

Boston Housing Authority

Financial Report
March 31, 2016

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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, 2016, 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, 2016, 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.

Emphasis of Matter – Adoption of Standards

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB 68*, which resulted in the Authority restating net position for recognition of the Authority's pension related activity incurred prior to April 1, 2015. Our opinion is not modified with respect to this matter.

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 3-12, the Schedule of Contributions – Boston Retirement System on page 44, the Schedule of the BHA's Proportionate Share of the Net Pension Liability - Boston Retirement System on page 45, and the Schedule of Funding Progress for the Retiree Health Plan on page 46 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 30, 2016 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 30, 2016

Boston Housing Authority

Management's Discussion and Analysis (Unaudited) March 31, 2016

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)

March 31, 2016

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 Contributions – Boston Retirement System (unaudited)
- Schedule of the Authority's Proportionate Share of the Net Pension Liability – Boston Retirement System (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 2016 and FY 2015. 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.

Boston Housing Authority

**Management's Discussion and Analysis (Unaudited)
March 31, 2016**

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, 2016 (FY 2016) and the fiscal year ended March 31, 2015 (FY 2015) for the primary government.

Condensed Comparative Statement of Net Position

	2016	2015	Net Change	Variance
Cash and investments	\$ 85,577,982	\$ 88,539,926	\$ (2,961,944)	-3.35%
Other current assets	10,776,147	10,618,153	157,994	1.49%
Capital assets	310,352,003	338,325,751	(27,973,748)	-8.27%
Other non-current assets	134,678,991	134,308,164	370,827	0.28%
Total assets	541,385,123	571,791,994	(30,406,871)	-5.32%
Deferred pension expense*	22,352,383	-	22,352,383	-100.00%
Total deferred outflows of resources	22,352,383	-	22,352,383	-100.00%
Current liabilities	34,867,984	36,726,740	(1,858,756)	-5.06%
Non-current liabilities	297,719,870	191,771,233	105,948,637	55.25%
Total liabilities	332,587,854	228,497,973	104,089,881	45.55%
Deferred pension expense*	18,283,657	-	18,283,657	-100.00%
Total deferred Inflows of resources	18,283,657	-	18,283,657	-100.00%
Net position:				
Net investment in capital assets	183,339,704	205,800,583	(22,460,879)	-10.91%
Restricted net position	19,048,420	15,805,426	3,242,994	20.52%
Unrestricted net position	10,477,871	121,688,012	(111,210,141)	-91.39%
Total net position	212,865,995	343,294,021	(130,428,026)	-37.99%
Total liabilities, deferred Inflows, and net Position	\$ 563,737,506	\$ 571,791,994	\$ (8,054,488)	-1.41%

* GASB statement No. 68 implemented in FY 2016

Boston Housing Authority

Management's Discussion and Analysis (Unaudited) March 31, 2016

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

Total assets decreased by \$30.4 million or 5%, from FY 2015. 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 \$3 million. Significant decreases include \$6 million reduction in Low Rent Program operating reserves due to subsidy funding reductions. A \$2 million reduction in Low Rent cash restricted for modernization and development due to spending down Capital Fund Financing Program (CFFP) and Energy Service Companies (ESCO) funds. These decreases were offset by an increase of \$3 million to the Central Office Cost Center (COCC) due to a transfer of cash due from other programs and a \$3.6 million increase in the Federal Capital Program funds.
- Other current assets realized an increase of \$160,000. The increase was due mainly to an increase in accounts receivable from State Modernization work billed but not received.
- Net capital assets decreased by \$28 million. This decrease is mainly due to a \$38.8 million increase in accumulated depreciation which is offset by capital asset additions of \$10.8 million in the Federal Low Rent program.
- Other non-current assets increased by \$370,000 due mainly to a \$1.3 increase in notes receivable for Old Colony HOPE VI, a \$700,000 decrease in the COCC for Loans, Notes Receivable on the 52 Chauncy Street building, and a \$230,000 decrease in State Loans, Notes Receivable West Broadway.

Total liabilities increased in FY2016 by \$104 million. The significant changes in liability categories that resulted in this net increase are discussed below.

- "Current liabilities" decreased by \$1.8 million. Several program had changes between FY16 and FY15. There was a decrease in Low Rent of \$2.4 million due to a decrease in utility expense accruals. Low Rent also had increases in compensated absences of \$200,000 and the current portion of long term debt in the CFFP program of \$200,000 and a decrease of \$384,000 in accounts payable to Department of Housing Urban Development (HUD) for a PILOT payment that was due in FY15 but paid in FY16. The Housing Choice Voucher Program (HCVP) had an increase \$784,000 from open repayment agreements. The state program had an increase of \$340,000 due to a greater utility accrual in FY16. The COCC had a net increase of \$483,000 due to the following increases: a workers compensation adjustment, \$185,000, a compensated absence accrual, \$104,000, an accrual for computer system maintenance expense, \$72,000, and miscellaneous AP expenses \$122,000. The Capital Program had a decrease of \$83,000 due to decreased interest payable.
- "Non-current liabilities" increased by \$106 million. The most significant increase is due to the implementation of GASB 68 in the current year, resulting in a \$103 million increase in net pension liability. Additionally, several areas had major changes between FY16 and FY15. The Low Rent Program had decreases in long term debt from CFFP and ESCO programs of \$3.9 million and \$1.6 million respectively. Low Rent also had an increase in pension and other post-employment benefits (OPEB) liabilities of \$3.4 million. For a net decrease of \$2.1 million. The HCVP had increases in OPEB of \$648,000 and accrued compensated absences of \$53,000 and a decrease in the Family Self Sufficiency Program of \$374,000. The COCC had increases in OPEB and accrued compensation of \$4.4 million and \$200,000 respectively.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

March 31, 2016

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

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 2015 to FY 2016 in total assets of \$30.4 million and the increased in deferred outflows of resources of \$18 million netted against the increase in total liabilities of \$104 million and the increase in deferred inflows of resources of \$18 million from FY 2015 to FY 2016 equals the net decrease in net position of \$133 million.

To conclude this section some selected liquidity and debt ratios are shown. Cash and investments and current assets showed decreases between FY 2016 and FY 2015 resulting in decreases in the current and cash ratios.

<u>Selected Financial Ratios</u>	<u>2016</u>	<u>2015</u>
Current ratio	2.76	2.70
Cash ratio	2.45	2.41
Cash ratio (excluding restricted cash and related current portion of debt)	2.23	2.25
Debt to equity	62%	40%
Debt ratio	61%	40%
Capitalization ratio	37%	28%

Boston Housing Authority

**Management's Discussion and Analysis (Unaudited)
March 31, 2016**

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 2016, the BHA had total operating revenue of \$352 million, total operating expenses of \$362 million and total non-operating revenues (net of non-operating expenses) of \$820,000. The result is a \$39.6 million --- described as "Change in Net Position" -- for FY 2016 on the statement of revenues, expenses and changes in net position.

Comparative Statement of Revenues and Expenses

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>	<u>Variance</u>
Total tenant revenue - net	\$ 43,835,792	\$ 41,937,481	\$ 1,898,311	4.53%
HUD operating subsidies and grants	272,342,374	249,379,221	22,963,153	9.21%
Other governmental grants	30,806,249	28,948,292	1,857,957	6.42%
Other revenue	5,846,704	4,521,535	1,325,169	29.31%
Bad debt	(638,440)	(542,539)	(95,901)	17.68%
Total Operating Revenue	352,192,679	324,243,990	27,948,689	8.62%
Administration	39,565,389	40,678,087	(1,112,698)	-2.74%
Tenant services	2,152,597	1,959,022	193,575	9.88%
Utilities	36,078,303	39,307,315	(3,229,012)	-8.21%
Maintenance and operations	48,006,315	44,434,226	3,572,089	8.04%
Protective services	6,377,401	6,517,085	(139,684)	-2.14%
Insurance	4,959,840	4,216,360	743,480	17.63%
Payment in lieu of taxes	66,661	450,773	(384,112)	-85.21%
Housing assistance payments	194,836,645	180,618,058	14,218,587	7.87%
Pension and other post-retirement employee benefit expense	19,811,215	5,212,956	14,598,259	280.04%
Other general expenses	1,993,754	1,608,660	385,094	23.94%
Depreciation	38,789,326	37,623,264	1,166,062	3.10%
Total Operating Expenses	392,637,446	362,625,806	30,011,640	8.28%
Total Operating Loss	(40,444,767)	(38,381,816)	(2,062,951)	5.37%
Capital Grants	8,846,556	14,214,469	(5,367,913)	-37.76%
Investment income - unrestricted	208,400	178,114	30,286	17.00%
Investment income - restricted	22,817	28,973	(6,156)	-21.25%
Interest expense	(6,943,468)	(7,226,672)	283,204	-3.92%
Extraordinary maintenance	(712,067)	(712,454)	387	-0.05%
Disposition of property	-	1,655	(1,655)	-100.00%
Casualty losses	(601,730)	(302,258)	(299,472)	99.08%
Total Non-Operating Revenues	820,508	6,181,827	(5,361,319)	-86.73%
Change in Net Position	(39,624,259)	(32,199,989)	(7,424,270)	23.06%
Net Position, beginning of year	343,280,762	375,494,010	(32,213,248)	-8.58%
Prior period adjustments	(90,790,508)	-	(90,790,508)	-100.00%
Net Position, beginning of year, as restated (Note 2)	252,490,254	375,494,010	(123,003,756)	-108.58%
Net Position, End of Year	\$ 212,865,995	\$ 343,294,021	\$ (130,428,026)	-37.99%

Boston Housing Authority

Management's Discussion and Analysis (Unaudited)

March 31, 2016

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

Total operating revenue increased by \$28 million in FY 2016 from FY 2015. Significant factors included:

- A \$1.9 million increase in tenant revenues. The increase in tenant revenues is due mainly to increased rent.
- A \$22.9 million increase in HUD subsidies and grants due to a \$2.96 million increase in federal operating subsidy and a \$21.2 million increase in federal leased housing funds, a \$221,000 increase in miscellaneous grants, offset by a \$1.3 million decrease in federal HOPE VI funds.
- A \$1.9 million increase in other governmental grants due to an increase state capital funding and local grants.
- A \$1.3 million increase in other revenue is due to the net effect of a \$640,000 increase in Low Rent primarily from a Federal Energy Management Agency (FEMA) reimbursement and energy reimbursements. A \$170,000 increase from developer fees at Old Colony and a \$350,000 decrease in HCVP Portability revenue, and a \$70,000 decrease due to a workers compensation credit received in FY15. A \$933,000 increase due to the effect of rent recoveries in the Low Rent program.

Total operating expense: Total operating expense increased by \$30 million or 8% from FY2015 to FY2016. This increase is accounted for in the following programs and categories:

- Administration expense increased by \$1 million or 3%. This increase in 2016 primarily due to retroactive salary and wage increase from FY13-FY16 as well as administrative fee increases to the Federal leased housing program.
- Tenant services increased by \$193,575 or 10%. This increase is due to an increase in funding to The Resident Opportunity and Self Sufficiency Grant.
- Utilities decreased by \$3.2 million or 8.21%. The majority of this decrease is due to a milder winter in and utility rate decreases in FY2016.
- Maintenance and operations increased by \$3.6 million or 8% due to retroactive increases in salaries and wages from FY13-FY16 as well as special projects involving hallway and common space improvements at elderly housing sites.
- Protective services expense decreased by \$139,684 or 2% in 2016 due primarily to a reduction in overtime and a hiring freeze.
- Insurance expense increased by \$743,000 or 18% driven mainly by an increase in the worker's compensation premium adjustments for years 2011-2015 paid in 2016.
- Housing assistance payments increased by \$14.2 million due to an increase in the number of units leased as well as an increase in the per unit assistance payment amount.
- Pension and other post-retirement employee benefit expense increased \$14.6 million or 280% due to the implementation of GASB 68 reporting requirements as well as a \$3.6 million increase in the GASB 45 accrued expense.
- Other general increased by \$385,000 or 24% due primarily to special grant funding through the State Operating Program and State Modernization and Old Colony Hope VI soft costs.
- Depreciation increased by \$1.2 million or 3%. Approximately \$629,000 was attributed to the Federal properties and \$575,000 was attributed to State properties.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited) March 31, 2016

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

Total non-operating revenues and expenses: Total non-operating revenues and expenses decreased by \$5.4 million.

- Federal Capital Grants decreased by \$5.4 million or 38% due mainly 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.

CAPITAL ACTIVITY

In FY 2016 the Authority expended funds from several sources on capital improvement projects. Funding of \$5.2 million for the federal developments was received under the Capital Fund Program ("CFP", an annual allocation). Approximately \$5.1 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.

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, 2016 the Authority had \$127 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 FY2016. 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.

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 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.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited) March 31, 2016

BUDGET VARIATIONS (Continued):

Revenues under the Authority's Federal Low-Rent Operating Program totaled approximately \$92.9 million against a total revenue budget of \$88.9 million. The positive variance in revenue of \$4 million was due to higher than expected rental income, \$1.9 million, lower than expected subsidy, \$558,000, unanticipated proceeds from insurance of \$882,000, along with higher than expected other income, \$618,000, due mainly to a FEMA reimbursement and energy reimbursements.

Total federal operating program expenses, excluding depreciation and amortization, were approximately \$100.5 million against a budget of \$98.9 million. Total expenses were \$1.5 million or 2% higher than budgeted. Retroactive salary and wage increases accounted for approximately \$1 million of the budget overrun in addition to \$1.5 million of maintenance expense for extraordinary snow removal, maintenance contracts for extermination, emergency underground pipe repair, and repair cost due to fire damages. The major offset to over expenditures was Utility expense under budget by approximately \$1 million.

State Consolidated public housing program total revenue was \$25.4 million against a budget of \$26.7 million. Lower utility cost accounted for most of the variance. The Department of Housing and Community Development accounts for actual utility cost in funding. Utility costs were lower so subsidy was lower than budgeted.

State consolidated operating program total expenses, excluding depreciation, were approximately \$24.9 million against a budget of \$26.6 million. Utility expense was approximately \$1.3 million less than budgeted.

The Authority's federal leased housing program administrative budget generated revenue of approximately \$15.2 million against a budget of \$14.7 million. Total expenses were \$14.2 million against a budget of \$13.6 million or 6% more than budgeted. Administrative salaries were budgeted at \$6.2 million with expense of \$6.6 million. HUD increased the administrative fee proration during the year which allowed the BHA increase administrative staff. Fees to the central office cost center were budgeted at \$2.6 million with expense at \$2.6 million.

State leased housing program revenue was approximately \$355,000 against a budget of \$336,000, while expense was \$333,000 against a budget of \$347,000.

The 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 due mainly to an increase in Leased Housing management fees. Expenses were \$16.4 million against a budget of \$16.2 million. The increase due mainly to increased administrative salaries.

BUDGET HIGHLIGHTS

Federal congressional budget appropriations funded the federal low-rent operating program nation-wide at 85.36% of operating subsidy eligibility for calendar year 2015. This resulted in the BHA receiving approximately \$9.6 million less than it was eligible to receive during 2016.

The federal operating program ended the year with a deficit of approximately \$7.7 million, excluding amortization and depreciation. The Authority used \$4 million from the capital program and approximately \$3.7 million in operating reserves to fund this deficit.

The DHCD increased the state operating program non-utility budgets by 3%, or \$465,000 in BHA Fiscal Year 2016. The state operating budget program budget generated net income of approximately \$540,000 in FY16.

Boston Housing Authority

Management's Discussion and Analysis (Unaudited) March 31, 2016

CONDITIONS AFFECTING ONGOING OPERATIONS AND FINANCIAL POSITION

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

- Congressional appropriation to HUD
- Appropriations of the state legislature to the 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 2016 was increased from 85.36% of eligibility in calendar year 2016 to 90.21% in calendar year 2016 however this amount is still significantly less than 100% of eligibility. HUD has determined that 100% of eligibility is the amount needed to properly administer a Public Housing Authority 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, 2016

	Primary Government	Discrete Component Units
Assets		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 52,860,691	\$ 12,818,637
Cash and cash equivalents - restricted	18,080,976	1,601,011
Investments - unrestricted	11,975,897	-
Investments - restricted	2,660,418	-
Accounts receivable:		
Accounts receivable - tenants	2,066,670	152,631
Allowance for doubtful accounts - tenants	(795,841)	(44,719)
Accounts receivable - HUD other projects	3,273,982	-
Accounts receivable - other government	1,933,608	-
Allowance for doubtful accounts - other government	(1,235,226)	-
Accounts receivable - HUD Public Housing Authority projects	(42,126)	-
Accounts receivable - miscellaneous	3,910,336	12,662
Notes, loans, and mortgages receivable - current	225,000	-
Accrued interest receivable	35,525	-
Prepaid expenses and other assets	826,660	600,563
Inventories	577,559	-
Due from primary government	-	1,503,482
Total current assets	<u>96,354,129</u>	<u>16,644,267</u>
Noncurrent assets:		
Capital assets:		
Land	64,288,571	11,224,330
Construction in progress	28,796,634	97,444
Buildings	1,246,206,466	78,072,942
Furniture, equipment and machinery	6,547,556	-
Accumulated depreciation	(1,035,487,224)	(45,896,270)
Total capital assets	<u>310,352,003</u>	<u>43,498,446</u>
Other assets:		
Notes, loans and mortgages receivable - non-current	136,330,475	125,240,437
Allowance for doubtful accounts - notes, loans and mortgages	(1,651,484)	(820,000)
Total other assets	<u>134,678,991</u>	<u>124,420,437</u>
Total assets	<u>541,385,123</u>	<u>184,563,150</u>
Deferred Outflows of Resources		
Deferred pension expense	22,352,383	255,247
Total deferred outflows of resources	<u>22,352,383</u>	<u>255,247</u>

(Continued)

Boston Housing Authority

Statement of Net Position (Continued)

March 31, 2016

	Primary Government	Discrete Component Units
Liabilities		
Current liabilities:		
Accounts payable - operating	2,333,847	-
Accounts payable - HUD Public Housing Authority programs	669,454	-
Accounts payable - other government	6,447,029	-
Accrued compensated absences - current portion	1,790,668	20,439
Unearned revenues	3,793,005	-
Due to component units	1,503,482	-
Accrued liabilities	9,073,686	193,388
Accrued interest payable	2,694,592	121,892
Other current liabilities	802,221	257,404
Current portion of long term debt - capital	5,760,000	295,753
Total current liabilities	34,867,984	888,876
Noncurrent liabilities:		
Long-term debt capital, net of current portion	127,060,000	28,087,694
Accrued compensated absences, net of current portion	6,587,079	85,931
Accrued pension and other post-retirement employee benefit liabilities	158,103,660	1,772,923
Non-current liabilities - other	5,969,131	841
Total noncurrent liabilities	297,719,870	29,947,389
Total liabilities	332,587,854	30,836,265
Deferred Inflows of Resources		
Deferred pension expense	18,283,657	208,785
Total deferred inflows of resources	18,283,657	208,785
Net Position		
Net investment in capital assets	183,339,704	14,993,107
Restricted	19,048,420	1,601,011
Unrestricted	10,477,871	137,179,229
Total net position	\$ 212,865,995	\$ 153,773,347

See notes to financial statements.

Boston Housing Authority

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended March 31, 2016**

	Primary Government	Discrete Component Units
Operating revenues:		
Tenant rental revenue, net	\$ 43,034,398	\$ 1,687,125
Tenant revenue - other	162,954	4,796,181
Total tenant revenue	<u>43,197,352</u>	<u>6,483,306</u>
HUD Public Housing Authority operating grants	188,669,789	-
HUD operating grants	83,672,585	-
Other governmental grants	30,806,249	-
Other revenue	5,945,911	2,999,087
Total operating revenues	<u>352,291,886</u>	<u>9,482,393</u>
Operating expenses:		
Administrative	39,664,596	733,868
Tenant services	2,152,597	288,493
Utilities	36,078,303	877,361
Maintenance	48,718,382	1,236,337
Protective services	6,377,401	515,143
Insurance premiums	4,959,840	296,540
Payment in lieu of taxes	66,661	-
Housing assistance payments	194,836,645	-
Pension and other post-retirement employee benefit expense	19,811,215	260,861
Other general expenses	1,993,754	13,324
Depreciation	38,789,326	977,130
Total operating expenses	<u>393,448,720</u>	<u>5,199,057</u>
(Deficiency) excess of operating revenue over (under) operating expenses	<u>(41,156,834)</u>	<u>4,283,336</u>
Non-operating (expenses) revenues:		
Investment income - unrestricted	208,400	12,488
Investment income - restricted	22,817	2,975
Interest expense	(6,943,468)	(1,459,357)
Casualty losses	(601,730)	(31)
Total non-operating (expenses) revenues	<u>(7,313,981)</u>	<u>(1,443,925)</u>
(Deficiency) excess of total revenue over (under) total expenses	<u>(48,470,815)</u>	<u>2,839,411</u>
Capital grants	8,846,556	-
Change in net position	<u>(39,624,259)</u>	<u>2,839,411</u>
Net Position, beginning of year	343,294,022	151,958,026
Prior period adjustments (Note 2)	(90,803,768)	(1,024,090)
Net position, beginning of year, as restated (Note 2)	<u>252,490,254</u>	<u>150,933,936</u>
Net position, end of year	<u>\$ 212,865,995</u>	<u>\$ 153,773,347</u>

See notes to financial statements.

Boston Housing Authority

**Statement of Cash Flows
Year Ended March 31, 2016**

	Primary Government
<hr/>	
Cash flows from operating activities:	
Cash receipts:	
Tenant revenues	\$ 42,681,264
HUD rental assistance subsidy	189,861,487
HUD operating grants	83,326,386
Other governmental grants	29,610,766
Other	4,884,766
	<hr/>
	350,364,669
Cash disbursements:	
Administrative	41,786,358
Tenant services	2,137,885
Utilities	36,044,742
Maintenance	48,360,870
Protective services	6,272,378
Insurance premiums	4,800,757
Payment in lieu of taxes	66,661
Housing assistance payments	194,836,645
Pension and other post-retirement employee benefit expense	2,795,930
Other general	1,993,754
	<hr/>
	339,095,980
	<hr/>
	11,268,689
	<hr/>
	11,268,689
	<hr/>
Cash flows from investing activities:	
Purchase of investments	(38,957,385)
Sale of investments	25,197,688
Interest income received	204,595
Issuance of notes receivable	(1,293)
Repayment of notes receivable	913,435
	<hr/>
	(12,642,960)
	<hr/>
	(12,642,960)

(Continued)

Boston Housing Authority

Statement of Cash Flows (Continued)

Year Ended March 31, 2016

	Primary Government
Cash flows from capital and related financing activities:	
Purchases of capital assets	(10,815,578)
Capital grants received	8,846,556
Principal paid on capital debt	(5,550,000)
Interest expense paid	(7,072,888)
Non-routine maintenance and other expenses paid	(601,730)
Due to component units	(153,732)
Net cash used in financing activities	(15,347,372)
Net decrease in cash and cash equivalents	(16,721,643)
Cash and cash equivalents, beginning of year	87,663,310
Cash and cash equivalents, end of year	<u>\$ 70,941,667</u>
Reconciliation of deficiency of operating revenue over operating expenses provided by operating activities:	
Deficiency of operating revenue under operating expenses	\$ (41,156,834)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	38,789,326
Other postemployment healthcare benefit expense	21,084,011
Changes in:	
Accounts receivable	(1,377,752)
Prepaid expenses	101,959
Inventories	(138,548)
Accounts payable	1,163,470
Accrued liabilities and compensated absences	(1,838,194)
Other liabilities	(772,671)
Unearned revenues	(517,352)
Deferred outflows of resources	(22,352,383)
Deferred inflows of resources	18,283,657
Net cash provided by operating activities	\$ 11,268,689

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, 2016, the Authority maintains 70 developments encompassing approximately 10,300 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, 2016, 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")
- Boston Housing Development Corporation ("BHDC")

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 and BHCD were 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.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies

Adoption of new accounting pronouncements: The GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in June 2012 and, its amendment, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which was effective for the Authority's fiscal year 2016. This statement revises and establishes new financial accounting and reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and the related recognition of pension expense. The Authority implemented this statement during fiscal year 2016. The adoption of this standard results in the Authority reporting a net pension liability of \$104,255,321 retroactive to April 1, 2015. This change in accounting principle had the following effects on the Authority's financial statements:

- The recording of the net pension liability.
- An actuarially determined pension expense, deferred outflows of resources and deferred inflows of resources.
- Significant new note disclosures and new required supplementary information data.
- Restatement of the beginning net position with an adjustment for the cumulative effect of this change in accounting principle of \$91,827,859

Significant accounting policies are as follows:

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.

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 supplemental 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 non-operating 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.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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 \$795,841 and \$44,719 for the Primary Government and the Discrete Component Units, respectively, for tenant receivables and \$1,235,226 and \$0 for the Primary Government and the Discrete Component Units, respectively, for other accounts receivable at March 31, 2016.

Notes receivable: At March 31, 2016, the outstanding balance of the notes receivable related to the Authority's redevelopment initiatives is \$134,903,991 and \$124,420,437 for the Primary Government and Discrete Component Units, respectively, which is net of the allowance for doubtful accounts, totaling \$1,651,484 and \$820,000 for the Primary Government and Discrete Component Units, respectively. The notes receivables for the Discrete Component Units include accrued ground lease rent and redevelopment fees, and bear interest at rates ranging from 0% to 6.77% per annum. The Primary Government notes receivables 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, 2016, the accrued interest on the notes (due at maturity) and ground lease rent is \$24,296,887 and \$46,753,547 for the Primary Government and Discrete Component Units, respectively. 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

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:

	<u>Years</u>
Buildings	40
Building improvements	10
Administrative equipment	3 to 7

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2016.

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.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports a deferred charge on refunding and deferred outflows related to pension in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources(continued): These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a deferred inflow of resources related to pensions in the statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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, BHDC, 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.

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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- 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.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements not yet adopted: 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 non-employer 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 June 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 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. 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.

Boston Housing Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (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 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.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 adoption of this standard is not expected to have a significant impact on the Authority's financial statements.

Boston Housing Authority

Notes to 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.

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	\$ 70,941,667
Discrete Component Units	14,419,648
Total	<u>\$ 85,361,315</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, 2016. 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 \$15,772,229 at March 31, 2016, of which \$15,022,229 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 Policy, investments must be prime quality and rated no less than A by either Moody's, Standard and Poor's, or Fitch.

The Policy 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.

	Primary Government	Discrete Component Units	Total
U.S. Treasury Bills and repurchase agreements	\$ 11,975,897	\$ -	\$ 11,975,897
Guaranteed investment contract held by bond trustee	2,660,418	-	2,660,418
Total	<u>\$ 14,636,315</u>	<u>\$ -</u>	<u>\$ 14,636,315</u>

Boston Housing Authority

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

The Authority primarily invests in U.S. Treasury Bills with a maturity date of less than one year, with overnight repurchase agreements and guaranteed investment contracts held by bond trustees maturing through 2016. The treasury bills are in the Authority's name and held by the Primary Bank. All of the Authority's Primary Bank investments are covered by the Agreement. The Authority also maintains fiscal agent investment accounts for debt service and project funding that are not covered by any collateralization agreement. The balance for these accounts at March 31, 2016 was \$2,660,418 representing the balance in restricted investments.

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 \$2,051,876 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 \$153,883 held in escrow by the BHA on behalf of clients participating in the Family Self-Sufficiency Program, a HUD funded initiative.

Orchard Park Redevelopment Agreement: The Authority has \$2,240,557 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 \$2,443,505 in restricted funds as a reserve for the Old Colony Community Center.

Capital Revenue Bonds Project Fund Account: The Authority has \$11,442,215 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 \$675,002 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, 2016 was \$662,849 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 \$612,958 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 \$380,420 restricted funds as a Replacement Reserve account with the Massachusetts Housing Finance Authority.

52 Chauncy Street Funds: The Authority has \$1,679,140 in capital debt proceeds held by a trustee to be used for capital improvements at the 52 Chauncy Street headquarters.

Boston Housing Authority

Notes to Financial Statements

Note 3. Cash and Investments (Continued)

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	\$ 2,051,876	\$ 54,307	\$ 1,997,569	\$ -
Family Self-Sufficiency Program	153,883	153,883	-	-
Orchard Park Redevelopment Agreement	2,240,557	2,240,557	-	-
Old Colony Redevelopment Agreement	2,443,505	2,443,505	-	-
Capital Revenue Bonds Project Fund	11,442,215	11,442,215	-	-
West Broadway Redevelopment Agreement	1,337,851	675,002	662,849	-
Heritage Housing Corporation Agreement	612,958	-	-	612,958
Lower Mills Housing Corporation Agreement	380,420	-	-	380,420
52 Chauncy Street Funds	1,679,140	1,071,507	-	607,633
	<u>\$ 22,342,405</u>	<u>\$ 18,080,976</u>	<u>\$ 2,660,418</u>	<u>\$ 1,601,011</u>

Note 4. Capital Assets

Capital assets are comprised of the following at March 31, 2016:

Capital assets - primary government:

	<u>Balance April 1, 2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance March 31, 2016</u>
Land	\$ 64,288,571	\$ -	\$ -	\$ -	\$ 64,288,571
Buildings	1,220,798,277	5,266,321	20,141,868	-	1,246,206,466
Furniture, equipment and machinery	6,080,625	550,932	-	(84,001)	6,547,556
Construction in progress	43,940,177	4,998,325	(20,141,868)	-	28,796,634
	<u>1,335,107,650</u>	<u>10,815,578</u>	<u>-</u>	<u>(84,001)</u>	<u>1,345,839,227</u>
Less accumulated depreciation:					
Buildings	(991,488,578)	(38,524,765)	-	-	(1,030,013,343)
Furniture, equipment and machinery	(5,293,321)	(264,561)	-	84,001	(5,473,881)
	<u>(996,781,899)</u>	<u>(38,789,326)</u>	<u>-</u>	<u>84,001</u>	<u>(1,035,487,224)</u>
Total	<u>\$ 338,325,751</u>	<u>\$ (27,973,748)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310,352,003</u>

Boston Housing Authority

Notes to Financial Statements

Note 4. Capital Assets (Continued)

Capital Assets - Component Units

	Balance April 1, 2015	Additions	Transfers	Disposals	Balance March 31, 2016
Land	\$ 11,224,330	\$ -	\$ -	\$ -	\$ 11,224,330
Buildings	78,072,942	-	-	-	78,072,942
Construction in progress	-	97,444	-	-	97,444
	<u>89,297,272</u>	<u>97,444</u>	<u>-</u>	<u>-</u>	<u>89,394,716</u>
Less accumulated depreciation:					
Buildings	(44,919,140)	(977,130)	-	-	(45,896,270)
	<u>(44,919,140)</u>	<u>(977,130)</u>	<u>-</u>	<u>-</u>	<u>(45,896,270)</u>
Total	<u>\$ 44,378,132</u>	<u>\$ (879,686)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,498,446</u>

As of March 31, 2016, the Authority has committed approximately \$3,861,811 of additional funds to construction contracts related to these development projects.

Note 5. Retirement Plan

Plan description: All full-time employees of the Authority are eligible to participate in the State-Boston Retirement System (the "System" or "Plan"), a cost-sharing multiple-employer defined benefit pension plan. Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employer's payment of its pension obligation to the plan. The plan provides retirement benefits, death benefits, and disability benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State-Boston Retirement System, Boston City Hall, Room 816, Boston, Massachusetts 02201.

Contributions: Contributions are set by the State of the State of Massachusetts. Participating employers are required to pay into the System their share of the remaining actuarially determined contribution and plan administration costs, which are apportioned among the participating employers based on an actuarial computation.

As a condition of participation, employees are required to contribute 5% of their salary if hired prior to January 1, 1975; 7% if hired after January 1, 1975, and before January 1, 1984; 8% if hired after January 1, 1984, and before July 1, 1996; and 9% if hired after July 1, 1996. Employees hired after January 1, 1979, contribute an additional 2% of earnings in excess of \$30,000 per year. Overtime and certain additional earnings are not subject to these assessments and are not considered in the determination of final average salary.

The Authority's required and actual contribution to the System for the year ended March 31, 2016 was \$11,456,783 for the Primary Government and \$130,828 for the Discrete Component Units.

Boston Housing Authority

Notes to Financial Statements

Note 5. Retirement Plan (Continued)

Benefits provisions: Plan provisions are set by Statute of the State of Massachusetts. Participant in the System is mandatory for all permanent, full-time, and certain part-time employees immediately upon the commencement of employment. Participants who resign from employment or are receiving workers' compensation benefits and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. In addition, those participants who resign voluntarily with less than ten years of service are entitled to receive 3% per year interest; all others receive interest that has accrued on their cumulative deductions at the regular rate (0.1% at December 31, 2015).

Employees with ten or more years of service having attained age 55 are entitled to pension benefits; an earlier retirement is allowed upon completion of 20 years of service. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive three-year average annual rate of regular compensation (highest consecutive five-year average for those members who join the System on or after April 2, 2013). Benefit payments are based upon a participant's age, length of creditable service, regular compensation, and group classification. Participants become vested after ten years of creditable service. Effective July 1, 1998, the Statute of the State of Massachusetts assigned the authority to establish and amend benefit provision and grant cost-of-living increases for the Plan to the Boston Retirement Board.

If a member in service dies due to causes unrelated to his or her job, the surviving spouse and/or surviving dependent children may receive retirement allowance benefits, either in a lump sum or in the form of an annuity, based on the length of service, contributions, and age. In the event there are no spouse and/or dependent children named, other beneficiaries may be entitled to a lump-sum distribution. Participants who become permanently and totally disabled from further duty may be eligible to receive accidental or ordinary disability retirement benefits.

Accidental disability is provided to members with incapacitation resulting from a work related injury or hazard. Generally, annual pension benefits are provided based on 72% of the annual rate of regular compensation a member earned while an active employee on date of injury or average annual rate of regular compensation. Ordinary disability is available to any member whose permanent incapacitation is not work-related and has attained the age of 55 (or actual age of over 55) based on the amount of creditable service actually earned. Limits are placed on how much a disability employee can earn from other sources while collecting a disability retirement pension.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2015, with update procedures used to roll forward the total pension liability to December 31, 2015. These valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.00%
Investment rate of return	7.75%, net of investment expenses, including inflation
Cost of living adjustments	3.00% of first \$13,000
Mortality rates	
Healthy:	RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009
Disabled:	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D from 2015

Boston Housing Authority

Notes to Financial Statements

Note 5. Retirement Plan (Continued)

The long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	25%	6.49%
International developed markets equity	19	7.16
Emerging markets equity	8	9.46
Core fixed income	11	1.68
High yield fixed income	13	4.76
Real estate	10	4.37
Commodities	–	4.13
Short-term government money market	–	1.11
Hedge fund, GTAA, Risk parity	7	3.60
Private equity	7	11.04

Discount rate: The discount rate used to measure the total pension liability was 7.75% for the System. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate: The following presents the net pension liability of the System, calculated using the discount rate of 7.75% for the System, as well as what the Boston Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease	Current Discount	1% Increase
Net pension liability	\$ 140,857,094	\$ 104,255,321	\$ 73,296,741

Boston Housing Authority

Notes to Financial Statements

Note 5. Retirement Plan (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At March 31, 2016, the Authority report a liability of \$104,255,321 for its proportionate share of the net pension liability related to its participation in the System. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on its share of contributions to the System for calendar year 2015 relative to the total contributions of all participating employers for that fiscal year. At December 31, 2015, the Authority's proportion was 5%.

For the year ended March 31, 2016, the Authority recognized pension expense of \$11,127,314. At March 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 19,417,066	\$ -
Changes of assumptions	323,521	4,085,564
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,867,042	14,406,878
Total	<u>\$ 22,607,629</u>	<u>\$ 18,492,442</u>

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, at the following properties (collectively referred to as the "Developments"):

- Mission Main
- Orchard Park
- Maverick
- Franklin Hill
- Washington Beech
- Old Colony
- West Broadway
- Harbor Point
- Long-Glen
- Lower Mills
- Heritage

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

These agreements are entered into through the Primary Government and Discrete Component Units identified in Note 1 and 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 \$3,080,652 and the Primary Government has a corresponding payable to the Discrete Component units totaling \$1,554,862 at March 31, 2016. Subsequent to year end, the BHA entered into two note agreements, totaling \$22,000,000 and \$10,725,000, for the development of mixed-financed, mixed-income housing, including replacement of public housing units, at Orient Heights, a state property. The notes mature during 2068.

It is management's policy to fully reserve all accrued interest on notes receivable related to these initiatives. All principal and interest is due at the maturity date.

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	\$ 72,667
Trinity East Boston LP	0.10%	9,082,234	09/24/2033	105,764
Trinity East Boston Two LP	AFR*/4.87%	4,959,056	09/24/2033	3,438,974
Trinity East Boston Three LP	4.70%	4,856,085	04/19/2055	3,043,376
Trinity East Boston VI	2.00%	6,914,496	04/19/2055	1,433,174
Trinity East Boston VI	2.00%	4,931,926	04/19/2055	1,129,187
Total Maverick		<u>37,243,797</u>		<u>9,223,142</u>
West Broadway Redevelopment	1%	3,570,000	12/23/2043	403,146
West Broadway Redevelopment	1%	10,821,700	12/23/2043	1,217,229
West Broadway Redevelopment	5.28%	8,559,587	12/01/2035	517,569
Total West Broadway		<u>22,951,287</u>		<u>2,137,944</u>
Harbor Point	3%	8,001,554	12/31/2041	8,409,465
Long-Glen Rental LLC	Greater of AFR or 4.68%	1,850,000	02/28/2046	1,155,553
Trinity Franklin Hill Limited Partnership	0.10%	6,256,406	12/31/2059	42,059
Trinity Franklin Hill Limited Partnership	5.20%	3,640,739	03/13/2057	2,031,940
Trinity Franklin Hill Limited Partnership	5.2% - 6.85%	1,271,428	04/25/2057	67,091
Total Trinity Franklin Hill		<u>11,168,573</u>		<u>2,141,090</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	57,551
Trinity Washington Beech Phase One LP	0.10%	4,407,763	06/10/2049	28,950
Trinity Washington Beech Phase One LP	0.10%	9,751,330	06/10/2049	64,037
Total Trinity Washington Beech		<u>14,355,420</u>		<u>150,538</u>
Trinity Washington Beech Phase Two LP		750,000	09/30/2052	116,566
Trinity Washington Beech Phase Two LP	n/a	2,602,537	09/30/2052	353,453
Trinity Washington Beech Phase Two LP	2.70%	4,406,053	09/30/2057	95,776
Trinity Washington Beech Phase Two LP	0.50%	2,175,082	09/30/2052	300,610
Trinity Washington Beech Phase Two LP	2.70%	2,399,267	09/30/2057	51,482
Total Trinity Washington Beech Phase Two LP		<u>12,332,939</u>		<u>917,887</u>
Old Colony Phase One LP	N/A	18,335,000	18,335,000	n/a
			Contingent upon financial closing of permanent loan	
Old Colony Phase Two LP	N/A	10,316,905		n/a
Total		<u>136,555,475</u>		<u>24,135,619</u>
Allowance for collectability		<u>(1,651,484)</u>		<u>(24,135,619)</u>
Total notes, loans and mortgage receivables – Primary Government		<u>\$ 134,903,991</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	\$ 821,825
Mission Main Phase Two L.P.	AFR	2,320,531	04/01/2040	3,967,996
Mission Main Phase Two L.P.	4.25%	6,741,479	04/01/2040	6,012,661
Mission Main Phase Three L.P.	AFR	1,505,091	11/01/2040	2,088,687
Mission Main Phase Three L.P.	4.25%	4,844,346	11/01/2040	4,116,495
Total Mission Main		<u>68,249,524</u>		<u>17,007,664</u>
			Earlier of 9/30/36 or a sale or refinancing	
Madison Trinity LP Phase I	6.77%	4,427,930		13,678,870
			Earlier of 9/30/36 or a sale or refinancing	
Madison Trinity LP Phase I	0.10%	4,591,805		90,392
Madison Trinity LP Phase II	6.55%	138,000	09/15/2037	1,401,641
Madison Trinity Phase II	0.10%	4,342,350	09/15/2037	79,367
Madison Trinity Phase II	0.10%	3,962,000	09/15/2037	72,196
Orchard Park Offsite Phase 1	AFR	3,725,458	11/16/2038	6,094,866
Orchard Park Offsite Phase 1	0.10%	3,050,000	11/16/2038	50,692
Orchard Park Offsite Phase 1	0.01%	1,762,000	11/16/2038	1,837
Orchard Park Offsite Company LLC	0.01%	4,086,237	11/16/2038	4,281
Adams Orchard LP	0.10%	950,000	12/28/2038	16,560
Adams Orchard LP	0.10%	2,046,964	12/28/2038	35,136
Adams Orchard LP	0.10%	4,225,000	12/28/2038	71,596
Adams Orchard LP	5.25%	5,964,928	12/28/2038	7,093,399
Total Orchard Park		<u>43,272,672</u>		<u>28,690,833</u>
Trinity Washington Beech Phase Two LP	0.01%	<u>6,175,000</u>	09/30/2057	<u>33,954</u>
			Not yet determined	n/a
Franklin Hill Unpaid Development Fees	N/A	2,071,324		
Franklin Hill Unpaid Ground Lease	N/A	3,330,079		785,296
Washington Beech Unpaid Ground Lease	N/A	2,141,838		235,800
Total		<u>125,240,437</u>		<u>46,753,547</u>
Allowance for collectability		<u>(820,000)</u>		<u>(46,753,547)</u>
Total notes, loans and mortgage receivables – Discrete Component Units		<u>\$124,420,437</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 are due on the outstanding notes receivable as follows for the year ending March 31:

	Primary Government	Discrete Component Units
2017	\$ 225,000	\$ -
2018	235,000	-
2019	245,000	-
2020	260,000	-
2021	275,000	-
2022-2026	1,605,000	-
2027-2031	2,185,000	-
2032-2036	24,081,979	-
2037-2041	-	43,272,672
2042-2046	24,243,254	68,249,524
2047-2051	14,355,404	-
2052-2056	40,565,127	-
2057-2061	16,702,565	6,175,000
2062-2066	-	-
Thereafter	11,577,146	6,723,241
Total principal due	136,555,475	124,420,437
Allowance for collectability	(1,651,484)	(124,420,437)
Total principal due, net	<u>\$134,903,991</u>	<u>\$ -</u>

The buildings and improvements at the Developments secure the notes.

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

Summary of Annual Ground Leases Related to Development Initiatives

Tenant	Term (Years)	Lease Expiration	Income Recognized in FY 2016	Annual Payment	Rate on Accrued Balance
Mission Main Phase One L.P.	99	12/31/2097	\$ 282,190	Contingent *	N/A
Mission Main Phase Two L.P.	99	12/31/2099	42,100	Contingent *	N/A
Mission Main Phase Three L.P.	99	12/31/2099	32,534	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>\$ 1,347,824</u>	<u>\$ 991,000</u>	

* 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, 2016. 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.

Boston Housing Authority

Notes to Financial Statements

Note 6. Development Initiatives (Continued)

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

	Discrete Component Units
2017	\$ 991,000
2018	991,000
2019	991,000
2020	991,000
2021	991,000
2022-2026	4,955,000
2027-2031	4,955,000
2032-2036	4,955,000
2037-2041	4,955,000
2042-2046	4,955,000
2047-2051	4,955,000
2052-2056	4,955,000
2057-2061	4,955,000
2062-2066	4,955,000
2067-2071	4,955,000
2072-2076	4,955,000
2077-2081	4,955,000
2082-2086	4,955,000
2087-2091	4,955,000
2092-2096	4,955,000
2097-2101	4,955,000
2102-2106	4,737,250
Thereafter	1,394,166
	<u>\$ 90,366,416</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, 2016, the Authority earned \$149,267 and \$136,952 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 3/31/16	April 1, 2015	Additions	Principal Payments	March 31, 2016	Current Portion
Capital debt:						
Project and Refunding Bond 2010	5.39%	\$ 4,915,000	\$ -	\$ (225,000)	\$ 4,690,000	\$ 235,000
West Broadway Redevelopment Bond	5.28%	8,525,000	-	(210,000)	8,315,000	225,000
Capital Fund Program Revenue Bonds Series 2008	4.25%	68,745,000	-	(3,540,000)	65,205,000	3,725,000
Build America Bonds Series 2010	4.99%	56,185,000	-	(1,575,000)	54,610,000	1,575,000
Other long-term liabilities:						
Accrued pension and other post-retirement employee benefit liabilities	N/A	46,215,880	129,110,746	(17,222,966)	158,103,660	-
Accrued compensated absences	N/A	6,310,101	1,654,848	(1,377,870)	6,587,079	1,790,668
Retention and other non- current liabilities	N/A	6,425,252	-	(456,121)	5,969,131	-
Total		<u>\$ 197,321,233</u>	<u>\$ 130,765,594</u>	<u>\$ (24,606,957)</u>	<u>\$ 303,479,870</u>	<u>\$ 7,550,668</u>

Long Term Liabilities - Component Units

	Interest Rate	April 1, 2015	Additions	Principal Payments	March 31, 2016	Current Portion
Capital debt:						
Massachusetts Housing Financing Agency - Heritage Housing Corporation	4.61%	\$ 19,593,369	\$ -	\$ -	\$ 19,593,369	\$ 204,278
Massachusetts Housing Financing Agency - Lower Mills Housing Corporation	4.75%	8,790,078	-	-	8,790,078	91,475
Other long-term liabilities:						
Accrued pension and other post-retirement employee benefit liabilities	N/A	460,620	1,480,433	(168,130)	1,772,923	-
Accrued compensated absences	N/A	78,240	7,691	-	85,931	20,439
Retention and other non- current liabilities	N/A	841	-	-	841	-
Total		<u>\$ 28,923,148</u>	<u>\$ 1,488,124</u>	<u>\$ (168,130)</u>	<u>\$ 30,243,142</u>	<u>\$ 316,192</u>

Boston Housing Authority

Notes to Financial Statements

Note 7. Long Term Liabilities (Continued)

Capital debt:

Primary Government:

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 \$103,569. Interest incurred during the year ended March 31, 2016 totaled \$254,039.

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, 2016 is \$8,315,000, and accrued and unpaid interest totals \$146,344.

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, 2016 is \$65,205,000, and accrued and unpaid interest totals \$1,555,166. Interest incurred during the year ended March 31, 2016 totaled \$3,110,331.

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, 2016 is \$54,610,000, and accrued and unpaid interest totals \$889,513. Interest incurred during the year ended March 31, 2016 totaled \$3,579,098.

Boston Housing Authority

Notes to Financial Statements

Note 7. Long Term Liabilities (Continued)

Discrete Component Units

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 totaling \$8,790,078 for LMHC and \$19,593,639 were drawn from MHFA and interest is due monthly on the outstanding principal. 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, 2016, not all requirements have been met and as such the amortization period has not begun. Subsequent to year end, all requirements were met and amortization began. Interest expense for the year ended March 31, 2016 amounted to \$1,459,357, of which \$121,892 has been accrued.

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

Primary Government	Principal	Interest	Subsidy	Total
2017	\$ 5,760,000	\$ 7,242,630	\$ (1,294,514)	\$ 11,708,116
2018	6,225,000	6,944,985	(1,264,776)	11,905,209
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	7,340,000	5,941,891	(1,144,284)	12,137,607
2022-2036	43,340,000	23,563,074	(4,885,378)	62,017,696
2027-2031	42,975,000	10,604,894	(2,780,675)	50,799,219
2032-2036	13,665,000	1,523,453	(315,422)	14,873,031
	<u>\$132,820,000</u>	<u>\$ 68,756,905</u>	<u>\$ (14,103,771)</u>	<u>\$187,473,134</u>

Discretely Presented Component Units

	Principal	Interest	Subsidy	Total
2017	\$ 295,753	\$ 1,300,505	\$ -	\$ 1,596,258
2018	309,812	1,286,445	-	1,596,257
2019	324,541	1,271,718	-	1,596,259
2020	339,970	1,256,289	-	1,596,259
2021	356,131	1,240,126	-	1,596,257
2022-2036	2,051,303	5,929,987	-	7,981,290
2027-2031	2,587,545	5,393,744	-	7,981,289
2032-2036	3,264,006	4,717,283	-	7,981,289
2037-2041	4,117,356	3,863,933	-	7,981,289
2042-2046	5,193,863	2,787,426	-	7,981,289
2047-2051	6,551,897	1,429,392	-	7,981,289
2052-2054	2,991,270	118,343	-	3,109,613
	<u>\$ 28,383,447</u>	<u>\$ 30,595,191</u>	<u>\$ -</u>	<u>\$ 58,978,638</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, 2016, the Authority accrued a liability of \$2,181,090 (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
2016	\$ 2,181,090	\$ 95,911	\$ (95,911)	\$ 2,181,090
2015	2,181,090	150,305	(150,305)	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, 2016.

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, 2016, these amounted totaled \$31,899 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.

Boston Housing Authority

Notes to Financial Statements

Note 10. Other Postemployment Benefit (Continued)

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 29 percent of the 2016 ARC.

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:

	2016
Annual Required Contribution (ARC)	\$ 13,117,833
Contributions Made in Relation to the ARC	(3,755,000)
Interest on Net OPEB Obligation (NOO)	1,633,103
Adjustment to NOO to ARC	(2,034,820)
Increase in Net OPEB Obligation	8,961,118
Net OPEB Obligation - beginning of year	46,660,146
Net OPEB Obligation - end of year	<u>\$ 55,621,262</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:

	2016	2015	2014
Annual OPEB cost	12,716,118	8,446,154	8,450,107
Contributions made in relation to the ARC	(3,755,000)	(3,078,000)	(3,011,000)
Percentage contributed	30%	36%	36%

Funded status and funding progress: The actuarial accrued liability for benefits as of March 31, 2016, the most recent actuarial valuation date, was \$172,202,827. This liability will be phased in over 30 years based on the requirements of GASB 45. Contributions in relation to the ARC during 2016 totaled \$3,755,000. The unfunded actuarial accrued liability ("UAAL") as of March 31, 2016 is \$172,202,827.

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.

Boston Housing Authority

Notes to Financial Statements

Note 10. Other Postemployment Benefit (Continued)

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 seven years to an ultimate rate of 5 percent, was used.

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 1.5 percent per year. The remaining amortization period at March 31, 2016 was 30 years.

Required Supplementary Information

Boston Housing Authority

**Schedule of Contributions - Boston Retirement System
Required Supplementary Information (unaudited)
For the Year Ended March 31, 2016**

	<u>2016*</u>
Actuarially determined contribution	\$ 11,587,611
Contributions in relation to the actuarially determined contribution	<u>11,587,611</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	<u>\$ 37,390,539</u>
Contributions as a percentage of covered-employee payroll	<u>31%</u>

*Only year for which information is available

Boston Housing Authority

**Schedule of the Authority's Proportionate Share of the Net Pension Liability -
Boston Retirement System
Required Supplementary Information (unaudited)
For the Year Ended March 31, 2016**

	<u>2016*</u>
BHA's proportion of the net pension liability	5.30%
BHA's proportionate share of the net pension liability	<u>\$ 104,255,320</u>
BHA's covered employee-payroll	<u>\$ 37,390,539</u>
BHA's proportionate share of the net pension liability as a percentage of its covered payroll	<u>36%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>56%</u>

*Only year for which information is available

Boston Housing Authority

Schedule of Funding Progress for the Retiree Health Plan

Last Five Years

Required Supplementary Information (unaudited)

	Actuarial Valuation Date - April 1*				
	2012	2013	2014	2015	2016
Actuarial Value of Assets (AVA)	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 103,680,906	\$ 100,732,376	\$ 109,154,067	\$ 109,154,067	\$ 172,202,827
Unfunded ALL (UAAL)	\$ 103,680,906	\$ 100,732,376	\$ 109,154,067	\$ 109,154,067	\$ 172,202,827
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				
	2012	2013	2014	2015	2016
Annual Required Contribution (ARC)	\$ 15,479,680	\$ 16,667,486	\$ 8,476,160	\$ 8,476,160	\$ 13,117,833
Employer Contributions	\$ 3,045,765	\$ 3,319,885	\$ 3,011,000	\$ 3,078,000	\$ 3,755,000
Contributions as a Percentage of the ARC	20%	20%	36%	36%	29%
Net OPEB Obligation	\$ 31,430,581	\$ 35,852,893	\$ 41,291,992	\$ 46,660,146	\$ 55,621,262

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.

*Only for years for which information is available

Supplementary Information

Boston Housing Authority

Combining Statement of Net Position - Primary Government Programs

March 31, 2016

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	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	\$ 15,112,330	\$ 1,025,704	\$ 24,762,235	\$ 7,408,687	\$ 1,517	\$ 1,168,653	\$ -	\$ -	\$ -	\$ 3,363,873	\$ 17,692	\$ -	\$ 52,860,691
Cash and cash equivalents - restricted	7,508,457	54,307	1,694,496	-	-	-	-	-	-	-	8,823,716	-	18,080,976
Investments - unrestricted	11,975,897	-	-	-	-	-	-	-	-	-	-	-	11,975,897
Investments - restricted	-	-	662,849	-	-	1,661,917	-	-	335,652	-	-	-	2,660,418
Accounts receivable:													
Accounts receivable - tenants	1,480,523	-	586,085	62	-	-	-	-	-	-	-	-	2,066,670
Allowance for doubtful accounts - tenants	(596,751)	-	(199,090)	-	-	-	-	-	-	-	-	-	(795,841)
Accounts receivable - HUD other projects	-	2,686,662	-	-	63	7,977	81,743	1,363	-	10,183	485,991	-	3,273,982
Accounts receivable - other government	-	-	1,933,608	-	-	-	-	-	-	-	-	-	1,933,608
Allowance for doubtful accounts - other government	-	(1,232,471)	1,353	-	-	(4,041)	-	-	-	(67)	-	-	(1,235,226)
Accounts receivable - HUD Public Housing Authority projects	-	(42,126)	-	-	-	-	-	-	-	-	-	-	(42,126)
Accounts receivable - miscellaneous	639,116	2,494,095	465,151	303,670	-	4,158	-	-	-	4,146	-	-	3,910,336
Notes, loans, and mortgages receivable - current	-	-	225,000	-	-	-	-	-	-	-	-	-	225,000
Accrued interest receivable	27,025	3	6,744	-	-	753	-	-	113	887	-	-	35,525
Prepaid expenses and other assets	616,694	4,334	169,450	35,708	100	131	-	-	-	243	-	-	826,660
Inventories	-	-	24,191	553,368	-	-	-	-	-	-	-	-	577,559
Inter program due from	28,927,752	5,922,189	12,232,833	1,812,059	749,598	7,894	150,738	172,055	1,762	73,622	21,145	(37,576,842)	12,494,805
Total current assets	65,691,043	10,912,697	42,564,905	10,113,554	751,278	2,847,442	232,481	173,418	337,527	3,452,887	9,348,544	(37,576,842)	108,848,934
Noncurrent assets:													
Capital assets:													
Land	47,406,387	-	9,713,382	7,168,802	-	-	-	-	-	-	-	-	64,288,571
Construction in progress	-	-	-	-	-	-	-	-	-	-	28,796,634	-	28,796,634
Buildings	972,963,754	-	273,237,715	4,997	-	-	-	-	-	-	-	-	1,246,206,466
Furniture, equipment and machinery	2,188,007	462,887	572,175	3,324,487	-	-	-	-	-	-	-	-	6,547,556
Accumulated depreciation	(796,414,634)	(445,598)	(235,539,457)	(3,087,535)	-	-	-	-	-	-	-	-	(1,035,487,224)
Total capital assets	226,143,514	17,289	47,983,815	7,410,751	-	-	-	-	-	-	28,796,634	-	310,352,003
Other assets:													
Notes, loans and mortgages receivable - non-current	101,586,747	-	22,726,287	8,001,554	4,015,887	-	-	-	-	-	-	-	136,330,475
Allowance for doubtful accounts - notes, loans and mortgages	(1,271,428)	-	(380,056)	-	-	-	-	-	-	-	-	-	(1,651,484)
Total other assets	100,315,319	-	22,346,231	8,001,554	4,015,887	-	-	-	-	-	-	-	134,678,991
Total assets	\$ 392,149,876	\$ 10,929,986	\$ 112,894,951	\$ 25,525,859	\$ 4,767,165	\$ 2,847,442	\$ 232,481	\$ 173,418	\$ 337,527	\$ 3,452,887	\$ 38,145,178	\$ (37,576,842)	\$ 553,879,928
Deferred Outflows of Resources													
Deferred pension expense	\$ 10,704,715	\$ 3,278,175	\$ 2,888,578	\$ 5,331,046	\$ -	\$ 66,066	\$ -	\$ -	\$ -	\$ 83,803	\$ -	\$ -	\$ 22,352,383
Total deferred outflows of resources	\$ 10,704,715	\$ 3,278,175	\$ 2,888,578	\$ 5,331,046	\$ -	\$ 66,066	\$ -	\$ -	\$ -	\$ 83,803	\$ -	\$ -	\$ 22,352,383

Boston Housing Authority

Combining Statement of Net Position - Primary Government Programs (Continued)
March 31, 2016
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	ROSS Grant	Section 8 NC/SR	Section 8 Moderate Rehab SRO	Capital Fund	Eliminations	Total Primary Government
Liabilities													
Current liabilities:													
Accounts payable - operating	\$ 9,749	\$ 6	\$ 2,323,424	\$ 668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,333,847
Accounts payable - HUD Public Housing Authority programs	-	-	-	-	-	327,861	-	-	-	341,593	-	-	669,454
Accounts payable - other government	-	-	6,447,029	-	-	-	-	-	-	-	-	-	6,447,029
Accrued compensated absences - current portion	877,789	205,121	236,955	462,086	-	3,079	-	-	-	5,638	-	-	1,790,668
Unearned revenues	1,488,064	-	2,298,904	-	-	(3,130)	-	-	-	3,130	6,037	-	3,793,005
Inter program due to	28,786,484	5,872,078	13,733,749	68,828	741,695	5,610	259,023	173,418	23,952	4,157	1,906,135	(37,576,842)	13,998,287
Accrued liabilities	5,572,260	553,236	1,563,255	1,354,718	-	8,435	335	-	-	21,447	-	-	9,073,686
Accrued interest payable	889,513	-	249,913	-	-	-	-	-	-	-	1,555,166	-	2,694,592
Other current liabilities	152,401	176,871	346,304	126,645	-	-	-	-	-	-	-	-	802,221
Current portion of long term debt - capital	5,300,000	-	460,000	-	-	-	-	-	-	-	-	-	5,760,000
Total current liabilities	43,076,260	6,807,312	27,659,533	2,012,945	741,695	341,855	259,358	173,418	23,952	375,965	3,467,338	(37,576,842)	47,362,789
Noncurrent liabilities:													
Long-term debt capital, net of current portion	114,515,000	-	12,545,000	-	-	-	-	-	-	-	-	-	127,060,000
Accrued compensated absences, net of current portion	3,119,414	759,590	733,937	1,953,916	-	7,275	-	-	-	12,947	-	-	6,587,079
Accrued pension and other postretirement employee benefit liabilities	77,053,533	22,372,486	20,373,126	37,294,577	-	363,210	-	-	-	646,728	-	-	158,103,660
Non-current liabilities - other	3,484,836	242,842	1,821,706	99,961	-	-	-	-	-	-	319,786	-	5,969,131
Total noncurrent liabilities	198,172,783	23,374,918	35,473,769	39,348,454	-	370,485	-	-	-	659,675	319,786	-	297,719,870
Total liabilities	\$ 241,249,043	\$ 30,182,230	\$ 63,133,302	\$ 41,361,399	\$ 741,695	\$ 712,340	\$ 259,358	\$ 173,418	\$ 23,952	\$ 1,035,640	\$ 3,787,124	\$ (37,576,842)	\$ 345,082,659
Deferred Inflows of Resources													
Deferred pension expense	8,756,175	2,681,459	2,362,781	4,360,654	-	44,084	-	-	-	78,504	-	-	18,283,657
Total deferred inflows of resources	\$ 8,756,175	\$ 2,681,459	\$ 2,362,781	\$ 4,360,654	\$ -	\$ 44,084	\$ -	\$ -	\$ -	\$ 78,504	\$ -	\$ -	\$ 18,283,657
Net Position													
Net investment in capital assets	\$ 105,439,001	\$ 17,289	\$ 43,184,050	\$ 7,410,751	\$ -	\$ -	\$ 47,145	\$ -	\$ -	\$ -	\$ 27,241,468	\$ -	\$ 183,339,704
Restricted	6,090,552	54,307	2,082,276	-	-	335,652	-	-	1,661,917	-	8,823,716	-	19,048,420
Unrestricted	41,319,820	(18,727,124)	5,021,120	(22,275,899)	4,025,470	1,821,432	(74,022)	-	(1,348,342)	2,422,546	(1,707,130)	-	10,477,871
Total net position	\$ 152,849,373	\$ (18,655,528)	\$ 50,287,446	\$ (14,865,148)	\$ 4,025,470	\$ 2,157,084	\$ (26,877)	\$ -	\$ 313,575	\$ 2,422,546	\$ 34,358,054	\$ -	\$ 212,865,995

Boston Housing Authority

**Combining Statement of Revenues, Expenses and Changes in Net Position - Primary Government Programs
Year Ended March 31, 2016
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	ROSS Grant	Section 8 NC/SR	Section 8 Moderate Rehab SRO	Capital Fund	Eliminations	Total Primary Government
Operating revenues:													
Tenant rental revenue, net	\$ 33,883,118	\$ -	\$ 9,146,806	\$ 4,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,034,398
Tenant revenue - other	110,472	-	52,482	-	-	-	-	-	-	-	-	-	162,954
Total tenant revenue	33,993,590	-	9,199,288	4,474	-	-	-	-	-	-	-	-	43,197,352
HUD Public Housing Authority operating grants	-	182,205,654	-	-	-	3,164,171	-	-	-	3,299,964	-	-	188,669,789
HUD operating grants	57,135,981	14,475,494	-	-	732,888	369,204	267,925	595,993	-	651,363	9,443,737	-	83,672,585
Other governmental grants	1,175,192	-	29,631,057	-	-	-	-	-	-	-	-	-	30,806,249
Other revenue	2,319,823	2,159,315	2,653,439	16,034,152	-	5,699	-	-	-	230	-	(17,226,747)	5,945,911
Total operating revenues	94,624,586	198,840,463	41,483,784	16,038,626	732,888	3,539,074	267,925	595,993	-	3,951,557	9,443,737	(17,226,747)	352,291,886
Operating expenses:													
Administrative	18,096,456	13,744,848	6,537,459	15,568,347	33,322	210,225	203,155	24,038	-	408,767	2,064,726	(17,226,747)	39,664,596
Tenant services	487,031	24,841	810,746	19,603	171,735	-	66,686	571,955	-	-	-	-	2,152,597
Utilities	26,889,301	-	9,189,002	-	-	-	-	-	-	-	-	-	36,078,303
Maintenance	39,443,375	11,826	9,151,346	111,693	-	15	99	-	-	28	-	-	48,718,382
Protective services	5,661,787	-	715,614	-	-	-	-	-	-	-	-	-	6,377,401
Insurance premiums	3,246,822	377,891	704,133	601,379	3,160	6,066	9,479	-	-	10,910	-	-	4,959,840
Payment in lieu of taxes	1	-	66,660	-	-	-	-	-	-	-	-	-	66,661
Housing assistance payments	-	182,205,654	6,166,856	-	-	3,164,171	-	-	-	3,299,964	-	-	194,836,645
Pension and other postretirement employee benefit expense	8,649,094	2,261,434	1,731,848	7,022,672	-	52,577	-	-	-	93,590	-	-	19,811,215
Other general expenses	137,275	-	1,277,761	5,556	572,846	316	-	-	-	-	-	-	1,993,754
Depreciation	31,939,414	11,833	6,762,035	76,044	-	-	-	-	-	-	-	-	38,789,326
Total operating expenses	134,550,556	198,638,327	43,113,460	23,405,294	781,063	3,433,370	279,419	595,993	-	3,813,259	2,064,726	(17,226,747)	393,448,720
(Deficiency) excess of operating revenue over operating expenses	(39,925,970)	202,136	(1,629,676)	(7,366,668)	(48,175)	105,704	(11,494)	-	-	138,298	7,379,011	-	(41,156,834)
Non-operating (expenses) revenues:													
Investment income - unrestricted	197,081	-	7,011	235	-	1,750	-	-	262	2,061	-	-	208,400
Investment income - restricted	3,872	-	18,945	-	-	-	-	-	-	-	-	-	22,817
Interest expense	(3,579,098)	-	(254,039)	-	-	-	-	-	-	-	(3,110,331)	-	(6,943,468)
Disposal of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Casualty losses	(579,842)	-	(13,044)	(8,844)	-	-	-	-	-	-	-	-	(601,730)
Total non-operating (expenses) revenues	(3,957,987)	-	(241,127)	(8,609)	-	1,750	-	-	262	2,061	(3,110,331)	-	(7,313,981)
(Deficiency) excess of total revenue over (under) total expenses	(43,883,957)	202,136	(1,870,803)	(7,375,277)	(48,175)	107,454	(11,494)	-	262	140,359	4,268,680	-	(48,470,815)
Capital grants	-	-	-	-	33,423	-	-	-	-	-	8,813,133	-	8,846,556
Change in net position	(43,883,957)	202,136	(1,870,803)	(7,375,277)	(14,752)	107,454	(11,494)	-	262	140,359	13,081,813	-	(39,624,259)
Net position, beginning of year	215,872,067	(5,598,405)	63,932,117	14,176,439	4,039,862	2,267,731	(36,181)	-	313,313	2,671,183	45,655,896	-	343,294,022
Prior period adjustments (Note 2)	(19,138,737)	(13,259,259)	(11,773,868)	(21,666,310)	360	(218,101)	20,798	-	-	(388,996)	(24,379,655)	-	(90,803,768)
Net position, beginning of year, as restated (Note 2)	196,733,330	(18,857,664)	52,158,249	(7,489,871)	4,040,222	2,049,630	(15,383)	-	313,313	2,282,187	21,276,241	-	252,490,254
Net position, end of year	\$ 152,849,373	\$ (18,655,528)	\$ 50,287,446	\$ (14,865,148)	\$ 4,025,470	\$ 2,157,084	\$ (26,877)	\$ -	\$ 313,575	\$ 2,422,546	\$ 34,358,054	\$ -	\$ 212,865,995

Boston Housing Authority

**Combining Statement of Net Position - Discretely Presented Component Units
March 31, 2016
Supplementary Information**

	BHCIC Partnerships	BHCIC IV Capital	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 Discrete Component Units	
Assets																			
Current assets:																			
Cash and cash equivalents - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 653,238	\$ -	\$ 1,092,545	\$ -	\$ -	\$ 1,006	\$ -	\$ 2,503,520	\$ 1,800,143	\$ 160,203	\$ 1,443,063	\$ 431,139	\$ 4,733,780	\$ 12,818,637	
Cash and cash equivalents - restricted	-	-	-	-	-	-	-	-	-	-	-	-	607,216	-	380,610	-	613,185	1,601,011	
Accounts receivable:																			
Accounts receivable - tenants	-	-	-	-	-	-	-	-	-	-	-	-	-	12,340	32,306	(4,104)	112,089	152,631	
Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,762)	-	(30,957)	-	(44,719)	
Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	380	3,048	9,187	47	12,662	
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	3,530	187,090	4,831	405,112	600,563	
Inter program due from	-	-	-	-	763,358	-	217,420	-	-	40,866	8,000	192,440	481,632	1,872	194,976	(973,140)	576,058	1,503,482	
Total current assets	-	-	-	-	1,416,596	-	1,309,965	-	-	41,872	8,000	2,695,960	2,888,991	164,563	2,241,093	(563,044)	6,440,271	16,644,267	
Noncurrent assets:																			
Capital assets:																			
Land																			
Land	942,021	-	-	-	1,542,291	-	1,142,934	1,018,617	-	-	4,903,602	987,804	687,061	-	-	-	-	11,224,330	
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,371	-	39,073	97,444	
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,661,926	-	53,411,016	78,072,942	
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,580,742)	-	(31,315,528)	(45,896,270)	
Total capital assets	942,021	-	-	-	1,542,291	-	1,142,934	1,018,617	-	-	4,903,602	987,804	687,061	-	10,139,555	-	22,134,561	43,498,446	
Other assets:																			
Notes, loans and mortgages receivable - non-current, net of allowance for doubtful accounts																			
	111,522,196	-	-	-	-	-	4,581,403	-	-	6,175,000	-	-	2,141,838	-	-	-	-	124,420,437	
Total assets	\$ 112,464,217	\$ -	\$ -	\$ -	\$ 2,958,887	\$ -	\$ 7,034,302	\$ 1,018,617	\$ -	\$ 6,216,872	\$ 4,911,602	\$ 3,683,764	\$ 5,717,890	\$ 164,563	\$ 12,380,648	\$ (563,044)	\$ 28,574,832	\$ 184,563,150	
Deferred Outflows of Resources																			
Deferred pension expense																			
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,623	\$ 255,247
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,623	\$ 255,247

Boston Housing Authority

Combining Statement of Net Position - Discretely Presented Component Units (Continued)
March 31, 2016
Supplementary Information

	BHCIC Partnerships	BHCIC IV Capital	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 Discrete Component Units	
Liabilities																			
Current liabilities:																			
Accrued compensated absences - current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108	\$ -	\$ -	\$ -	\$ 1,815	\$ 18,088	\$ 428	\$ -	\$ 20,439	
Inter program due to	413	-	15	274	(2,130)	60	4,732	8,889	24,453	23,165	16,230	-	-	342,285	93,489	(474,713)	(37,162)	-	
Accrued liabilities	-	-	-	-	-	-	-	-	-	39	-	-	-	7,854	90,764	7,931	86,800	193,388	
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,457	-	83,435	121,892	
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,940	38,782	214,682	257,404	
Current portion of long term debt - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,476	-	204,277	295,753	
Total current liabilities	413	-	15	274	(2,130)	60	4,732	8,889	24,453	23,312	16,230	-	-	351,954	336,214	(427,572)	552,032	888,876	
Noncurrent liabilities:																			
Long term debt capital, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,698,602	-	19,389,092	28,087,694	
Accrued compensated absences, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	10,175	73,936	1,820	-	85,931	
Accrued pension and other post-retirement employee benefit liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	60,356	1,109,500	14,531	588,536	1,772,923	
Non-current liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	841	841	
Total noncurrent liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	70,531	9,882,038	16,351	19,978,469	29,947,389	
Total liabilities	\$ 413	\$ -	\$ 15	\$ 274	\$ (2,130)	\$ 60	\$ 4,732	\$ 8,889	\$ 24,453	\$ 23,312	\$ 16,230	\$ -	\$ -	\$ 422,485	\$ 10,218,252	\$ (411,221)	\$ 20,530,501	\$ 30,836,265	
Deferred Inflows of Resources																			
Deferred pension expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,392	-	104,393	208,785	
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,392	\$ -	\$ 104,393	\$ 208,785	
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	\$ -	\$ 1,311,022	\$ -	\$ 2,457,755	\$ 14,993,107	
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	607,216	-	380,610	-	613,185	1,601,011	
Unrestricted	111,521,783	-	(15)	(274)	1,418,726	(60)	5,886,636	(8,889)	(24,453)	6,193,560	(8,230)	2,695,960	4,423,613	(257,922)	493,995	(151,823)	4,996,622	137,179,229	
Total net position	\$ 112,463,804	\$ -	\$ (15)	\$ (274)	\$ 2,961,017	\$ (60)	\$ 7,029,570	\$ 1,009,728	\$ (24,453)	\$ 6,193,560	\$ 4,895,372	\$ 3,683,764	\$ 5,717,890	\$ (257,922)	\$ 2,185,627	\$ (151,823)	\$ 8,067,562	\$ 153,773,347	

Boston Housing Authority

**Combining Statement of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
Year Ended March 31, 2016
Supplementary Information**

	BHCIC Partnerships	BHCIC IV Capital	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 Discrete Component Units	
Operating revenues:																			
Tenant rental revenue - net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,904	\$ 552,238	\$ 113,179	\$ 960,804	\$ 1,687,125	
Tenant revenue - other	-	-	-	-	-	-	-	-	-	-	-	-	-	48,676	1,691,617	116,884	2,939,004	4,796,181	
Total tenant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	109,580	2,243,855	230,063	3,899,808	6,483,306	
Other revenue	-	-	-	-	356,824	-	484,000	-	-	1,324,587	-	136,953	440,000	4,742	87,031	2,776	162,174	2,999,087	
Total operating revenues	-	-	-	-	356,824	-	484,000	-	-	1,324,587	-	136,953	440,000	114,322	2,330,886	232,839	4,061,982	9,482,393	
Operating expenses:																			
Administrative	-	-	-	-	2,000	-	2,001	2,000	-	9,041	2,000	2,000	2,000	41,113	254,734	61,970	355,009	733,868	
Tenant services	-	-	-	-	-	-	-	-	-	99,882	-	-	67,801	1,622	73,823	5,080	40,285	288,493	
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	25,892	209,482	64,199	577,788	877,361	
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	60,437	534,816	59,889	581,195	1,236,337	
Protective services	-	-	-	-	-	-	-	-	-	-	-	-	-	30,097	201,593	36,078	247,375	515,143	
Insurance and premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	7,971	95,104	12,790	180,675	296,540	
Pension and other post-retirement employee benefit expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62,816	-	62,815	125,631	
Other general expenses	15	-	-	-	15	-	15	15	4,115	15	15	15	15	24,503	132,260	(12,444)	-	148,554	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	313,529	-	663,601	977,130	
Total operating expenses	15	-	-	-	2,015	-	2,016	2,015	4,115	108,938	2,015	2,015	69,816	191,635	1,878,157	227,562	2,708,743	5,199,057	
(Deficiency) excess of operating revenue over operating expenses	(15)	-	-	-	354,809	-	481,984	(2,015)	(4,115)	1,215,649	(2,015)	134,938	370,184	(77,313)	452,729	5,277	1,353,239	4,283,336	
Non-operating (expenses) revenues:																			
Investment income - unrestricted	-	-	-	-	-	-	809	-	-	8	-	1,213	1,213	252	1,984	413	6,596	12,488	
Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,137	-	1,838	2,975	
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(458,136)	-	(1,001,221)	(1,459,357)	
Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Special items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Casualty losses	-	-	-	-	-	-	-	-	-	-	-	-	-	(13)	-	(18)	-	(31)	
Total non-operating revenues	-	-	-	-	-	-	809	-	-	8	-	1,213	1,213	239	(455,015)	395	(992,787)	(1,443,925)	
(Deficiency) excess of total revenue over (under) total expenses	(15)	-	-	-	354,809	-	482,793	(2,015)	(4,115)	1,215,657	(2,015)	136,151	371,397	(77,074)	(2,286)	5,672	360,452	2,839,411	
HUD capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net position	(15)	-	-	-	354,809	-	482,793	(2,015)	(4,115)	1,215,657	(2,015)	136,151	371,397	(77,074)	(2,286)	5,672	360,452	2,839,411	
Net position, beginning 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	(182,500)	2,706,588	(169,102)	8,225,784	151,958,026	
Prior period adjustments (Note 2)	-	-	-	-	-	-	-	-	-	1,652	-	-	-	1,652	(518,675)	11,607	(518,674)	(1,024,090)	
Net position, beginning of year, as restated (Note 2)	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	(180,848)	2,187,913	(157,495)	7,707,110	150,933,936	
Net position, end of year	\$ 112,463,804	\$ -	\$ (15)	\$ (274)	\$ 2,961,017	\$ (60)	\$ 7,029,570	\$ 1,009,728	\$ (24,453)	\$ 6,193,560	\$ 4,895,372	\$ 3,683,764	\$ 5,717,890	\$ (257,922)	\$ 2,185,627	\$ (151,823)	\$ 8,067,562	\$ 153,773,347	

Boston Housing Authority

Statement of Net Position - Building

March 31, 2016

Supplementary Information

Assets

Current assets:

Cash - operations	\$ 1,537,919
Cash - restricted	1,002,984
Accounts receivable	2
Interfund due from	5,428
Total current assets	<u>2,546,333</u>

Noncurrent assets

Capital assets:

Land	2,157,100
Structures and equipment, net	2,634,927
Total capital assets	<u>4,792,027</u>

Total assets

7,338,360

Liabilities

Current liabilities:

Current portion of accrued compensated absences	10,655
Interfund due to	21,525
Accrued liabilities	67,128
Accrued interest	103,569
Current portion of capital debt	235,000
Total current liabilities	<u>437,877</u>

Noncurrent liabilities:

Capital debt, net of current portion	4,455,000
Accrued compensated absences, net of current portion	35,268
Post employment healthcare benefits	388,499
Other noncurrent liabilities	1,256
Total noncurrent liabilities	<u>4,880,023</u>

Total liabilities

5,317,900

Net Position

Net investment in capital assets	(286)
Unrestricted	1,017,761
Restricted	1,002,985
Total net position	<u>\$ 2,020,460</u>

Boston Housing Authority

Statement of Revenues, Expenses and Changes in Net Position - Building
Year Ended March 31, 2016
Supplementary Information

Operating revenues:	
Other governmental grants	\$ 52,308
Other	<u>1,506,601</u>
Total operating revenues	<u><u>1,558,909</u></u>
Operating expenses:	
Administration	169,037
Utilities	202,023
Maintenance and operations	461,538
Protective services	128,700
Insurance	19,232
Other general expenses	(358,695)
Depreciation	<u>507,609</u>
Total operating expenses	<u><u>1,129,444</u></u>
Operating income	<u><u>429,465</u></u>
Non-operating expenses:	
Interest expense	<u>(254,039)</u>
Total non-operating expenses	<u><u>(254,039)</u></u>
Change in net position	175,426
Net position, beginning of year	<u>1,845,034</u>
Net position, end of year	<u><u>\$ 2,020,460</u></u>

Boston Housing Authority

Statement of Certification of Actual Program Costs - Federally Funded Programs

March 31, 2016

Supplementary Information

	Public Housing Capital Fund Program MA06P002501-10	Public Housing Capital Fund Program MA06P002501-11
Funds Approved and Advanced	\$ 25,779,038	\$ 21,478,604
Funds Expended	25,779,038	21,478,604
Excess funds approved and advanced	\$ -	\$ -