two LP	0.50%	4,406,053	09/30/2057	51,033
Trinity Washington Beech Phase Two LP	2.70%	2,175,083	09/30/2052	235,524
Trinity Washington Beech Phase Two LP	0.50%	2,399,267	09/30/2057	39,256
Total Trinity Washington Beech Phase Two LP		<u>12,332,957</u>		<u>693,139</u>
Old Colony Phase One LP	N/A	18,335,000	9/14/2054	n/a
Old Colony Phase Two LP	N/A	10,316,905	Contingent upon financial closing of permanent loan	n/a
Total		<u>137,462,628</u>		<u>21,685,502</u>
Allowance for collectability		<u>(1,646,495)</u>		<u>(21,685,502)</u>
Total notes, loans and mortgage receivables – Primary Government		<u>\$ 135,816,133</u>		<u>\$ -</u>

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

Summary of Redevelopment Notes Receivable and Deferred Ground Lease/ Developer Fee Payments – Discrete Component Units

Borrower	Interest Rate	Amount	Due Date	Accrued Interest
Mission Main Phase One L.P.	0.10%	\$ 52,838,077	01/01/2040	\$ 768,072
Mission Main Phase Two L.P.	AFR	2,320,532	04/01/2040	3,582,213
Mission Main Phase Two L.P.	4.25%	6,741,479	04/01/2040	5,492,709
Mission Main Phase Three L.P.	AFR	1,505,091	11/01/2040	1,992,624
Mission Main Phase Three L.P.	4.25%	4,844,346	11/01/2040	3,750,212
Total Mission Main		<u>68,249,525</u>		<u>15,585,830</u>
			Earlier of 9/30/36 or a sale or refinancing	
Madison Trinity LP Phase I	6.77%	4,427,930		12,514,373
			Earlier of 9/30/36 or a sale or refinancing	
Madison Trinity LP Phase I	0.10%	4,591,805		85,702
Madison Trinity LP Phase II	6.55%	138,000	09/15/2037	1,306,737
Madison Trinity Phase II	0.10%	4,342,350	09/15/2037	74,937
Madison Trinity Phase II	0.10%	3,962,000	09/15/2037	68,154
Orchard Park Offsite Phase 1	AFR	3,725,458	11/16/2038	5,543,448
Orchard Park Offsite Phase 1	0.10%	3,050,000	11/16/2038	47,595
Orchard Park Offsite Phase 1	0.01%	1,762,000	11/16/2038	1,660
Orchard Park Offsite Company LLC	0.01%	4,086,237	11/16/2038	3,873
Adams Orchard LP	0.10%	950,000	12/28/2038	15,592
Adams Orchard LP	0.10%	2,046,964	12/28/2038	33,050
Adams Orchard LP	0.10%	4,225,000	12/28/2038	67,292
Adams Orchard LP	5.25%	5,964,928	12/28/2038	6,440,272
Total Orchard Park		<u>43,272,672</u>		<u>26,202,685</u>
Trinity Washington Beech Phase Two LP	0.01%	<u>6,175,000</u>	09/30/2057	<u>27,779</u>
			Not yet determined	
Franklin Hill Unpaid Development Fees	N/A	2,065,329		n/a
Franklin Hill Unpaid Ground Lease	N/A	2,884,798		509,319
Washington Beech Unpaid Ground Lease	N/A	<u>1,867,273</u>		<u>170,946</u>
Total		124,514,597		42,496,559
Allowance for collectability		<u>(820,000)</u>		<u>(42,496,559)</u>
Total notes, loans and mortgage receivables – Discrete Component Units		<u>\$123,694,597</u>		<u>\$ -</u>

All principal and interest associated with the Discrete Component Units is due at the maturity date.

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

Principal payments, based upon funds advanced under the loans and net of doubtful accounts, are due on the outstanding notes receivable as follows for the year ending March 31:

	Primary Government	Discrete Component Units
2016	\$ 1,507,969	\$ -
2017	225,000	-
2018	235,000	-
2019	245,000	-
2020	260,000	-
2021-2025	1,525,000	-
2026-2030	1,975,000	-
2031-2035	15,866,290	-
2036-2040	8,397,907	96,110,749
2041-2045	23,091,699	15,411,447
2046-2050	16,205,404	-
2051-2055	5,527,620	-
2056-2060	51,739,972	6,175,000
2061-2065	-	-
Thereafter	9,014,272	5,997,401
Total principal due	<u>\$135,816,133</u>	<u>\$123,694,597</u>

The buildings and improvements at the Developments secure the notes.

Summary of Annual Ground Leases Related to Development Initiatives

Tenant	Term (Years)	Lease Expiration	Income Recognized in FY 2015	Annual Payment	Rate on Accrued Balance
Mission Main Phase One L.P.	99	12/31/2097	\$ 217,914	Contingent *	N/A
Mission Main Phase Two L.P.	99	12/31/2099	52,931	Contingent *	N/A
Mission Main Phase Three L.P.	99	12/31/2099	35,779	Contingent *	N/A
Orchard Park Phase One & Two	75	12/31/2071	-	Contingent *	N/A
Orchard Park Phase Three	75	12/31/2073	-	Contingent *	N/A
Orchard Park Offsite Phase One	100	12/31/2097	-	None	N/A
Trinity East Boston L.P.	99	09/24/2102	-	None	N/A
Trinity East Boston Three L.P.	99	04/19/2104	-	None	N/A
Trinity East Boston Four L.P.	99	04/19/2104	-	None	N/A
West Broadway Redevelopment	99	12/31/2102	67,000	\$67,000	0.00%
Harbor Point LP	99	11/26/2085	-	None **	N/A
Trinity Franklin Hill L.P. - Phase One A	99	04/30/2106	180,000	180,000	5.25%
Trinity Franklin Hill L.P. - Phase Two A	99	04/30/2107	200,000	200,000	4.46%
Trinity Franklin Hill L.P. - Phase One B	99	04/30/2106	48,000	48,000	5.25%
Trinity Franklin Hill L.P. - Phase Two B	99	04/30/2107	56,000	56,000	4.46%
Trinity Washington Beech - Phase One A	99	06/11/2108	70,000	70,000	1.00%
Trinity Washington Beech - Phase One B	99	06/11/2108	100,000	100,000	1.00%
Trinity Washington Beech - Phase Two A	99	09/30/2109	105,840	105,840	4.03%
Trinity Washington Beech - Phase Two B	99	09/30/2109	164,160	164,160	4.03%
Old Colony Phase One L.P.	99	09/15/2109	-	None	N/A
West Concord L.P.	99	12/31/2102	-	None	N/A
Lower Mills Housing Corporation	99	05/31/2110	-	Contingent ***	N/A
Heritage Housing Corporation	99	05/31/2110	-	Contingent ***	N/A
			<u>\$ 1,297,624</u>	<u>\$991,000</u>	

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

* Remaining future ground lease payments are dependent upon effective gross income, as defined, at the projects and are not expected to be significant to the Authority's operations.

** Additional future rent payments are contingent upon defined net cash flow.

*** The ground leases of Lower Mills and Heritage require a one-time base payment of \$279,857 and \$608,000, respectively, of which \$139,928 and \$304,000, respectively, has been received as of March 31, 2015. In addition, annual payments are payable from surplus cash flow as defined in the ground leases. The deferred outflow and the deferred inflow of resources has been eliminated in the basic financial statements

Future minimum payments due under ground leases with component units for the next five years and thereafter are as follows:

	Discrete Component Units
2016	\$ 991,000
2017	991,000
2018	991,000
2019	991,000
2020	991,000
2021-2025	4,955,000
2026-2030	4,955,000
2031-2035	4,955,000
2036-2040	4,955,000
2041-2045	4,955,000
2046-2050	4,955,000
2051-2055	4,955,000
2056-2060	4,955,000
2061-2065	4,955,000
2066-2070	4,955,000
2071-2075	4,955,000
2076-2080	4,955,000
2081-2085	4,955,000
2086-2090	4,955,000
2091-2095	4,955,000
2096-2100	4,955,000
2101-2105	4,804,250
Thereafter	<u>2,318,166</u>
	<u>\$ 91,357,416</u>

Developer fees: Through several of the redevelopment agreements, the Authority is entitled to developer and oversight fees upon completion of certain benchmarks throughout the projects or as a reimbursement for development fees paid on behalf of the projects. For the year ending March 31, 2015, the Authority earned \$874,425 and \$177,390 for Primary Government and Discrete Component Units, respectively, in developer and oversight fees, which is included in other operating revenue in the accompanying statement of revenues, expenses and changes in net position.

Boston Housing Authority

Notes to Financial Statements

Note 7. Long Term Liabilities

Long Term Liabilities - Primary Government

	Weighted Average Interest Rate at 3/31/15	April 1, 2014	Additions	Principal Payments	Current Portion	March 31, 2015
Capital debt:						
Project and Refunding Bonds 2010	5.39%	\$ 5,130,000	\$ -	\$ (215,000)	\$ (225,000)	\$ 4,690,000
West Broadway Redevelopment Bond	5.28%	8,725,000	-	(200,000)	(210,000)	8,315,000
Capital Fund Program Revenue Bonds Series 2008	4.25%	72,140,000	-	(3,395,000)	(3,540,000)	65,205,000
Build America Bonds Series 2010	4.99%	57,645,000	-	(1,460,000)	(1,575,000)	54,610,000
Other long-term liabilities:						
Accrued pension and other post-retirement employee benefit liabilities	3.00%	40,844,217	10,584,619	(5,212,956)	-	46,215,880
Accrued compensated absences	N/A	6,807,593	2,044,883	(1,164,505)	(1,377,870)	6,310,101
Retention and other non-current liabilities	N/A	7,625,395	-	(1,200,143)	-	6,425,252
Total		\$ 198,917,205	\$ 12,629,502	\$(12,694,374)	\$(6,927,870)	\$ 191,771,233

Long Term Liabilities - Component Units

	Interest Rate	April 1, 2014	Additions	Principal Payments	Current Portion	March 31, 2015
Capital debt:						
Massachusetts Housing Financing Agency - Heritage Housing Corporation	4.61%	\$ 19,378,477	\$ 214,892	\$ -	\$ -	\$ 19,593,369
Massachusetts Housing Financing Agency - Lower Mills Housing Corporation	4.75%	8,598,432	191,646	-	-	8,790,078
Other long-term liabilities:						
Accrued pension and other post-retirement employee benefit liabilities	3.00%	447,775	25,690	(12,845)	-	460,620
Accrued compensated absences	N/A	95,457	11,213	(16,310)	(12,120)	78,240
Retention and other non-current liabilities	N/A	158,815	-	(157,974)	-	841
Total		\$ 28,678,956	\$ 443,441	\$ (187,129)	\$ (12,120)	\$ 28,923,148

Note 7. Long Term Liabilities (Continued)

Capital debt:

Project and Refunding Bonds 2010: In October of 2010 the BHA refunded its Series 2005 Project and Refunding bonds. The new 2010 bond was issued in two series (A and B) and was purchased in its entirety by Bank of America. Series A, in the amount of \$3,140,000, is tax exempt and was used to refund the remaining Series 2005 principal which was paid off early. Series B, in the amount of \$2,585,000, a taxable Build America Bond ("BAB") issue, was used for capital improvements at the BHA's 52 Chauncy Street headquarters. Under the BAB program, 35% of the Series B interest will be subsidized by the U.S. Treasury. The bonds are secured by the property. Payments of principal are due annually on November 1 and interest is due semi-annually on November 1 and May 1 of each year with serial maturities through 2030. The interest rate on Series A was 4.17% and on Series B was 6.22% and accrued interest totals \$107,478. Interest incurred during the year ended March 31, 2015 totaled \$263,178.

West Broadway Redevelopment Bond: Included in capital debt is a bond payable in the original amount of \$10,000,000, which was used to fund acquisition and rehabilitation at the West Broadway development. The bonds are secured by the property and interest accrues on the bond at a rate of 5.28% per annum. Payments of principal and interest are due on December 1 of each year beginning in 2006 with serial maturities through 2036 interest is due semi-annually. The principal balance outstanding on the bond at March 31, 2015 is \$8,525,000, and accrued and unpaid interest totals \$150,040.

Capital Fund Program ("CFP") Revenue Bonds Series 2008: On April 1, 2008, the BHA issued CFP Revenue Bonds Series 2008 in the original amount of \$78,550,000 with a premium of \$2,320,185. The proceeds were used to address capital needs in several developments in the BHA's federal portfolio. The debt service on the bonds will come from future annual allocations of CFP funds. The bonds are secured by all revenues with respect to Capital Grants funds, subject to annual appropriations by the U.S. Government, and all moneys and securities held by the Trustee under the terms of the Bond Indenture. Interest rates vary from 3.50% to 5.00% per annum. Payments of interest are due on April and October 1 of each year beginning in 2008, and payments of principal are due annually on April 1 beginning in 2012 with serial maturities through 2029. The premium is amortized on the effective interest method over the term of the bonds. The principal balance outstanding on the bond at March 31, 2015 is \$68,745,000, and accrued and unpaid interest totals \$1,643,666. Interest incurred during the year ended March 31, 2015 totaled \$3,287,331.

Build America Bonds ("BAB") Series 2010: In March of 2010, the BHA issued \$59,005,000 in taxable municipal Build America Bonds. The bonds are classified as \$53,005,000 in Series 2010A and \$6,000,000 in Series 2010B. These bonds, part of the American Recovery and Reinvestment Act, provide a federal government subsidy of 33% towards the interest expense of the issuer. The bonds were used for the acquisition and installation of certain energy efficiency upgrades and equipment at various BHA facilities. The bonds are secured by the energy efficiency upgrades and equipment. The Custodial Receipts are payable solely from the Rental Payments received with respect to the Lease Purchase Agreement, together with the Direct Payment Subsidies, as defined in the Bond Agreement. Interest on the bonds accrues at 2.95% - 7.15% per annum. Payments of principal and interest are due on July 1st and January 1st of each year beginning in 2010 with serial maturities through 2033. The principal balance outstanding on the bond at March 31, 2015 is \$56,185,000, and accrued and unpaid interest totals \$922,828. Interest incurred during the year ended March 31, 2015 totaled \$3,676,163.

Boston Housing Authority

Notes to Financial Statements

Note 7. Long Term Liabilities (Continued)

Capital debt:

Massachusetts Housing Financing Agency (“MHFA”): In May of 2011, the BHA obtained two mortgages through MHFA to use towards the capital needs of the developments of LMHC and HHC. The loans for LMHC and HHC total \$9,000,000 and \$19,500,000, respectively. Interest on the loans for LMHC and HHC accrue at 4.75% and 4.61%, respectively and are secured by the properties. Funds will be drawn from MHFA up to the loan amounts and interest is due monthly on the outstanding principal. During the year ended March 31, 2015, the funds drawn down on these for LMHC and HHC are \$191,646 and \$214,892. Upon completion of construction and other requirements as defined in the related note agreements, principal payments will be due based on a 40 year amortization period. As of March 31, 2015, not all requirements have been met and as such the amortization period has not begun. Interest expense for the year ended March 31, 2015 amounted to \$1,469,615, of which \$125,235 has been accrued and \$112,967 is capitalized.

Scheduled principal, interest and subsidy repayments on the capital debt are as follows:

Primary Government	Principal	Interest	Subsidy	Total
2016	\$ 5,550,000	\$ 7,519,312	\$ (1,320,620)	\$ 11,748,692
2017	5,885,000	7,242,629	(1,294,514)	11,833,115
2018	6,225,000	6,944,985	(1,264,777)	11,905,208
2019	6,570,000	6,632,141	(1,229,671)	11,972,470
2020	6,945,000	6,303,837	(1,189,051)	12,059,786
2021-2025	41,025,000	25,738,507	(5,187,222)	61,576,285
2026-2030	47,150,000	13,190,066	(3,280,814)	57,059,252
2031-2035	17,750,000	2,637,682	(657,723)	19,729,959
2036-2040	1,270,000	66,956	-	1,336,956
	<u>\$138,370,000</u>	<u>\$ 76,276,115</u>	<u>\$ (15,424,392)</u>	<u>\$199,221,723</u>

Discretely Presented Component Units

	Principal	Interest	Subsidy	Total
2016	\$ -	\$ 1,320,783	\$ -	\$ 1,320,783
2017	-	1,320,783	-	1,320,783
2018	-	1,320,783	-	1,320,783
2019	-	1,320,783	-	1,320,783
2020	-	1,320,783	-	1,320,783
2021-2025	-	6,603,915	-	6,603,915
2026-2030	-	6,603,915	-	6,603,915
2031-2035	-	6,603,915	-	6,603,915
2035-2040	-	6,603,915	-	6,603,915
2041-2045	-	6,603,915	-	6,603,915
2046-2050	-	6,603,915	-	6,603,915
2051-2055	28,383,447	4,842,871	-	33,226,318
	<u>\$ 28,383,447</u>	<u>\$ 51,070,276</u>	<u>\$ -</u>	<u>\$ 79,453,723</u>

Boston Housing Authority

Notes to Financial Statements

Note 8. Risk Management

The Authority, with HUD approval, has elected to self-insure its risks for general liability claims. As of March 31, 2015, the Authority accrued a liability of \$2,340,000 (included in other liabilities) based upon the actuarial analysis for claims incurred that have not been settled or reported.

Changes in the self-insured liability are as follows:

	Beginning of Fiscal Year	Interest and Provision for Estimates and Losses	Claim Payments	End of Fiscal Year
2015	\$ 2,340,000	\$ 150,305	\$ 150,305	\$ 2,340,000
2014	2,181,090	352,472	352,472	2,181,090

Note 9. Commitments and Contingencies

The Authority receives significant financial assistance from numerous federal, state and local governmental agencies in the form of grants and operating subsidies. Disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims would not have a material adverse impact on the overall financial position of the Authority at March 31, 2015.

The Authority is a defendant in a number of lawsuits arising from claims for personal injury, property damage, breach of contract, and personnel grievance matters. Management believes the resolution of these matters will not have a material impact on the Authority's operations.

In relation to West Broadway Redevelopment Limited Partnership, the Authority (as Guarantor) unconditionally guarantees to the investor limited partner, the due and punctual performance by the general partner and developer of all their obligations under the partnership agreement and the development agreement. Such obligations are limited to \$1,000,000 under the guaranty. In addition, the maximum amount to be advanced by the Authority, during the time period defined in the guaranty, to the general partner with respect to obligations of the Partnership to discharge operating expenses is limited to \$250,000. The Partnership also agrees to pay to the BHA an annual Program Oversight Fee in the amount of \$75,000. In the event that any amounts are owed by the Authority under this guaranty, the Program Oversight Fee owed to the Authority by the Partnership shall be deemed to be paid to the Authority. Such amounts shall then be used to satisfy the obligations of the Authority under this guaranty.

The Authority has entered into notes receivable agreements for amounts which have not yet been disbursed. As of March 31, 2015, these amounted totaled \$230,786 related to Old Colony Phase Two.

Note 10. Other Postemployment Benefit

Plan description and funding policy: Employees who have Authority-sponsored health coverage in force as of their termination date and meet certain age and length of service requirements may be eligible for the Authority's retiree health care coverage. Postemployment health care benefits are funded in relation to the annual required contribution ("ARC") on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation: The Authority's annual other postemployment benefit ("OPEB") expense is calculated based on the ARC, which is actuarially determined in accordance with the parameters of GASB Statement No. 45. The Authority's ARC represents a level of funding that, if paid on an ongoing basis, would be projected to cover the normal cost each year and amortize the unfunded actuarial liabilities ("UAL") over a 30-year period. Contributions in relation to the ARC totaled 36% of the 2015 ARC.

Boston Housing Authority

Notes to Financial Statements

Note 10. Other Postemployment Benefit (Continued)

The table below shows the components of the Authority's annual OPEB cost, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation relating to the postemployment healthcare plan for the years ended March 31:

	<u>2015</u>
Annual Required Contribution (ARC)	\$ 8,476,160
Contributions Made in Relation to the ARC	(3,078,000)
Interest on Net OPEB Obligation (NOO)	1,445,220
Adjustment to NOO to ARC	<u>(1,475,226)</u>
Increase in Net OPEB Obligation	5,368,154
Net OPEB Obligation - beginning of year	<u>41,291,992</u>
Net OPEB Obligation - end of year	<u>\$ 46,660,146</u>

The table below shows the Authority's annual OPEB cost, employer contributions and the percentage of annual OPEB cost contributed to the plan, for the years ended March 31:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual OPEB cost	8,446,154	8,450,107	16,667,486
Contributions made in relation to the ARC	(3,078,000)	(3,011,000)	(3,319,885)
Percentage contributed	36%	36%	20%

Funded status and funding progress: The actuarial accrued liability for benefits as of March 31, 2015, the most recent actuarial valuation date, was \$109,154,067. This liability will be phased in over 30 years based on the requirements of GASB 45. Contributions in relation to the ARC during 2015 totaled \$3,078,000. The unfunded actuarial accrued liability ("UAAL") as of March 31, 2015 is \$103,065,067.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial methods and assumptions: Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Authority and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 3.5 percent investment rate of return, which is the expected long-term investment return on the Authority's own investments. An annual healthcare cost trend rate of 7.5 percent initially, reduced over ten years to an ultimate rate of 5 percent, was used.

Both rates include a 3 percent inflation assumption. Actuarial calculations assume a level percentage of projected payroll 30-year open amortization period. This has been calculated assuming the amortization payment increases at a rate of 3 percent per year. The remaining amortization period at March 31, 2015 was 30 years.

Boston Housing Authority

**Schedule of Funding Progress for the Retiree Health Plan (Unaudited)
Last Five Years
Required Supplementary Information**

	Actuarial Valuation Date - April 1				
	2011	2012	2013	2014	2015
Actuarial Value of Assets (AVA)	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 94,789,721	\$ 103,680,906	\$ 100,732,376	\$ 109,154,067	\$ 109,154,067
Unfunded ALL (UAAL)	\$ 94,789,721	\$ 109,732,376	\$ 111,269,971	\$ 106,143,067	\$ 103,065,067
AVA as a Percentage of AAL	0%	0%	0%	0%	0%
Estimated Covered Payroll	N/A	N/A	N/A	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
	Years Ended March 31				
	2011	2012	2013	2014	2015
Annual Required Contribution (ARC)	\$ 7,318,971	\$ 15,479,680	\$ 16,667,486	\$ 8,476,160	\$ 8,476,160
Employer Contributions	\$ 2,577,285	\$ 3,045,765	\$ 3,319,885	\$ 3,011,000	\$ 3,078,000
Contributions as a Percentage of the ARC	35%	20%	20%	36%	36%
Net OPEB Obligation	\$ 26,522,712	\$ 31,430,581	\$ 35,852,893	\$ 41,291,992	\$ 46,660,146

Notes:

See Note 10 in the notes to the financial statements for additional information relating to the plan description, funding, cost, obligation and actuarial methods/assumptions.

Boston Housing Authority

**Combining Statement of Net Position - Primary Government Programs
March 31, 2015
Supplementary Information**

	Low Rent Public Housing	Section 8 Housing Choice Vouchers	State and Local Public Housing	Central Office Cost Center	HOPE VI	Section 8 Moderate Rehab	Other Federal Program 1	Other Federal Program 2	ROSS Grant	Section 8 NC/SR	Section 8 Moderate Rehab SRO	Capital Fund	Eliminations	Total Primary Government
Assets														
Current Assets														
Cash and cash equivalents - unrestricted	\$ 33,289,855	\$ 152,200	\$ 26,063,539	\$ 4,668,426	\$ -	\$ 2,605,294	\$ -	\$ 1,671	\$ -	\$ 335,503	\$ 3,149,025	\$ -	\$ -	\$ 70,265,513
Cash and cash equivalents - restricted	9,732,195	623,110	1,857,051	-	-	-	-	-	-	-	-	5,185,441	-	17,397,797
Investments - restricted	-	-	876,616	-	-	-	-	-	-	-	-	-	-	876,616
Accounts receivable:														
Accounts receivable - tenants	875,909	-	485,448	63	-	-	-	-	-	-	-	-	-	1,361,420
Allowance for doubtful accounts - tenants	(333,503)	-	(273,176)	-	-	-	-	-	-	-	-	-	-	(606,679)
Accounts receivable - HUD other projects	-	-	-	-	143,620	-	5,349	-	14,535	-	8,652	1,144,440	-	1,316,596
Accounts receivable - other government	-	-	1,368,718	-	-	-	-	-	-	-	-	-	-	1,368,718
Allowance for doubtful accounts - other government	-	(324,932)	(1,217)	-	-	(1,588)	-	-	-	-	4,895	-	-	(322,842)
Accounts receivable - HUD Public Housing Authority projects	-	1,767,247	-	-	-	-	-	-	-	-	-	-	-	1,767,247
Accounts receivable - miscellaneous	893,091	1,158,175	384,067	409,737	-	2,532	1,269	-	-	-	320	-	-	2,849,191
Notes, loans, and mortgages receivable - current	-	-	210,000	-	1,297,969	-	-	-	-	-	-	-	-	1,507,969
Accrued interest receivable	5	35	8,863	-	-	-	-	-	-	-	-	-	-	8,903
Prepaid expenses and other assets	672,349	22,533	179,122	50,741	100	655	409	-	1,064	-	1,274	372	-	928,619
Inventories	-	-	33,529	405,482	-	-	-	-	-	-	-	-	-	439,011
Inter program due from	18,848,122	866,641	11,623,389	4,349,436	448,577	1,616	116,336	-	46,051	1,762	48,370	1,226,542	(37,576,842)	-
Total current assets	63,978,023	4,265,009	42,815,949	9,883,885	1,890,266	2,608,509	123,363	1,671	61,650	337,265	3,212,536	7,556,795	(37,576,842)	99,158,079
Noncurrent Assets														
Capital assets:														
Land	47,406,387	-	9,713,382	7,168,802	-	-	-	-	-	-	-	-	-	64,288,571
Construction in progress	-	-	121,271	-	-	-	-	-	-	-	-	43,818,906	-	43,940,177
Buildings	952,918,086	-	267,875,194	4,997	-	-	-	-	-	-	-	-	-	1,220,798,277
Furniture, equipment and machinery	1,816,982	462,887	483,683	3,317,073	-	-	-	-	-	-	-	-	-	6,080,625
Accumulated depreciation	(764,516,750)	(433,765)	(228,789,560)	(3,041,824)	-	-	-	-	-	-	-	-	-	(996,781,899)
Total capital assets	237,624,705	29,122	49,403,970	7,449,048	-	-	-	-	-	-	-	43,818,906	-	338,325,751
Other assets:														
Notes, loans and mortgages receivable - non-current	101,586,747	-	22,949,994	8,700,000	2,717,918	-	-	-	-	-	-	-	-	135,954,659
Allowance for doubtful accounts - notes, loans and mortgages	(1,271,428)	-	(375,067)	-	-	-	-	-	-	-	-	-	-	(1,646,495)
Total other assets	100,315,319	-	22,574,927	8,700,000	2,717,918	-	-	-	-	-	-	-	-	134,308,164
Total assets	\$ 401,918,047	\$ 4,294,131	\$ 114,794,846	\$ 26,032,933	\$ 4,608,184	\$ 2,608,509	\$ 123,363	\$ 1,671	\$ 61,650	\$ 337,265	\$ 3,212,536	\$ 51,375,701	\$ (37,576,842)	\$ 571,791,994

Boston Housing Authority

**Combining Statement of Net Position - Primary Government Programs (Continued)
March 31, 2015
Supplementary Information**

	Low Rent Public Housing	Section 8 Housing Choice Vouchers	State and Local Public Housing	Central Office Cost Center	HOPE VI	Section 8 Moderate Rehab	Other Federal Program 1	Other Federal Program 2	ROSS Grant	Section 8 NC/SR	Section 8 Moderate Rehab SRO	Capital Fund	Eliminations	Total Primary Government
Liabilities and Net Position														
Current Liabilities														
Accounts payable - operating	\$ 28,225	\$ -	\$ 1,109,910	\$ 129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,138,264
Accounts payable - HUD Public Housing Authority programs	-	-	-	-	-	235,581	-	-	425	-	352,320	-	-	588,326
Accounts payable - other government	384,113	-	6,176,157	-	-	-	-	-	-	-	-	-	-	6,560,270
Accrued compensated absences - current portion	670,118	162,218	175,705	358,562	831	2,722	2,870	-	-	-	4,844	-	-	1,377,870
Unearned revenues	1,488,064	-	2,821,987	-	-	-	-	-	-	-	-	306	-	4,310,357
Inter program due to	18,510,093	880,795	15,247,412	255,762	567,492	1,038	156,673	1,671	61,225	23,952	3,042	3,524,901	(37,576,842)	1,657,214
Accrued liabilities	7,950,593	400,494	2,256,673	975,204	-	5,951	-	-	-	-	12,741	-	-	11,601,656
Accrued interest payable	922,828	-	257,518	-	-	-	-	-	-	-	-	1,643,666	-	2,824,012
Other current liabilities	121,441	518,274	352,411	126,645	-	-	-	-	-	-	-	-	-	1,118,771
Current portion of long term debt - capital	5,115,000	-	435,000	-	-	-	-	-	-	-	-	-	-	5,550,000
Total current liabilities	35,190,475	1,961,781	28,832,773	1,716,302	568,323	245,292	159,543	1,671	61,650	23,952	372,947	5,168,873	(37,576,842)	36,726,740
Noncurrent Liabilities														
Long-term debt capital, net of current portion	119,815,000	-	13,005,000	-	-	-	-	-	-	-	-	-	-	132,820,000
Accrued compensated absences, net of current portion	3,163,570	706,742	693,715	1,728,600	-	6,863	-	-	-	-	10,611	-	-	6,310,101
Accrued pension and other postretirement employee benefit liabilities	24,308,311	6,607,214	6,742,305	8,311,633	-	88,625	-	-	-	-	157,792	-	-	46,215,880
Non-current liabilities - other	3,568,624	616,799	1,588,936	99,961	-	-	-	-	-	-	-	550,932	-	6,425,252
Total noncurrent liabilities	150,855,505	7,930,755	22,029,956	10,140,194	-	95,488	-	-	-	-	168,403	550,932	-	191,771,233
Total liabilities	\$ 186,045,980	\$ 9,892,536	\$ 50,862,729	\$ 11,856,496	\$ 568,323	\$ 340,780	\$ 159,543	\$ 1,671	\$ 61,650	\$ 23,952	\$ 541,350	\$ 5,719,805	\$ (37,576,842)	\$ 228,497,973
Net Position														
Net investment in capital assets	\$ 111,771,877	\$ 29,122	\$ 44,375,296	\$ 7,449,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,175,240	\$ -	\$ 205,800,583
Restricted	8,148,277	6,311	2,465,397	-	-	-	-	-	-	-	-	5,185,441	-	15,805,426
Unrestricted	95,951,913	(5,633,838)	17,091,424	6,727,389	4,039,861	2,267,729	(36,180)	-	-	313,313	2,671,186	(1,704,785)	-	121,688,012
Total net position	\$ 215,872,067	\$ (5,598,405)	\$ 63,932,117	\$ 14,176,437	\$ 4,039,861	\$ 2,267,729	\$ (36,180)	\$ -	\$ -	\$ 313,313	\$ 2,671,186	\$ 45,655,896	\$ -	\$ 343,294,021

Boston Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Position - Primary Government Programs
 Year Ended March 31, 2015
 Supplementary Information

	Section 8		Central Office			Section 8		Other Federal		ROSS	Section 8	Section 8	Capital	Eliminations	Total Primary
	Low Rent Public Housing	Housing Choice Vouchers	State and Local Public Housing	Office Cost Center	HOPE VI	Moderate Rehab	Program 1	Program 2	Grant	NC/SR	Moderate Rehab SRO	Fund		Government	
Operating Revenues															
Tenant rental revenue, net	\$ 32,462,405	\$ -	\$ 8,734,763	\$ (1,590)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,195,578
Tenant revenue - other	160,420	-	38,944	-	-	-	-	-	-	-	-	-	-	-	199,364
Total tenant revenue	32,622,825	-	8,773,707	(1,590)	-	-	-	-	-	-	-	-	-	-	41,394,942
HUD Public Housing Authority operating grants	-	169,144,608	-	-	-	3,274,357	-	28,476	-	-	3,279,870	-	-	-	175,727,311
HUD operating grants	54,173,439	6,366,518	-	-	2,076,309	353,322	170,593	-	299,515	-	623,345	9,588,869	-	-	73,651,910
Other governmental grants	1,193,377	-	27,754,915	-	-	-	-	-	-	-	-	-	-	-	28,948,292
Other revenue	1,675,857	1,577,207	2,482,631	16,042,519	-	2,580	1,269	-	-	-	1,729	-	(17,262,257)	-	4,521,535
Total operating revenues	89,665,498	177,088,333	39,011,253	16,040,929	2,076,309	3,630,259	171,862	28,476	299,515	-	3,904,944	9,588,869	(17,262,257)	-	324,243,990
Operating Expenses															
Administrative	18,821,823	13,181,181	7,166,840	15,504,747	1,003,596	215,078	89,811	-	-	-	376,461	1,580,807	(17,262,257)	-	40,678,087
Tenant services	599,873	37,699	776,706	26,947	165,370	-	52,912	-	299,515	-	-	-	-	-	1,959,022
Utilities	29,100,267	-	10,203,800	3,248	-	-	-	-	-	-	-	-	-	-	39,307,315
Maintenance	36,271,408	2,820	8,148,270	11,701	-	10	-	-	-	-	17	-	-	-	44,434,226
Protective services	5,706,225	-	810,860	-	-	-	-	-	-	-	-	-	-	-	6,517,085
Insurance premiums	2,851,941	272,209	618,233	457,851	1,528	3,619	3,940	-	-	-	7,039	-	-	-	4,216,360
Payment in lieu of taxes	384,113	-	66,660	-	-	-	-	-	-	-	-	-	-	-	450,773
Housing assistance payments	-	169,144,608	4,890,747	-	-	3,274,357	-	28,476	-	-	3,279,870	-	-	-	180,618,058
Pension and other postretirement employee benefit expense	1,950,119	948,553	1,578,902	682,968	-	21,968	-	-	-	-	30,446	-	-	-	5,212,956
Other general expenses	358,067	56	922,756	234,832	92,593	5,100	-	-	-	-	(4,744)	-	-	-	1,608,660
Depreciation	31,352,926	16,302	6,186,890	67,146	-	-	-	-	-	-	-	-	-	-	37,623,264
Total operating expenses	127,396,762	183,603,428	41,370,664	16,989,440	1,263,087	3,520,132	146,663	28,476	299,515	-	3,689,089	1,580,807	(17,262,257)	-	362,625,806
(Deficiency) excess of operating revenue over operating expenses	(37,731,264)	(6,515,095)	(2,359,411)	(948,511)	813,222	110,127	25,199	-	-	-	215,855	8,008,062	-	-	(38,381,816)
Non-operating (Expenses) Revenues															
Investment income - unrestricted	165,685	1,488	9,092	1,316	-	258	-	-	-	41	234	-	-	-	178,114
Investment income - restricted	3,756	-	25,217	-	-	-	-	-	-	-	-	-	-	-	28,973
Interest expense	(3,676,163)	-	(263,178)	-	-	-	-	-	-	-	-	(3,287,331)	-	-	(7,226,672)
Extraordinary maintenance	(581,462)	-	(130,917)	(75)	-	-	-	-	-	-	-	-	-	-	(712,454)
Disposal of property	1,655	-	-	-	-	-	-	-	-	-	-	-	-	-	1,655
Casualty losses	(300,273)	-	-	(1,985)	-	-	-	-	-	-	-	-	-	-	(302,258)
Total non-operating (expenses) revenues	(4,386,802)	1,488	(359,786)	(744)	-	258	-	-	-	41	234	(3,287,331)	-	-	(8,032,642)
(Deficiency) excess of total revenue over (under) total expenses	(42,118,066)	(6,513,607)	(2,719,197)	(949,255)	813,222	110,385	25,199	-	-	41	216,089	4,720,731	-	-	(46,414,458)
Capital Grants	-	-	-	-	153,419	-	-	-	-	-	-	14,061,050	-	-	14,214,469
Change in net position	(42,118,066)	(6,513,607)	(2,719,197)	(949,255)	966,641	110,385	25,199	-	-	41	216,089	18,781,781	-	-	(32,199,989)
Net Position, Beginning of Year	232,827,939	915,202	66,651,314	15,125,692	3,073,220	2,157,344	(61,379)	-	-	313,272	2,455,097	52,036,309	-	-	375,494,010
Prior Period Adjustments	25,162,194	-	-	-	-	-	-	-	-	-	-	(25,162,194)	-	-	-
Net Position, Beginning of Year	257,990,133	915,202	66,651,314	15,125,692	3,073,220	2,157,344	(61,379)	-	-	313,272	2,455,097	26,874,115	-	-	375,494,010
Net position, end of year	\$ 215,872,067	\$ (5,598,405)	\$ 63,932,117	\$ 14,176,437	\$ 4,039,861	\$ 2,267,729	\$ (36,180)	\$ -	\$ -	\$ 313,313	\$ 2,671,186	\$ 45,655,896	\$ -	\$ -	\$ 343,294,021

Boston Housing Authority

**Combining Statement of Net Position - Discretely Component Units
March 31, 2015
Supplementary Information**

	BHCIC Partnerships	Boston Housing Development Corp 1	Boston Housing Development Corp 2	Mission Main Revitalize Corp	Boston - MT. Pleasant H.D.C	Franklin Hill Revitalize Corp	Maverick Revitalization Corp	West Broadway Housing Corp	Boston Public Housing Corp	Orchard Park Revitalization Corp	Old Colony Revitalization Corp	Wash/Beech Revitalization Corp	Lower Mills Housing Corp - Publ Hsg	Lower Mills Housing Corp - LSD Hsg	Heritage Housing Corp - Publ Hsg	Heritage Housing Corp - LSD Hsg	Eliminations	Total Component Units
Assets																		
Current Assets																		
Cash and cash equivalents - unrestricted	\$ -	\$ -	\$ -	\$ 306,624	\$ -	\$ 1,050,011	\$ -	\$ -	\$ 7,800	\$ -	\$ 2,374,692	\$ 1,751,716	\$ 102,071	\$ 1,041,145	\$ 216,106	\$ 4,039,970	\$ -	\$ 10,890,135
Cash and cash equivalents - restricted	-	-	-	-	-	-	-	-	-	-	-	607,216	-	372,980	-	604,951	-	1,585,147
Accounts receivable:																		
Accounts receivable - tenants	-	-	-	-	-	-	-	-	-	-	-	-	12,343	40,429	5,084	63,768	-	121,624
Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-	-	-	-	-	(298)	-	(46,293)	-	-	(46,591)
Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-	171	-	-	-	551	4,909	136	(3,035)	-	2,732
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	-	-	3,540	190,189	4,747	409,540	-	608,016
Inter program due from	-	-	-	763,358	-	219,436	-	-	42,191	8,000	191,320	481,569	35,675	318,756	21,841	485,089	(910,021)	1,657,214
Total current assets	-	-	-	1,069,982	-	1,269,447	-	-	50,162	8,000	2,566,012	2,840,501	153,882	1,968,408	201,621	5,600,283	(910,021)	14,818,277
Noncurrent Assets																		
Capital assets:																		
Land	942,021	-	-	1,542,291	-	1,142,934	1,018,617	-	-	4,903,602	987,804	687,061	-	-	-	-	-	11,224,330
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	24,661,926	-	53,411,016	-	78,072,942
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,267,213)	-	(30,651,927)	-	(44,919,140)
Total capital assets	942,021	-	-	1,542,291	-	1,142,934	1,018,617	-	-	4,903,602	987,804	687,061	-	10,394,713	-	22,759,089	-	44,378,132
Other assets:																		
Notes, loans and mortgages receivable - non-current, net of allowance for doubtful accounts	111,522,196	-	-	-	-	4,139,128	-	-	6,175,000	-	-	1,858,273	-	-	-	-	-	123,694,597
Total assets	\$ 112,464,217	\$ -	\$ -	\$ 2,612,273	\$ -	\$ 6,551,509	\$ 1,018,617	\$ -	\$ 6,225,162	\$ 4,911,602	\$ 3,553,816	\$ 5,385,835	\$ 153,882	\$ 12,363,121	\$ 201,621	\$ 28,359,372	\$ (910,021)	\$ 182,891,006

Boston Housing Authority

Combining Statement of Net Position - Discretely Component Units (Continued)
March 31, 2015
Supplementary Information

	BHCIC Partnerships	Boston Housing Development Corp 1	Boston Housing Development Corp 2	Mission Main Revitalize Corp	Boston - MT, Pleasant H.D.C	Franklin Hill Revitalize Corp	Maverick Revitalization Corp	West Broadway Housing Corp	Boston Public Housing Corp	Orchard Park Revitalization Corp	Old Colony Revitalization Corp	Wash/Beech Revitalization Corp	Lower Mills Housing Corp - Publ Hsg	Lower Mills Housing Corp - LSD Hsg	Heritage Housing Corp - Publ Hsg	Heritage Housing Corp - LSD Hsg	Eliminations	Total Component Units
Liabilities and Net Position																		
Current Liabilities																		
Accounts payable - operating	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ -	\$ 104	\$ -		\$ 174
Accounts payable - other government	-	-	-	-	-	-	-	-	-	-	-	-	2,624	-	2,735	-	-	5,359
Accrued compensated absences - current portion	-	-	-	-	-	-	-	-	-	-	-	-	1,413	10,199	508	-	-	12,120
Unearned revenues	-	-	-	-	-	-	-	-	1,235,000	-	-	-	-	25,800	-	42,100	-	1,302,900
Inter program due to	398	15	274	6,065	60	4,732	6,874	20,338	12,259	14,215	6,203	39,342	263,848	215,107	299,288	21,003	(910,021)	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-	9,538	102,970	27,635	258,507	-	398,650
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	41,800	83,435	-	-	125,235
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	27	3,690	27,344	134,333	-	165,394
Total current liabilities	398	15	274	6,065	60	4,732	6,874	20,338	1,247,259	14,215	6,203	39,342	277,520	399,566	357,614	539,378	(910,021)	2,009,832
Noncurrent Liabilities																		
Long term debt capital, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	8,790,078	-	19,593,369	-	28,383,447
Accrued compensated absences, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	9,347	67,108	1,785	-	-	78,240
Accrued pension and other post-retirement employee benefit liabilities	-	-	-	-	-	-	-	-	-	-	-	-	49,513	399,783	11,324	-	-	460,620
Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	841	-	841
Total noncurrent liabilities	-	-	-	-	-	-	-	-	-	-	-	-	58,860	9,256,969	13,109	19,594,210	-	28,923,148
Total liabilities	\$ 398	\$ 15	\$ 274	\$ 6,065	\$ 60	\$ 4,732	\$ 6,874	\$ 20,338	\$ 1,247,259	\$ 14,215	\$ 6,203	\$ 39,342	\$ 336,380	\$ 9,656,535	\$ 370,723	\$ 20,133,588	\$ (910,021)	\$ 30,932,980
Net Position																		
Net investment in capital assets	\$ 942,021	\$ -	\$ -	\$ 1,542,291	\$ -	\$ 1,142,934	\$ 1,018,617	\$ -	\$ -	\$ 4,903,602	\$ 987,804	\$ 687,061	\$ -	\$ 1,562,835	\$ -	\$ 3,082,284	\$ -	\$ 15,869,449
Restricted	-	-	-	-	-	-	-	-	-	-	-	607,216	-	372,980	-	604,951	-	1,585,147
Unrestricted	111,521,798	(15)	(274)	1,063,917	(60)	5,403,843	(6,874)	(20,338)	4,977,903	(6,215)	2,559,809	4,052,216	(182,498)	770,771	(169,102)	4,538,549	-	134,503,430
Total net position	\$ 112,463,819	\$ (15)	\$ (274)	\$ 2,606,208	\$ (60)	\$ 6,546,777	\$ 1,011,743	\$ (20,338)	\$ 4,977,903	\$ 4,897,387	\$ 3,547,613	\$ 5,346,493	\$ (182,498)	\$ 2,706,586	\$ (169,102)	\$ 8,225,784	\$ -	\$ 151,958,026

Boston Housing Authority

Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Component Units
 Year Ended March 31, 2015
 Supplementary Information

	BHCIC Partnerships	Boston Housing Development Corp 1	Boston Housing Development Corp 2	Mission Main Revitalize Corp	Boston - MT, Pleasant H.D.C	Franklin Hill Revitalize Corp	Maverick Revitalization Corp	West Broadway Housing Corp	Boston Public Housing Corp	Orchard Park Revitalization Corp	Old Colony Revitalization Corp	Wash/Beech Revitalization Corp	Lower Mills Housing Corp - Publ Hsg	Lower Mills Housing Corp - LSD Hsg	Heritage Housing Corp - Publ Hsg	Heritage Housing Corp - LSD Hsg	Total Component Units
Operating Revenues																	
Tenant rental revenue - net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,775	\$ 530,619	\$ 73,093	\$ 913,577	\$ 1,592,064
Tenant revenue - other	-	-	-	-	-	-	-	-	-	-	-	-	58,964	1,688,541	64,741	3,001,391	4,813,637
Total tenant revenue	-	-	-	-	-	-	-	-	-	-	-	-	133,739	2,219,160	137,834	3,914,968	6,405,701
HUD operating grants	-	-	-	-	-	-	-	-	-	-	-	-	14,849	-	17,984	-	32,833
Other revenue	-	-	-	306,624	-	484,000	-	-	1,236,421	-	874,524	440,000	4,846	168,672	2,835	223,949	3,741,871
Total operating revenues	-	-	-	306,624	-	484,000	-	-	1,236,421	-	874,524	440,000	153,434	2,387,832	158,653	4,138,917	10,180,405
Operating Expenses																	
Administrative	-	-	-	1,925	-	1,925	1,925	-	7,894	1,925	1,925	1,925	40,635	257,739	60,642	333,538	711,998
Tenant services	-	-	-	-	-	-	-	-	10,984	-	-	91,943	2,026	83,702	6,632	51,772	247,059
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	33,905	274,309	93,764	842,338	1,244,316
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	42,684	528,015	52,456	451,251	1,074,406
Protective services	-	-	-	-	-	-	-	-	-	-	-	-	29,445	187,756	35,870	217,681	470,752
Insurance and premiums	-	-	-	-	-	-	-	-	426	-	-	-	7,274	82,867	12,227	202,747	305,541
Payment in lieu of taxes	-	-	-	-	-	-	-	-	-	-	-	-	2,624	-	2,735	-	5,359
Pension and other post-retirement employee benefit expense	-	-	-	-	-	-	-	-	-	-	-	-	-	12,845	-	-	12,845
Other general expenses	15	-	-	15	-	15	15	15	15	15	15	15	6,928	8	183	1,879	9,133
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	308,442	-	1,504,630	1,813,072
Total operating expenses	15	-	-	1,940	-	1,940	1,940	15	19,319	1,940	1,940	93,883	165,521	1,735,683	264,509	3,605,836	5,894,481
(Deficiency) excess of operating revenue over operating expenses	(15)	-	-	304,684	-	482,060	(1,940)	(15)	1,217,102	(1,940)	872,584	346,117	(12,087)	652,149	(105,856)	533,081	4,285,924
Non-operating (Expenses) Revenues																	
Investment income - unrestricted	-	-	-	-	-	152	-	-	5	-	227	227	84	1,870	237	6,864	9,666
Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-	-	9	696	-	1,136	1,841
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	(387,909)	-	(1,406,856)	(1,794,765)
Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(9,200)	(11)	-	(9,218)
Special items	-	-	-	-	-	12	-	-	-	-	18	17	-	-	-	-	47
Casualty losses	-	-	-	-	-	-	-	-	-	-	-	-	(10)	-	(15)	-	(25)
Total non-operating revenues	-	-	-	-	-	164	-	-	5	-	245	244	76	(394,543)	211	(1,398,856)	(1,792,454)
(Deficiency) excess of total revenue over (under) total expenses	(15)	-	-	304,684	-	482,224	(1,940)	(15)	1,217,107	(1,940)	872,829	346,361	(12,011)	257,606	(105,645)	(865,775)	2,493,470
Change in net position	(15)	-	-	304,684	-	482,224	(1,940)	(15)	1,217,107	(1,940)	872,829	346,361	(12,011)	257,606	(105,645)	(865,775)	2,493,470
Net Position, Beginning of Year	112,463,834	(15)	(274)	2,301,524	(60)	6,064,553	1,013,683	(20,323)	3,760,796	4,899,327	2,674,784	5,000,132	(170,487)	2,448,980	(63,457)	9,091,559	149,464,556
Net Position, End of Year	\$ 112,463,819	\$ (15)	\$ (274)	\$ 2,606,208	\$ (60)	\$ 6,546,777	\$ 1,011,743	\$ (20,338)	\$ 4,977,903	\$ 4,897,387	\$ 3,547,613	\$ 5,346,493	\$ (182,498)	\$ 2,706,586	\$ (169,102)	\$ 8,225,784	\$ 151,958,026

Boston Housing Authority

Statement of Net Position - Building

March 31, 2015

Supplementary Information

Assets

Current Assets

Cash - operations	\$ 1,384,099
Cash - restricted	1,177,051
Accounts receivable	6,369
Prepaid expenses	1,031
Interfund due from	34,489
Total current assets	<u>2,603,039</u>

Noncurrent Assets

Capital assets:

Land	2,157,100
Construction in progress	121,271
Structures and equipment, net	2,876,066
Total capital assets	<u>5,154,437</u>

Total assets 7,757,476

Liabilities and Net Position

Current Liabilities

Current portion of accrued compensated absences	8,172
Accrued liabilities	107,915
Accrued interest	107,478
Current portion of capital debt	225,000
Total current liabilities	<u>448,565</u>

Noncurrent Liabilities

Capital debt, net of current portion	4,690,000
Accrued compensated absences, net of current portion	24,042
Post employment healthcare benefits	751,916
Other noncurrent liabilities	154
Total noncurrent liabilities	<u>5,466,112</u>

Total liabilities 5,914,677

Net Position

Net investment in capital assets	125,764
Unrestricted	539,984
Restricted	1,177,051

Total net position \$ 1,842,799

Boston Housing Authority

Statement of Revenues, Expenses and Changes in Net Position - Building
Year Ended March 31, 2015
Supplementary Information

Operating Revenues	
Other governmental grants	\$ 26,084
Other	1,503,120
Total operating revenues	<u>1,529,204</u>
Operating Expenses	
Administration	166,966
Utilities	222,768
Maintenance and operations	314,719
Protective services	146,983
Insurance	11,821
Other general expenses	324,188
Depreciation	425,133
Total operating expenses	<u>1,612,578</u>
Operating income	<u>(83,374)</u>
Non-operating Expenses	
Interest expense	263,178
Total non-operating expenses	<u>263,178</u>
Change in net position	(346,552)
Net Position, Beginning of Year	<u>2,189,351</u>
Net Position, End of Year	<u>\$ 1,842,799</u>

Boston Housing Authority

Statement of Certification of Actual Program Costs - Federally Funded Programs

March 31, 2015

Supplementary Information

	Public Housing Capital Fund Program MA06P002501-09	Capital Fund Education and Training Community Facilities (CFCF Program) MA06C002501-10	Resident Opportunity & Self Sufficiency MA002RPS077A009
Funds Approved and Advanced	\$ 25,861,172	\$ 5,000,000	\$ 480,000
Funds Expended	25,861,172	5,000,000	480,000
Excess funds approved and advanced	\$ -	\$ -	\$ -
			Public Housing Capital Fund Competitive Recovery Act MA00200012409G
	Resident Opportunity & Self Sufficiency MA002RFS059A011	Resident Opportunity & Self Sufficiency MA002RFS097A012	
Funds Approved and Advanced	\$ 69,000	\$ 69,000	\$ 22,196,000
Funds Expended	69,000	69,000	22,196,000
Excess funds approved and advanced	\$ -	\$ -	\$ -
	Public Housing Capital Fund Program MA06R002502-11	Public Housing Capital Fund Program MA06URD00211-07	
Funds Approved and Advanced	\$ 615,066	\$ 20,000,000	
Funds Expended	615,066	20,000,000	
Excess funds approved and advanced	\$ -	\$ -	