SPRINGFIELD METROPOLITAN HOUSING AUTHORITY
CLARK COUNTY

Single Audit

For the Fiscal Year Ended September 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Springfield Metropolitan Housing Authority
2026 W Main St
Springfield, OH 45504

We have reviewed the *Independent Auditor's Report* of the Springfield Metropolitan Housing Authority, Clark County, prepared by Kevin L. Penn, Inc, for the audit period October 1, 2022 through September 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Springfield Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 24, 2024

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SPRINGFIELD METROPOLITAN HOUSING AUTHORITY
CLARK, OHIO

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INDEPENDENT AUDITOR'S REPORT

Springfield Metropolitan Housing Authority
Clark County
2026 West Main Street
Springfield, Ohio 45502

To the Board of Trustees

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Springfield Metropolitan Housing Authority, Clark County, Ohio, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Springfield Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Springfield Metropolitan Housing Authority, Clark County, Ohio as of September 30, 2023, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of the Springfield Metropolitan Housing Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Springfield Metropolitan Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. I did not audit the financial statements of the blended component units of Lincoln Park Housing Partnership LP, Lincoln Park Housing Partnership II LP, and Lincoln Park Housing Partnership III LP which represent 48 percent, 27 percent, and 7 percent, respectively, of the assets, net position, and revenues of the Authority. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amount included for Lincoln Park Housing Partnership LP, Lincoln Park Housing Partnership II LP, and Lincoln Park Housing Partnership III LP, is based solely on the report of other auditors. I audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require me to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of Lincoln Park Housing Partnership LP, Lincoln Park Housing Partnership II LP, and Lincoln Park Housing Partnership III LP in accordance with auditing standards generally accepted in the United States of America and not in accordance with Government Auditing Standards.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Springfield Metropolitan Housing Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Springfield Metropolitan Housing Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I 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.

Supplementary information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Springfield Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such 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. The 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 my opinion, the Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards 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*, I have also issued my report dated April 1, 2024, on my consideration of the Springfield Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Springfield Metropolitan Housing Authority's 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 Springfield Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio
April 1, 2024

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As management of the Springfield Metropolitan Housing Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Overview of the Financial Statements

The financial statements provide information about the Authority's overall financial position and results of operations, including those of the blended component units. These statements, which are presented on the accrual basis, consist of the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position and the Statement of Cash Flows. The basic financial statements also include a "Notes to the Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the statements.

The financial statements report information about the Authority as a whole using accounting methods similar to those used by private sector business.

The *Statement of Net Position* presents information on all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as Net Position. Net Position is reported in three broad categories (as applicable):

<u>Net Investment in Capital Assets</u>: This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

<u>Restricted Net Position</u>: This component of Net Position consists of restricted assets which have constraints placed on them by grantors, contributors, laws, regulations, etc.

<u>Unrestricted Net Position</u>: This component of Net Position consists of Net Position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position."

The *Statement of Revenues, Expenses and Change in Net Position* include all of the revenue and expenses of the Authority regardless of when the cash is received or paid.

The *Statement of Cash Flows* discloses net cash provided by or used in operating activities, investing activities and capital and related financing activities.

The Authority administers several programs that are consolidated into a single proprietary type enterprise fund.

Significant programs consist of the following:

<u>Public and Indian Housing</u> – Under the conventional Public Housing Program, the Authority rents units it owns for low-income households. This program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides Operating Subsidies to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

<u>Housing Choice Voucher Program</u> – Under the Housing Choice Voucher Program, low-income tenant lease housing units directly from private landlords rather than from the Authority. Through Annual Contribution Contract (ACC) with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market. The Authority earns a fixed percentage administrative fee from HUD to cover the program's operating costs.

Capital Fund Program (CFP) – The Capital Fund Program provides funding to improve the physical conditions and upgraded management of operations to ensure that properties continue to be available to service low-income families. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock. This program replaced the Comprehensive Grant Program in fiscal year 2000.

Mainstream Vouchers – The Mainstream Vouchers Program provides subsidies (Housing Assistance Payments) on behalf of persons with disabilities (elderly and non-elderly) to participating owners.

Revitalization of Severely Distressed Public Housing (HOPE VI) – The HOPE VI demolition program supports site acquisition, demolition, and relocation cost for the HOPE VI revitalization program. Under this program, residents of identified neighborhood are relocated to other Public Housing and Housing Choice Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI revitalization program. This program seeks to rebuild public housing neighborhood through various financing and construction development agreements.

Component Units – Lincoln Park Housing Partnership LP owns and operates 40 units of low-income housing tax credit apartments at Lincoln Park in Springfield, Ohio. Lincoln Park Housing Partnership II LP owns and operates 68 units of low-income housing tax credit apartments at Lincoln Park in Springfield, Ohio. Lincoln Park Housing Partnership III LP owns and operates 24 units of low-income housing tax credit housing at Lincoln Park in Springfield, Ohio. The financial data included in this report for the component units is for and as of the fiscal year ended December 31, 2022.

FINANCIAL HIGHLIGHTS
During the fiscal year ending September 30, 2023:

- Total assets decreased $2,450,820 (or 9%). Current assets decreased $313,683 (or 9%), with the change primarily in cash. The decrease in cash was split fairly evenly between restricted cash and unrestricted cash. The largest component of restricted cash reduced in the period was previously unspent funding from HUD for the Authority to use to make rental assistance payments on behalf of families assisted by the Authority's Housing Choice Voucher program, an indication the Authority fully utilized funding provided for that purpose in the period. Otherwise a modest increase in administrative costs contributed to the reduction in unrestricted cash, as did the continued trend from the prior fiscal year-end of increased spending in the Public Housing program on turnover of vacant units. Noncurrent assets decreased $2,137,137 (or 9%) with the change closely corresponding to depreciation expense, indicating there was only modest spending on capital additions in the period.
- Current liabilities were virtually unchanged from the prior fiscal year-end, but total liabilities increased $2,231,590 (65%). The noncurrent liability that increased so dramatically is the net pension liability, reported in accordance with GASB 68 addressed later in this MD&A. This increase in the net pension liability reflects does not reflect changes in operations at the Authority and does not represent a future outlay that will be required of the Authority.
- Total revenues increased by $2,274,938 (21%). The increase was largely due to the increase in Capital Fund Program (CFP) grant revenue, the result of the normal fluctuation in when work projects funded by the program are carried out.
- Total expenses increased by $2,696,048 (21%). The increase was primarily due to an increase in spending of CFP grant funds. CFP is a reimbursing grant, so revenue is earned as the grant funds are spent. This increase in spending of the CFP grant funds is why there was the corresponding increase in program revenue in the period.

Notes to the Financial Statements

The notes to the basic financial statement provide additional information essential to a full understanding of the data provided in the basic financial statement.

Financial Analysis of the Authority –Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. The Authority is engaged only in business-type activities:

	2023	2022	Increase / (Decrease)
Current Assets	$ 3,341,888	$ 3,655,571	$ (313,683)
Noncurrent Assets	22,884,182	25,021,319	(2,137,137)
Deferred Outflows of Resources	1,442,399	301,947	1,140,452
Total Assets and Deferred Outflows of Resources	$ 27,668,469	$ 28,978,837	$ (1,310,368)
Current Liabilities	$ 768,343	$ 753,840	$ 14,503
Noncurrent Liabilities	4,895,400	2,678,313	2,217,087
Deferred Inflows of Resources	53,368	1,437,316	(1,383,948)
Total Liabilities and Deferred Inflows of Resources	5,717,111	4,869,469	847,642
Net Position:			
Net Investment in Capital Assets	21,083,471	22,897,839	(1,814,368)
Restricted Net Position	621,986	848,750	(226,764)
Unrestricted Net Position	245,901	362,779	(116,878)
Total Net Position	21,951,358	24,109,368	(2,158,010)
Total Liabilities, Deferred Inflows and Net Position	$ 27,668,469	$ 28,978,837	$ (1,310,368)

For more detail information see Statement of Net Position presented elsewhere in this report.

The largest portion of the Authority's Net Position (96 percent) reflects its investments in capital assets. The Authority uses these capital assets (land, buildings and improvements, furniture equipment and machinery) to provide housing services to residents and is not readily available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

In accordance with GASB 68 and GASB 75, the Housing Authority's statements prepared on an accrual basis of accounting include an annual pension and OPEB expense for their proportionate share of each plan's *change* in net pension / OPEB liability (asset) not accounted for as deferred inflows/outflows and is reporting a net pension / OPEB liability (asset) and deferred inflows/outflows of resources related to pension / OPEB on the actual basis of accounting.

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27", and other post-employment benefit (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension liability and the net OPEB liability to the reported net position, and subtracting deferred outflows related to pension and OPEB and the net pension and net OPEB assets.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expense and Change in the Net Position present the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's Statement of Revenues, Expenses and Changes in Net Position follows:

	2023	2022	Increase / (Decrease)
Revenues			
Total Tenant Revenues	$ 2,349,523	$ 2,089,097	$ 260,426
Operating Subsidies	10,286,981	8,041,202	2,245,779
Capital Grants	175,155	348,885	(173,730)
Investment Income	22,605	1,828	20,777
Other Revenues	274,757	353,071	(78,314)
Total Revenues	**13,109,021**	**10,834,083**	**2,274,938**
Expenses			
Administrative	2,278,276	1,463,237	815,039
Tenant Services	121,088	151,987	(30,899)
Utilities	1,293,509	1,188,931	104,578
Maintenance	4,003,641	2,623,425	1,380,216
Protective Services	73,655	120,140	(46,485)
General and Insurance	935,935	940,873	(4,938)
Housing Assistance Payments	4,402,669	3,875,094	527,575
Interest and Fiscal Charges	63,600	38,982	24,618
Depreciation	2,094,658	2,168,314	(73,656)
Total Expenses	**15,267,031**	**12,570,983**	**2,696,048**
Net Increases (Decreases)	(2,158,010)	(1,736,900)	(421,110)
Beginning Net Position	24,109,368	25,846,268	(1,736,900)
Ending Net Position	**$ 21,951,358**	**$ 24,109,368**	**$ (2,158,010)**

Capital Assets

The following reconciliation summarizes the changes in capital assets:

Table 4 - Condensed Statement of Changes in Capital Assets

	2023	2022
Land	$ 2,439,950	$ 2,439,950
Building and Improvements & Construction in Progress	60,351,509	60,218,082
Right to Use - Leased Assets	113,417	155,459
Furniture, Equipment, and Machinery	2,536,290	2,551,538
Accumulated Depreciation	(42,581,835)	(40,660,976)
Total	$ 22,859,331	$ 24,704,053
Beginning Balance - September 30, 2022		$ 24,704,053
Current year additions		249,936
Current year depreciation expense		(2,094,658)
Ending Balance - September 30, 2023		$ 22,859,331

Debt Outstanding

The Authority has $1,000,000 debt plus $159,016 of accrued interest payable outstanding at September 30, 2023, which represents amounts borrowed from the City of Springfield under the HOME Investment Partnership Program. The proceeds from the long-term note were used to make HOME loans to two of the component units. In addition, the Authority has debt of $702,126, which was used to acquire property in Springfield that now serves as the central administrative office of the Authority. The balance of the debt belongs to the component units. Below is the change during the current fiscal year:

	SMHA	Component Unit	Total Combined
Beginning Balance - Debt plus Interest Payable	$ 1,877,540	$ 7,270,964	$ 9,148,504
Increase in Accrued Interest Payable	11,476	48,599	60,075
Retired in Period	(27,874)	0	(27,874)
Rounding	0	1	1
Ending Balance	$ 1,861,142	$ 7,319,564	$ 9,180,706

Economic Factors and Planned Events

Significant economic factors affecting the Authority are as follows:

- ✓ Federal funding is at the discretion of the U.S. Department of Housing and Urban Development (HUD) and the funding proration was at 93.02% of full eligibility for the low-income public housing program for calendar year 2023.

- ✓ The Authority is challenged by inflationary pressure on utility rates, employee health care costs, the cost of insurance, supplies, and other costs. In addition, competing forces of labor supply and demand affect staffing costs incurred by the Authority.

Contact Information

Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Michelle Lee-Hall, Executive Director, Springfield Metropolitan Housing Authority, 2026 West Main Street, Springfield, Ohio 45502, or call (937) 325-7331, extension 202.

Springfield Metropolitan Housing Authority
Statement of Net Position
September 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,843,505
Restricted cash and cash equivalents	712,249
Receivables, net of allowance	555,180
Inventory, net of allowance	68,396
Prepaid expenses and other assets	162,558
Total current assets	**3,341,888**
Noncurrent assets	
Capital assets, not depreciated	2,439,950
Capital assets, being depreciated, net of depreciation	20,419,381
Other assets	24,851
Total noncurrent assets	**22,884,182**
TOTAL ASSETS	***26,226,070***
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,263,959
OPEB	178,440
TOTAL DEFERRED OUTFLOWS OF RESOURCES	***1,442,399***
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	***$ 27,668,469***

See accompanying notes to the financial statements.

Continued

LIABILITIES	
Current liabilities	
Accounts payable	$ 213,418
Accrued liabilities	204,803
Tenant security deposits	67,656
Unearned Revenue	140,397
Other Current Liability	84,794
Lease Payable - Current Portion	21,787
Long Term Debt - Current Portion	35,488
Total current liabilities	***768,343***
Noncurrent liabilities	
Notes and loans payable	1,000,000
Long Term Debt - Net of Current Portion	666,638
Accrued compensated absences non-current	82,178
Lease Payable, Net of Current Portion	55,685
Net pension liability	3,029,922
Net OPEB Liability	60,227
Noncurrent liabilities - other	750
Total noncurrent liabilities	***4,895,400***
TOTAL LIABILITIES	***5,663,743***
DEFERRED INFLOWS OF RESOURCES	
Pension	26,789
OPEB	26,579
TOTAL DEFERRED INFLOWS OF RESOURCES	***53,368***
NET POSITION	
Net investment in capital assets	21,083,471
Restricted net position	621,986
Unrestricted net position	245,901
Total net position	**21,951,358**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	***$ 27,668,469***

See accompanying notes to the financial statements.

Springfield Metropolitan Housing Authority
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended September 30, 2023

OPERATING REVENUES	
Tenant revenue	$ 2,349,523
Government operating grants	10,286,981
Other revenue	274,757
Total operating revenues	**12,911,261**
OPERATING EXPENSES	
Administrative	2,278,276
Tenant services	121,088
Utilities	1,293,509
Maintenance	4,003,641
Protective services	73,655
General and Insurance	935,935
Housing assistance payment	4,402,669
Depreciation	2,094,658
Total operating expenses	***15,203,431***
Operating Loss	**(2,292,170)**
NONOPERATING REVENUES (EXPENSES)	
Capital grant revenue	175,155
Interest income	22,605
Interest and Fiscal Charges	(63,600)
Total nonoperating revenues (expenses)	134,160
Change in net position	(2,158,010)
Beginning net position	24,109,368
Total net position - ending	$ 21,951,358

See accompanying notes to the financial statements.

Springfield Metropolitan Housing Authority
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	$	10,114,656
Tenant revenue received		2,318,333
Other revenue received		362,025
General and administrative expenses paid		(8,667,169)
Housing assistance payments		(4,398,901)
Net cash used by operating activities		**(271,056)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		22,226
Net cash provided by investing activities		**22,226**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grant Funds Received		175,155
Interest and fiscal charges		(52,124)
Property and equipment acquisitions		(249,936)
Principal Paid on Debt		(27,874)
Principal Paid on Lease Liability		(28,276)
Net cash used by capital and related activities		**(183,055)**
Net decrease in cash		(431,885)
Cash and cash equivalents - Beginning of year		2,987,639
Cash and cash equivalents - End of year	**$**	**2,555,754**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$	(2,292,170)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		2,094,658
- (Increases) Decreases in Accounts Receivable		(157,275)
- (Increases) Decreases in Prepaid Assets		65,446
- (Increases) Decreases in Pension and OPEB Asset		266,421
- (Increases) Decreases in Deferred Outflows		(1,140,452)
- Increases (Decreases) in Accounts Payable		37,729
- Increases (Decreases) in Accrued Liabilities		(28,531)
- Increases (Decreases) in Other Current Liabilities		(46,370)
- Increases (Decreases) in Tenant Security Deposits		(5,506)
- Increases (Decreases) in Unearned Revenue		46,534
- Increases (Decreases) in Pension and OPEB Liability		2,294,932
- Increases (Decreases) in Accrued Compensated Absences		(9,145)
- Increases (Decreases) in Deferred Inflows		(1,383,948)
- Increases (Decreases) in Noncurrent Liabilities - Other		(13,379)
Net cash provided by operating activities	**$**	**(271,056)**

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Springfield Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity
The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34" and GASB 90, "Majority Equity Interests", in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that is fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Blended component units are separate legal entities that meet the component unit criteria above and whose governing body is the same or substantially the same as the Board of Commissioners of the Authority or the component unit provides services entirely to the Authority. These component units are blended into those of the Authority by appropriate activity type to compose the primary government presentation.

These financial statements present the Authority and its blended component units, entities for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing to low- and moderate-income families. All inter-entity balances and transactions are eliminated in the blending of financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation
All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operation that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on continuing basis be financed or recovered primarily though user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management a control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. 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 principal operating revenues of the Authority are rents collected from tenants and subsidies provided by federal agencies. The Authority also recognized as operating revenue and expenses the portion of interest on bonds and notes related to housing developments of the Authority and its partnerships. Operating expenses include the cost of services, administrative expenses, depreciation on capital assets and amortization of bond discounts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net position (i.e., total assets and deferred outflows net of total liabilities and deferred inflows) are segregated into net investment in capital assets, restricted and unrestricted components.

Fund Accounting
The Authority maintains its accounting its accounting records in accordance with the principles of fund accounting. Fund accounting is designed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in self-balancing groups of accounts and accounting entities that are separate from the activities reported in other funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Type
Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund
This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

A summary of each of the Authority's programs is provided below:

Public Housing – The Public Housing Program includes 789 units of which the Authority owns, operates and maintains 657 units. The remaining 132 units are part of the Authority's Blended Component Units. The properties were acquired through bonds and notes guaranteed by HUD and through grants, subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, an Operating Subsidy from HUD, and Capital funds provided by HUD which are used to maintain and improve the Public Housing stocks and properties. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these modernization grant funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Housing Choice Vouchers – Section 8 of the Housing and Community Development Act of 1974, provide subsidies (Housing Assistance Payments) on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a housing owner and a family, rather than the Authority and a family as in Public Housing programs. For existing housing, and in some cases for new construction and substantial rehabilitation, HUD contracts with the Authority to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by lower-income families.

Project-based Vouchers – Project-based vouchers are a component of a public housing agencies (PHAs) housing choice voucher program. The Authority has 34 PBV units under the tenant-based housing choice voucher program, the PHA issues an eligible family a voucher and the family selects a unit of its choice. If the family moves out of the unit, the contract with the owner ends and the family can move with continued assistance to another unit. Under the project-based voucher program, a PHA enters into an assistance contract with the owner for specified units and for a specified term. The PHA refers families from its waiting list to the project owner to fill vacancies. Because the assistance is tied to the unit, a family who moves from the project-based unit does not have any right to continued housing assistance. However, they may be eligible for a tenant-based voucher when one becomes available.

Mainstream Vouchers – Mainstream vouchers program provides subsidies (Housing Assistance Payments) on behalf of person with disabilities (elderly and non-elderly) to participating housing owners. Under this program, the landlord-tenant relationship is between a housing owner and a family, rather than the Authority and a family as in Public Housing programs.

Revitalization of Severely Distressed Public Housing (HOPE VI) – The HOPE VI demolition program supports site acquisition, demolition, and relocation costs for the HOPE VI revitalization program. Under this program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI revitalization program. This program seeks to rebuild housing neighborhoods through mixed financing, including construction and construction development agreements.

Central Office Cost Center – The operating fund rule provides for a public housing authority to establish a central office cost center to account for non-project and non-federal program specific costs. The Authority's central office cost center is a cluster of activities that indirectly or directly support a project or program, but are not under direct control of a project or program manager. The costs for these activities are supported by management fees approved by HUD.

Component Units – These projects at Lincoln Park were formed as limited partnerships under the laws of the State of Ohio, developed and constructed to operate an affordable housing project with mixed financing partnership. Each project has been allocated low-income housing tax credits pursuant to Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each project must meet the provisions of these regulations during each of the 15 consecutive years through 2022 in order to continue to qualify to receive the tax credits. The limited partnerships are reported as Blended Component Units of the Authority. The limited partnerships each have separately issued audited financial statements. The financial data for these limited partnerships included in this report is for and as of the fiscal year ended December 31, 2022.

Business Activities – These non-HUD resources were developed from a variety of activities. The Authority owned 32 units (Woodford Apartments) managed under lease agreements with Interfaith Hospitality Network (IHN).

Community & Social Services – These are grants funded under ROSS towards family self-sufficiency for residents as well as Project Choice for drug and alcohol prevention programs to youth and children residing in the Housing Authority projects.

Measurement Focus/Basis of Accounting
The propriety funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* the Authority follows GASB guidance as applicable to proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets
Capital assets over the Authority's capitalization threshold of $5,000 are depreciated using the straight-line conventional method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5	Buildings – non- residential	40
Building improvements	15	Furniture – dwelling	7
Furniture – non-dwelling	7	Equipment – dwelling	5
Equipment – non-dwelling	7	Autos and trucks	5
Computer hardware	3	Computer software	3
Leasehold improvements	15	Land Improvements	15

Intangible right-to-use leased assets are depreciated over the period of the useful life of the asset or the term of the lease, whichever is shorter.

Cash and Cash Equivalents
For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences
The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The compensated absences are expensed when earned with the amount reported as a liability.

Budgetary Accounting
The Authority is not required to follow the budgetary requirements of the Ohio Revised Code; however, the Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development (HUD). Budgets are approved by the Board of the Authority and submitted to HUD when required.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

Pension / Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Net Position
Net position represents the difference between assets plus deferred outflows of resources, and deferred inflows of resources plus liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Receivables – net of allowance
Bad debts are provided on the allowance method based on management evaluation of the collectability of outstanding receivable balances at the end of the year. The allowances for uncollectible tenant accounts receivables were $164,169 and for Housing Choice Voucher Program fraud recovery was $73,907. Total accounts receivable net of allowance was $555,180 at September 30, 2023.

Inventory
Inventory consists of supplies and maintenance parts carried at cost and are expensed as they are consumed. The allowance for obsolete inventory was $15,838 at September 30, 2023.

Accounting and Reporting for Nonexchange Transactions
Nonexchange transactions occur when the Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e. federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions; result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

Public Housing Authority (PHA) grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specified period) or (b) that the resources are required to be maintained intact in perpetuity or unit a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirement affect the timing or recognition or nonexchange transactions.

- Purpose restrictions specify the purpose for which resources are required to be used. (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as unearned revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Change in Accounting Principle

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defined a SBITA; (2) establishes that a SWBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

2. CASH AND CASH EQUIVALENTS

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositions. Inactive deposits must either be evidence by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts.

2. **CASH AND CASH EQUIVALENTS** (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of the settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 and 270 days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time; if training requirements are met.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designated of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts.

Protection of Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or the Ohio Pooled Collateral System (OPCS).

Deposits – As of September 30, 2023, the carrying amount of the Authority’s deposits totaled $1,919,007 and its bank balances were $1,978,709. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2023, $1,728,709 was exposed to custodial credit risk as discussed below, as $250,000 was covered by the Federal Depository Insurance Corporation. In addition to the Authority’s total deposits of $2,555,754, the financial statements include $636,747 of cash balance for its component units.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All money market deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools as the Federal Reserve Banks or at member banks of the federal system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

2. **CASH AND CASH EQUIVALENTS** (Continued)

Interest rate risk is the risk of fair value losses arising from rising interest rates. The Ohio Revised Code generally limits investment to those having maturities within five years or less. The Authority has no limits on the amount the Authority may invest with one issuer.

Investments – At year end, the Authority had no investments.

Blended Component Units – At December 31, 2022, each component unit maintains cash accounts at a single financial institution, respectively, where balances at times may exceed the $250,000 insured limit. The component units also have escrows and reserves held by the mortgage lender, and the balances may exceed $250,000. The total carrying value of cash for the component units was $636,747.

Restricted Cash – Restricted cash consists of:

Security Deposits	$	67,656
Family Self-Sufficiency Escrows		22,607
Component Unit Reserve Accounts		596,384
Unspent HAP Funding Advanced to the Authority		25,602
	$	712,249

3. NOTES RECEIVABLE

HOPE VI Loan – Lincoln Park Phase 1A
The Authority executed a HOPE VI Loan Agreement in the amount of $583,529 with Lincoln Park Housing Partnership LP for the development of 40 rental units (Phase IA) on March 22, 2007. The term of the loan promissory note began March 22, 2007 and continues until fifty (50) years from the first day of the month following the Substantial Completion Date as defined in the loan agreement. Each advance under the note bears interest during its term at the rate of 2% per annum, compounded annually. The loan is secured by an Open-End Leasehold Mortgage and Security Agreement between Lincoln Park Housing Partnership LP (mortgagor) and the Authority (mortgagee). As a condition to providing funding for the loan, the Authority received the required Completion and Development Deficiency Guarantee from Penrose, Penrose GP LLC, of Lincoln Park Housing Partnership LP. Accrued interest receivable on this loan was $221,482 at September 30, 2023.

The Authority executed an additional promissory note with the partnership in December 2008. The total loan amount the Authority agreed to lend LPHLP is $250,000 with the interest of 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Accrued interest receivable on this loan was $39,754 at September 30, 2023.

HOPE VI Loan – Lincoln Park Phase lB
The Authority executed a HOPE VI Loan Agreement in the amount of $950,000 with Lincoln Park Housing Partnership II LP for the development of 68 units (Phase lB) on March 22, 2007. The term of the loan promissory note began on March 22, 2007 and continues until fifty (50) years from the first day of the month following the Substantial Completion Date as defined in the loan agreement. Each advance under the note bears interest during its term at the rate of 1% per annum, compounded annually. The loan is secured by an Open-End Leasehold Mortgage and Security Agreement between Lincoln Park Housing Partnership II LP (mortgagor) and The Authority (mortgagee). As a condition to providing funding for the loan, the Authority received the required Completion and Development Deficiency Guarantee from Pennrose Properties, LLC and Penrose Development LLC, each of whom is an affiliate of the general partner, Pennrose GP LLC, of Lincoln Park Housing Partnership II LP. Accrued interest receivable on this loan was $166,696 at September 30, 2023.

The Authority executed an additional promissory note with the partnership in December 2008. The total loan amount the Authority agreed to lend LPHPIILP is $750,000 with interest at 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Accrued interest payable on this loan was $119,262 at September 30, 2023.

3. **NOTES RECEIVABLE** (Continued)

HOPE VI Loan – Lincoln Park Phase IIA
The Authority executed a non-recourse construction and permanent loan, on March 4, 2009, with Lincoln Park Housing Partnership III LP, from Hope VI grant funds in the amount of $4,251,152 for the development of 24 rental units (Phase II). Proceeds from the initial disbursement of the permanent loan were used to repay the predevelopment loan in full.

The Authority's permanent loan of $4,251,152 bears interest at 0.25% per year with a 50-year term beginning upon the completion of construction, and requiring debt service due out of cash flow pursuant to a Regulatory and Operating Agreement. Proceeds of the loan are provided for Bond Loan repayment and are secured by leasehold mortgage on the Development having second priority during construction until bonds are repaid and thereafter being a first priority leasehold mortgage. The balance due from the partnership at September 30, 2021 was $4,144,713. Accrued interest receivable on this loan was $130,950 at September 30, 2023.

These loan balances to the component units are eliminated from the consolidated financial statements.

4. CAPITAL ASSETS

The following is a summary of changes in the Authority's capital assets for the fiscal year ended September 30, 2023:

	Balance 09/30/2022	Additions	Reclasses	Deletions	Balance 09/30/2023
Capital Assets Not Being Depreciated					
Land	$ 2,439,950	$ 0	$ 0	$ 0	$ 2,439,950
Construction-in-Progress	0	0	0	0	0
Total Capital Assets Not Being Depreciated	2,439,950	0	0	0	$ 2,439,950
Capital Assets Being Depreciated					
Intangible Right-to-use Lease - Equipment	155,459	0	0	(42,042)	113,417
Buildings and Improvements	60,218,082	133,427	0	0	60,351,509
Furniture, Equipment, and Machinery	2,551,538	116,509	0	(131,757)	2,536,290
Subtotal Capital Assets Being Depreciated	62,925,079	249,936	0	(173,799)	63,001,216
Accumulated Depreciation					
Intangible Right-to-use Lease - Equipment	(45,434)	(33,522)	0	42,042	(36,914)
Buildings and Improvements	(38,130,083)	(2,022,834)	0	0	(40,152,917)
Furniture and Equipment	(2,485,459)	(38,302)	0	131,757	(2,392,004)
Total Accumulated Depreciation	(40,660,976)	(2,094,658)	0	173,799	(42,581,835)
Depreciable Assets, Net	22,264,103	(1,844,722)	0	0	20,419,381
Total Capital Assets, Net	$ 24,704,053	$ (1,844,722)	$ 0	$ 0	$ 22,859,331

The depreciation expense for the fiscal year ended September 30, 2023 was $2,094,658.

5. LONG-TERM LIABILITIES – DIRECT BORROWINGS

The Authority borrowed $1,000,000 from the City of Springfield under the HOME Investment Partnership program with interest at 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Funds from this loan were used to make HOME loans to the Blended Components Units, as described in Note 3.

The Authority executed a Commercial Loan Agreement dated March 4, 2022 in the amount of $430,000 payable to New Carlisle Federal Savings Bank. The rate is 4.68%. During the first phase of the loan, the first 6 payments beginning May 1, 2023 until October 1, 2022, were of accrued interest only. Then beginning November 1, 2022, the note is payable in 174 monthly installments of $3,423.60. The loan is secured by property at 2026 W. Main Street, in Springfield. In the event of default, the lender, at its option, may demand payment in full on the debt. The outstanding balance on the note at September 30, 2023 is $410,686.

5. **LONG-TERM LIABILITIES – DIRECT BORROWINGS** (Continued)

The Authority executed a Commercial Loan Agreement dated June 9, 2022 in the amount of $300,000 payable to New Carlisle Federal Savings Bank. The rate is 6.35%. During the first phase of the loan, the first 6 payments beginning August 1, 2022 until January1, 2022, are of accrued interest only. Then beginning February 1, 2023, the note is payable in 174 monthly installments of $2,657.09. The loan is secured by property at 2026 W. Main Street, in Springfield. In the event of default, the lender, at its option, may demand payment in full on the debt. The outstanding balance on the note at September 30, 2023 is $291,440.

Future debt commitments for these debts are presented below:

Year Ended September 30	Principal	Interest	Total
2024	$ 35,488	$ 37,480	$ 72,968
2025	37,553	35,415	72,968
2026	39,632	33,336	72,968
2027	41,829	31,139	72,968
2028	44,066	28,902	72,968
2029-2033	260,364	104,476	364,840
2034-2037	243,194	26,246	269,440
Totals	$ 702,126	$ 296,994	$ 999,120

Long-term debt is as follows for the Blended Component Units as of December 31, 2022:

	LPHPLP	LPHPIILP	LPHPIIILP	Total Component Units
First Mortgage Notes (A)	$ 583,529	$ 950,000	$ 4,144,713	$ 5,678,242
Second Mortgage Notes (A)	250,000	750,000	0	1,000,000
	833,529	1,700,000	4,144,713	6,678,242
Total Long-Term Debt	$ 833,529	$ 1,700,000	$ 4,144,713	$ 6,678,242

(A) Amounts due to the Authority (See Note 3). Balance is eliminated from the consolidated financial statements. Repayment is based on cash flow generated by the projects.

The above mortgages and bonds are collateralized by all land, buildings, and equipment of the partnerships.

The Regulatory agreement with the Springfield Metropolitan Housing Authority provides that 100% of the units will be rented to tenants at or below 60% of the area median gross income ("AMGI").

The Authority has the following Capital Lease commitments:

- The Authority entered into a three-year lease for phone equipment calling for monthly payments of $1,167.77 beginning June 1, 2020. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 2.53%. This lease expired May 31, 2023.

- The Authority entered into a five-year lease for copier equipment calling for monthly payments of $65.00 beginning May 22, 2019. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 3.75%.

- The Authority entered into a five-year lease for copier equipment calling for monthly payments of $65.00 beginning May 8, 2019. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 3.75%.

5. **LONG-TERM LIABILITIES – DIRECT BORROWINGS** (Continued)

- The Authority entered into a five-year lease for a postage meter calling for monthly payments of $397.00 beginning December 1, 2021. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 3.75%.

- The Authority entered into a five-year lease for copier equipment calling for monthly payments of $1,548.00 beginning June 1, 2023. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 2.59%.

Lease commitments for the fiscal years ending September 30 are as follows:

	Principal	Interest	Total
2024	$ 21,787	$ 1,604	$ 23,391
2025	21,206	1,453	22,659
2026	21,819	840	22,659
2027	12,660	405	13,065
Total	$ 77,472	$ 4,302	$ 81,774

Changes in long-term liabilities are as follows for the periods ended September 30, 2023 and December 31, 2022 respectively:

	Balance 09/30/2022	Additions	Retired	Balance 9/30/2023	Due Within One Year
Loan Payable	$ 1,000,000	$ 0	$ 0	$ 1,000,000	$ 0
Capital Debt	730,000	0	(27,874)	702,126	35,488
FSS Escrow Payable	18,839	22,658	(18,871)	22,626	21,857
Compensated Absence	118,716	0	(9,145)	109,571	27,393
Net Pension Liability	795,217	2,234,705	0	3,029,922	0
OPEB Liability	0	60,227	0	60,227	0
Lease Liability	105,748	0	(28,276)	77,472	21,787
Total Long-Term Liabilities	$ 2,768,520	$ 2,317,590	$ (84,166)	$ 5,001,944	$ 106,525

Component Units

Description	Balance 12/31/2021	Additions	Retired	Balance 12/31/2022	Due Within One Year
Long-Term	$ 6,678,242	$ 0	$ 0	$ 6,678,242	$ 0

6. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

6. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Continued)

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *current liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

6. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 62 with 60 months of service credit or Age 57 with 25 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

6. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2022-2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022-2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional plan. Beginning July 1, 2022, the employer contribution rate for the combined plan is allocated 2 percent health care with the remainder going to pension. The employer contributions rate for the member-directed plan allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For fiscal year ending September 30, 2023, the Authority's contractually required contributions used to fund pension benefits was $210,609 for the traditional plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2022, 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 the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability:	
Prior Measurement Date	0.009140%
Current Measurement Date	0.010257%
Change in Proportionate Share	0.001117%
Proportionate Share of the Net Pension Liability	$ 3,029,922
Pension Expense	$ 404,979

6. **DEFINED BENEFIT PENSION PLANS** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 863,622
Differences between expected and actual experience	100,641
Changes of assumptions	32,009
Changes in proportion and differences between Authority contributions and proportionate share of contributions	117,695
Authority contributions subsequent to the measurement date	149,992
Total Deferred Outflows of Resources	$ 1,263,959
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 26,789
Total Deferred Inflows of Resources	$ 26,789

$149,992 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending September 30:	
2024	$ 170,156
2025	239,755
2026	254,205
2027	423,062
Total	$ 1,087,178

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

6. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

	Traditional Pension Plan	Combined Plan
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	2.75 percent	2.75 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple	3 percent, simple through 2023, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1 percent for 2022.

6. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits 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 Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 4,538,723	$ 3,029,922	$ 1,774,871

7. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation related to this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *current liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans.

Currently, Medicare-eligible retirees can select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses, and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA.

For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

7. DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

The base HRA allowance is determined by OPERS. Retirees receive a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022 or after must meet the following health care eligibility requirements to receive an HRA allowance:

1. **Medicare Retirees** – Medicare-eligible with a minimum of 20 years of qualifying service credit.
2. **Non-Medicare Retirees** – Non-Medicare retirees qualify based on the following age-and-service criteria:
    a. Group A – 30 years of qualifying service credit at any age;
    b. Group B – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
    c. Group C – 32 years of qualifying service credit and minimum age 55; or,
    d. A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service. Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Retirement Date	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
December 1, 2014 or Prior	Any	10	Any	10	Any	10
January 1, 2015 through December 31, 2021	60	20	52 60	31 20	55	32
	Any	30	Any	32	60	20

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

7. DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. In 2022 and 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022 and 2023, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 and 2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.
None of the Authority’s contractually required contribution was allocated to health care for the fiscal year ending September 30, 2023.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB (Asset):	
Prior Measurement Date	0.008506%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.009552%
Change in Proportionate Share	0.001046%
Proportionate Share of the Net OPEB Liability	$ 60,227
OPEB Expense	$ (157,417)

7. DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At September 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 119,615
Changes of assumptions	58,825
Total Deferred Outflows of Resources	$ 178,440
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 15,023
Changes of assumptions	4,840
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,716
Total Deferred Inflows of Resources	$ 26,579

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending September 30:	
2024	$ 13,401
2025	43,376
2026	37,300
2027	57,784
Total	$ 151,861

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

7. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

	December 31, 2022	December 31, 2021
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent, including wage inflation	2.75 to 10.75 percent, including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent initial, 3.50 percent ultimate in 2036	5.50 percent initial, 3.50 percent ultimate in 2034
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

7. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	100.00 %	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability	$ 204,986	$ 60,227	$ (59,222)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

7. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 56,452	$ 60,227	$ 64,476

8. RISK MANAGEMENT

The Authority is exposed to risk of loss related to torts; theft or damage to and destruction of real and personal property; errors and omissions; and catastrophes. The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, vehicles and other liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

9. CONTINGENT LIABILITIES

The Authority is party to various legal proceedings from the normal courses of business. No provision has been made in the financial statements for the effect, if any, of such contingencies. Although the outcome of these proceeding is not presently determinable, in the opinion of the Authority, the ultimate disposition of these matters will not materially affect the financial position of the Authority.

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Except for liability described in the following paragraph, the amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such other amounts, if any, to be immaterial.

10. CONCENTRATIONS

The Authority receives the majority of its revenue from the U.S. Department of Housing and Urban Development and is subject to mandated changes by HUD and changes in Congressional acts.

11. BLENDED COMPONENT UNITS

The Authority's financial statements included three entities as blended component units reported with the Public Housing Program, Lincoln Park Housing Partnership LP (LPHPLP), Lincoln Park Housing Partnership II LP (LPHPIILP), and Lincoln Park Housing Partnership III LP (LPHPIIILP), Description of the three blended components are as follows:

Lincoln Park Housing Partnership LP (LPHPLP)
Lincoln Park Housing Partnership, LP (the "Partnership") was formed August 17, 2006 under the laws of the State of Ohio. The original Limited Partnership Agreement was entered into by Pennrose GP, LLC as the General Partner. On March 22, 2007, the original limited partner withdrew as partner and SMHA Lincoln Park, LLC and Ohio Equity Fund for Housing Limited Partnership XVI (Fund XVI) were admitted as Limited Partners, with Springfield Metropolitan Housing Authority (SMHA) as the Special Limited Partner. The Limited Partnership Agreement was amended and restated on October 1, 2016 to recognize the withdrawal of Pennrose GP, LLC as General Partner and designating SMHA Lincoln Park, LLC as the new General Partner, and removing the Special Limited Partner.

The Partnership was formed to develop, construct, and operate an affordable housing project with 40 rental units for families, known as Lincoln Park 1A in Springfield, Ohio. The Partnership leases to families who meet certain low and moderate income requirements. The Partnership began leasing units on May 14, 2008.

The Limited Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2081, or such later date as is agreed to by all the Partners, unless it is earlier dissolved and terminated by operation of law or pursuant to the provisions of the Limited Partnership Agreement.

Lincoln Park Housing Partnership II LP (LPHPIILP)
Lincoln Park Housing Partnership II, LP (the "Partnership") was formed August 17, 2006 under the laws of the State of Ohio. The original Limited Partnership Agreement was entered into by Pennrose GP, LLC as the former General Partner. The Partners entered into the Limited Partnership Agreement on December 21, 2006, which was amended and restated on March 22, 2007, and was amended further by amendments dated May 11, 2009 and October 1, 2016. The Partnership currently consists of SMHA Lincoln Park, LLC as the General Partner and Ohio Equity Fund for Housing Limited Partnership XVI (Fund XVI) as the Limited Partner.

The Partnership was formed to develop, construct, and operate an affordable housing project with 68 rental units for families, knows as Lincoln Park 1B in Springfield, Ohio. The Partnership leases to families who meet certain low and moderate income requirements. The Partnership began leasing units on June 30, 2008.

The Limited Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2081, or such later date as is agreed to by all the Partners, unless it is earlier dissolved and terminated by operation of law or pursuant to the provisions of the Limited Partnership Agreement.

Lincoln Park Housing Partnership III LP (LPHPIIILP)
Lincoln Park Housing Partnership III, LP (the "Partnership") was formed September 9, 2008 under the laws of the State of Ohio. The original Limited Partnership Agreement was entered into by Pennrose GP, LLC, as the General Partner. On December 22, 2008, the original limited partner withdrew as partner and SMHA Lincoln Park, LLC and Ohio Equity Fund for Housing Limited Partnership XVII (Fund VIII) were admitted as partners, with Springfield Metropolitan Housing Authority (SMHA) as the Special Limited Partner. Fund VIII assigned its interest to Ohio Equity Fund for Housing Limited Partnership XVII (Fund VII) on March 31, 2009. The Limited Partnership Agreement was amended and restated on October 1, 2016 to recognize the withdrawal of Pennrose GP, LLC as General Partner and designating SMHA Lincoln Park, LLC, as the new General Partner, and removing the Special Limited Partner.

The Partnership was formed to develop, construct, and operate an affordable housing project with 24 rental units for families, known as Lincoln Park 2A in Springfield, Ohio. The Partnership leases to families who meet certain low and moderate income requirements. The Partnership began leasing units on November 13, 2009.

11. BLENDED COMPONENT UNITS (Continued)

Lincoln Park Housing Partnership III LP (LPHPIIILP) (Continued)

The Limited Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2084, or such later date as is agreed to by all Partners, unless it is earlier dissolved and terminated by operation of law or pursuant to the provisions of the Limited Partnership Agreement.

Additional Partnership Provisions
At the time Limited Partnership Agreements were executed, the Authority and partnerships entered into Right of Refusal and Option Agreements. During the term of the partnerships, the partnerships agree to give notice promptly to the Authority if the partnerships commence discussions with any third-party regarding sale of the property. The Authority has the continuing right of refusal to purchase the property of the partnerships in the event the partnership proposes to sell substantially all of the partnership interests after the expiration of the compliance period (15 years). In addition, the partnerships grant the Authority the option to purchase the property following the close of the compliance period. This agreement provides the terms of the option price and sale of the property under the rights of refusal and options granted.

Separate financial statements have been issued for the component units and may be requested in writing from the Authority.

12. SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through April 1, 2024, the date on which the financial statements were available to be issued.

A Recovery Agreement between Springfield Metropolitan Housing Authority and the United States Department of Housing and Urban Development, was entered into on January 18, 2024. Springfield Metropolitan Housing Authority received a failing PHAS score of 33 for the fiscal year 9/30/2022. As a result, Springfield Metropolitan Housing Authority has been designated “Troubled”, pursuant to section 6(j)(2) of the Act, 42 U.S.C. section 1437d, and 24 C.F.R. part 902, for financial and/or management indicators, or other such deficiencies as HUD has identified.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Springfield Metropolitan Housing Authority. The Springfield Metropolitan Housing Authority’s investments of the pension and other employee benefit plan in which the Springfield Metropolitan Housing Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Springfield Metropolitan Housing Authority’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Springfield Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Ten Fiscal Years

Traditional Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.010257%	0.009140%	0.009893%	0.010935%	0.010316%	0.009949%	0.010028%	0.009973%	0.006927%	0.006927%
Authority's Proportionate Share of the Net Pension Liability	$ 3,029,922	$ 795,217	$ 1,464,938	$ 2,161,377	$ 2,825,341	$ 1,560,805	$ 2,277,188	$ 1,727,449	$ 1,161,124	$ 1,134,898
Authority's Covered Payroll	$ 1,589,877	$ 1,326,464	$ 1,393,381	$ 1,538,553	$ 1,393,299	$ 1,314,731	$ 1,296,263	$ 1,241,215	$ 1,180,320	$ 1,200,819
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.58%	59.95%	105.14%	140.48%	202.78%	118.72%	175.67%	139.17%	98.37%	94.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.000000%	0.000000%	0.006509%	0.014940%	0.015146%	0.015251%	0.015475%	0.015460%	0.015625%	0.015625%
Authority's Proportionate Share of the Net Pension (Asset)	$ 0	$ 0	$ (18,789)	$ (31,153)	$ (16,937)	$ (20,762)	$ (8,613)	$ (7,523)	$ (6,016)	$ (1,640)
Authority's Covered Payroll	$ 0	$ 0	$ 28,683	$ 66,506	$ 64,777	$ 62,461	$ 60,237	$ 56,249	$ 57,115	$ 58,107
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	65.51%	46.84%	26.15%	33.24%	14.30%	13.37%	10.53%	2.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

Springfield Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Contributions – Pension
Ohio Public Employees Retirement System
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions										
Traditional Plan	$ 210,609	$ 205,570	$ 186,499	$ 195,542	$ 216,675	$ 186,773	$ 173,446	$ 154,327	$ 145,731	$ 147,017
Combined Plan	0	0	0	8,345	9,247	8,803	8,205	7,209	6,600	4,187
Total Required Contributions	210,609	205,570	186,499	203,887	225,922	195,576	181,651	161,536	152,331	151,204
Contributions in Relation to the Contractually Required Contribution	(210,609)	(205,570)	(186,499)	(203,887)	(225,922)	(195,576)	(181,651)	(161,536)	(152,331)	(151,204)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 1,504,350	$ 1,468,357	$ 1,332,136	$ 1,396,729	$ 1,547,679	$ 1,356,068	$ 1,361,415	$ 1,286,058	$ 1,214,425	$ 1,225,142
Combined Plan	$ 0	$ 0	$ 0	$ 59,607	$ 66,050	$ 63,905	$ 64,403	$ 60,075	$ 55,000	$ 34,892
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	13.77%	12.74%	12.00%	12.00%	12.00%
Combined Plan	0.00%	0.00%	0.00%	14.00%	14.00%	13.78%	12.74%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

Springfield Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.009552%	0.008506%	0.009403%	0.010624%	0.010052%	0.009720%	0.009820%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ 60,227	$ (266,421)	$ (167,522)	$ 1,467,450	$ 1,310,544	$ 1,055,520	$ 991,853
Authority's Covered Payroll	$ 1,589,877	$ 1,326,464	$ 1,422,064	$ 1,605,059	$ 1,458,076	$ 1,377,194	$ 1,356,499
Authority's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%	91.43%	89.88%	76.64%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

Springfield Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Contributions - OPEB
Ohio Public Employees Retirement System
Last Nine Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,220	$ 17,964	$ 26,923	$ 25,388
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0	(3,220)	(17,964)	(26,923)	(25,388)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 1,504,350	$ 1,468,357	$ 1,332,136	$ 1,456,336	$ 1,613,729	$ 1,419,973	$ 1,425,818	$ 1,346,133	$ 1,269,425
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.23%	1.26%	2.00%	2.00%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2023.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036.

Springfield Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Living Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Program		
Public and Indian Housing:		
Public and Indian Housing	14.850	$ 2,895,938
Public Housing Capital Fund	14.872	2,565,417
Family Self-Sufficiency	14.896	77,110
Resident Opportunity and Supportive Services	14.870	38,807
Housing Voucher Cluster:		
Housing Choice Vouchers	14.871	4,552,548
Mainstream Vouchers	14.879	229,853
Total Housing Voucher Cluster		4,782,401
Passed through City of Springfield:		
Shelter Plus Care	14.238	102,463
Total Expenditures of Federal Awards		$ 10,462,136

The accompanying notes are an integral part of the financial statements.

Springfield Metropolitan Housing Authority
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2023

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Springfield Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended September 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. **INDIRECT COST RATE**

The Authority has elected not to use the 10 percent de minims indirect cost rate allowed under the Uniform Guidance.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2023

Line item	Account Description	Project	Component Unit - Blended	Family Self-Sufficiency	Business Activities	Revitalization of Severely Distressed Public Housing
	Current Assets					
111	Cash - Unrestricted	$ 610,706	$ 25,397		$ 102,902	
113	Cash - Restricted	750	596,384			
114	Cash - Tenant Security Deposits	52,690	14,966			
115	Cash - Restricted - COVID					
100	Total Cash	664,146	636,747	-	102,902	-
	Accounts Receivable					
122	Accounts Receivable - HUD Other Project	120,272		7,131		
124	Accounts Receivable - Other Government					
125	Accounts Receivable - Miscellaneous					
126	Accounts Receivable - Tenants	370,668	76,931			
126.1	Allowance for Doubtful Accounts - Tenants	(137,243)	(26,926)			
128	Fraud Recovery					
129	Accrued Interest Receivable					678,144
120	Total Receivables, Net of Allowance for Doubtful Accounts	353,697	50,005	7,131	-	678,144
142	Prepaid Expenses	34,213	80,732		1,513	
143	Inventories	61,815	21,696		723	
143.1	Allowance for Obsolete Inventories	(12,363)	(3,330)		(145)	
150	**Total Current Assets**	1,101,508	785,850	7,131	104,993	678,144
	Capital Assets					
161	Land	1,952,171				197,229
162	Buildings	32,477,978	24,325,917			17,500
163	F/E/M Admin. - Dwellings	1,028,584	552,004			66,941
164	F/E/M Admin.	496,616				
165	Leasehold Improvements					2,341,865
166	Accum Depreciation	(27,311,928)	(12,320,841)			(2,424,072)
160	Total Capital Assets, Net of Accumulated Depreciation	8,643,421	12,557,080	-	-	199,463
171	Notes, Loans and Mortgages Receivable - Non-Current					6,678,243
174	Other Assets		24,851			
180	Total Non-Current Assets	8,643,421	12,581,931	-	-	6,877,706
200	Deferred Outflow of Resources	772,713				
	Total Assets	$ 10,517,642	$ 13,367,781	$ 7,131	$ 104,993	$ 7,555,850

See Auditor's Report.

Springfield MHA

Entity Wide Balance Sheet Summary

September 30, 2023

Line item	Account Description	Project	Component Unit - Blended	Family Self-Sufficiency	Business Activities	Revitalization of Severely Distressed Public Housing
	Current Liabilities					
312	A/P <= 90 days	87,297	91,605	215	2,590	
321	Accrued Wage/Taxes Payable	9,264		436		
322	Accrued Comp Abs. - Current	8,001				
325	Accrued Interest Payable		641,321			159,016
331	Accounts Payable - HUD PHA Programs					
341	Tenant Security Deposits	52,690	14,966			
342	Unearned Revenue	89,395	49,311			
345	Other Current Liabilities	655	50,000			
346	Accrued Liabilities - Other	14,653				
347	Inter Program - Due To			6,480		
310	Total Current Liabilities	261,955	847,203	7,131	2,590	159,016
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects		6,678,243			
353	Non-Current Liabilities - Other	37,873				
354	Accrued Comp Abs. - Noncurrent	24,002				
355	Loan Liability - Non Current					1,000,000
357	Accrued Pension	1,655,437				
	Total Non-Current Liabilities	1,717,312	6,678,243	-	-	1,000,000
	Total Liabilities	1,979,267	7,525,446	7,131	2,590	1,159,016
400	Deferred Inflow of Resources	28,589				
508.1	Invested in Capital Assets Net	8,595,383	5,878,837			199,463
511.1	Restricted Net Position		596,384			
512.1	Unrestricted Net Position	(85,597)	(632,886)		102,403	6,197,371
513	Total Net Position	8,509,786	5,842,335	-	102,403	6,396,834
	Total Liabilities, Deferred in Flows of Resources and Equity - Net	$10,517,642	$13,367,781	$ 7,131	$104,993	$ 7,555,850

See Auditor’s Report.

Springfield MHA

Entity Wide Balance Sheet Summary

September 30, 2023

Line item	Account Description	Mainstream Vouchers	HOME Investment Partnership	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Shelter Plus Care
	Current Assets					
111	Cash - Unrestricted	$ 635	$ 5,201	$ 431,118	$ -	$ 31,388
113	Cash - Restricted		1,745			23,857
114	Cash - Tenant Security Deposits					
115	Cash - Restricted - COVID			21,857		
100	Total Cash	635	6,946	452,975	-	55,245
	Accounts Receivable					
122	Accounts Receivable - HUD Other Project	24,532		79,202	3,790	
124	Accounts Receivable - Other Government					
125	Accounts Receivable - Miscellaneous					
126	Accounts Receivable - Tenants			73,907		
126.1	Allowance for Doubtful Accounts - Tenants			(73,907)		
128	Fraud Recovery					
129	Accrued Interest Receivable			-	-	
120	Total Receivables, Net of Allowance for Doubtful Accounts	24,532	-	79,202	3,790	-
142	Prepaid Expenses			4,297		
143	Inventories					
143.1	Allowance for Obsolete Inventories					
150	**Total Current Assets**	25,167	6,946	536,474	3,790	55,245
	Capital Assets					
161	Land					
162	Buildings					
163	F/E/M Admin. - Dwellings					
164	F/E/M Admin.			89,189		
165	Leasehold Improvements					
166	Accum Depreciation			(48,787)		
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	40,402	-	-
171	Notes, Loans and Mortgages Receivable - Non-Current					
174	Other Assets					
180	Total Non-Current Assets	-	-	40,402	-	-
200	Deferred Outflow of Resources			154,543		
	Total Assets	$ 25,167	$ 6,946	$ 731,419	$ 3,790	$ 55,245

See Auditor's Report.

Springfield MHA

Entity Wide Balance Sheet Summary

September 30, 2023

Line item	Account Description	Mainstream Vouchers	HOME Investment Partnership	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Shelter Plus Care
	Current Liabilities					
312	A/P <= 90 days	17		2,593		
321	Accrued Wage/Taxes Payable			3,019		
322	Accrued Comp Abs. - Current	634		6,792		
325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs					
341	Tenant Security Deposits					
342	Unearned Revenue					
345	Other Current Liabilities			21,857		
346	Accrued Liabilities - Other			3,567		
347	Inter Program - Due To				3,790	
310	Total Current Liabilities	651	-	37,828	3,790	-
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects					
353	Non-Current Liabilities - Other			9,281		
354	Accrued Comp Abs. - Noncurrent	1,901		20,376		
355	Loan Liability - Non Current					
357	Accrued Pension			331,088		
	Total Non-Current Liabilities	1,901	-	360,745	-	-
	Total Liabilities	2,552	-	398,573	3,790	-
400	Deferred Inflow of Resources			5,718		
508.1	Invested in Capital Assets Net			27,554		
511.1	Restricted Net Position		1,745			23,857
512.1	Unrestricted Net Position	22,615	5,201	299,574		31,388
513	Total Net Position	22,615	6,946	327,128	-	55,245
	Total Liabilities, Deferred in Flows of Resources and Equity - Net	$ 25,167	$ 6,946	$ 731,419	$ 3,790	$ 55,245

See Auditor's Report.

Springfield MHA

Entity Wide Balance Sheet Summary

September 30, 2023

Line item	Account Description	Block Grant for Prevention and Treatment of Substance Abuse	COCC	Subtotal	Elimination	Total
	Current Assets					
111	Cash - Unrestricted	$ 23,073	$ 613,085	$ 1,843,505	$ -	$ 1,843,505
8	Cash - Restricted			622,736		622,736
114	Cash - Tenant Security Deposits			67,656		67,656
115	Cash - Restricted - COVID			21,857		21,857
100	Total Cash	23,073	613,085	2,555,754	-	2,555,754
	Accounts Receivable					
122	Accounts Receivable - HUD Other Project			234,927		234,927
124	Accounts Receivable - Other Government					-
125	Accounts Receivable - Miscellaneous					-
126	Accounts Receivable - Tenants			447,599		447,599
126.1	Allowance for Doubtful Accounts - Tenants			(164,169)		(164,169)
128	Fraud Recovery			73,907		73,907
128.1	Allowance for Doubtful Accounts - Fraud			(73,907)		(73,907)
129	Accrued Interest Receivable			678,144	(641,321)	36,823
120	Total Receivables, Net of Allowance for Doubtful Accounts	-	-	1,196,501	(641,321)	555,180
142	Prepaid Expenses		41,803	162,558		162,558
143	Inventories			84,234		84,234
143.1	Allowance for Obsolete Inventories			(15,838)		(15,838)
144	Inter Program Due From		10,270	10,270	(10,270)	-
150	**Total Current Assets**	23,073	665,158	3,993,479	(651,591)	3,341,888
	Capital Assets					
161	Land		290,550	2,439,950		2,439,950
162	Buildings		1,188,249	58,009,644		58,009,644
163	F/E/M Admin. - Dwellings			1,580,588		1,580,588
164	F/E/M Admin.		416,373	1,069,119		1,069,119
165	Leasehold Improvements			2,341,865		2,341,865
166	Accum Depreciation		(476,207)	(42,581,835)	-	(42,581,835)
160	Total Capital Assets, Net of Accumulated Depreciation	-	1,418,965	22,859,331	-	22,859,331
171	Notes, Loans and Mortgages Receivable - Non-Current			6,678,243	(6,678,243)	-
174	Other Assets			24,851		24,851
180	Total Non-Current Assets	-	1,418,965	29,562,425	(6,678,243)	22,884,182
200	Deferred Outflow of Resources		515,143	1,442,399		1,442,399
	Total Assets	$ 23,073	$ 2,599,266	$ 34,998,303	$(7,329,834)	$ 27,668,469

See Auditor's Report.

Springfield MHA

Entity Wide Balance Sheet Summary

September 30, 2023

Line item	Account Description	Block Grant for Prevention and Treatment of Substance Abuse	COCC	Subtotal	Elimination	Total
	Current Liabilities					
312	A/P <= 90 days		29,101	213,418		213,418
321	Accrued Wage/Taxes Payable	460	5,215	18,394		18,394
322	Accrued Comp Abs. - Current		11,966	27,393		27,393
325	Accrued Interest Payable			800,337	(641,321)	159,016
341	Tenant Security Deposits			67,656		67,656
342	Unearned Revenue		1,691	140,397		140,397
343	Current Portion of Long-term Debt - Capital Projects		35,488	35,488		35,488
345	Other Current Liabilities		12,282	84,794		84,794
346	Accrued Liabilities - Other		3,567	21,787		21,787
347	Inter Program - Due To			10,270	(10,270)	-
310	Total Current Liabilities	460	99,310	1,419,934	(651,591)	768,343
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects		666,638	7,344,881	(6,678,243)	666,638
353	Non-Current Liabilities - Other		9,281	56,435		56,435
354	Accrued Comp Abs. - Noncurrent		35,899	82,178		82,178
355	Loan Liability - Non Current			1,000,000		1,000,000
357	Accrued Pension		1,103,624	3,090,149		3,090,149
	Total Non-Current Liabilities	-	1,815,442	11,573,643	(6,678,243)	4,895,400
	Total Liabilities	460	1,914,752	12,993,577	(7,329,834)	5,663,743
400	Deferred Inflow of Resources		19,061	53,368		53,368
508.1	Invested in Capital Assets Net		703,991	15,405,228	5,678,242	21,083,470
511.1	Restricted Net Position			621,986		621,986
512.1	Unrestricted Net Position	22,613	(38,538)	5,924,144	(5,678,242)	245,902
513	Total Net Position	22,613	665,453	21,951,358	-	21,951,358
	Total Liabilities, Deferred in Flows of Resources and Equity - Net	$ 23,073	$ 2,599,266	$ 34,998,303	$(7,329,834)	$ 27,668,469

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2023

Line item	Account Description	Project	Business Activities	Mainstream Vouchers	Component Unit - Blended	Family Self-Sufficiency
703	Net Tenant Rental Revenue	$ 1,580,714			$ 707,447	
704	Tenant Revenue - Other	59,034			2,328	
705	Total Tenant Revenue	1,639,748	-	-	709,775	-
706	HUD PHA Operating Grants	5,348,080		229,853		77,110
706.1	Capital Grants	175,155				
707.1	Management Fee					
707.2	Asset Management Fee					
707.3	Bookkeeping Fee					
708	Other Government Grants					
711	Investment Income - Unrestricted	14,970			377	
714	Fraud Recovery	-				
715	Other Revenue	4,820	51,601		166,318	
720	Investment Income - Restricted					
700	TOTAL REVENUE	7,182,773	51,601	229,853	876,470	77,110
911	Admin Salaries	298,185		12,682	93,619	
912	Audit				17,250	
913	Management Fee	934,652			13,239	
913.1	Bookkeeping Fee	53,390				
914	Advertising and Marketing	100			32	
915	Employee Benefits	134,412		4,012		
916	Office Expenses	326,063	628		34,673	
917	Legal Expense	4,329			105	
918	Travel	2,645			1,931	
919	Other	4,235				
	Total Operating - Admin.	1,758,011	628	16,694	160,849	-
920	Asset Management Fee	78,393			17,264	
921	Tenant Services - Salaries	-				46,933
922	Relocation Costs	390				
923	Employee Benefit Contributions - Tenant Services	-				25,263
924	Tenant Services - Other	3,822				4,914
925	Total Tenant Services	4,212	-	-	-	77,110
931	Water	176,941	4,117		83,952	
932	Electricity	310,909	12,155		11,117	
933	Gas	185,875	10,495		26,641	
936	Sewer	315,595	8,636		114,170	
930	Total Utilities	989,320	35,403	-	235,880	-

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2023

Line item	Account Description	Project	Business Activities	Mainstream Vouchers	Component Unit - Blended	Family Self-Sufficiency
941	Ordinary Maint. & Operations - Labor	333,233			149,908	
942	Ordinary Maint. & Operations - Materials & Other	207,868	63		13,353	
943	Ordinary Maint. & Operations - Contracts	960,169	16,221		372,867	
945	Employee Benefits Contributions - Ordinary Maint.	147,660				
940	Total Maintenance	1,648,930	16,284	-	536,128	-
952	Protective Services - Other Contract Costs	58,924				
950	Total Protective Services	58,924	-	-	-	-
961.1	Property Insurance	101,648	3,460		53,317	
961.2	Insurance - Liab. Insurance	60,019	2,845			
961.3	Workmen's Compensation	2,968				
961	Total Insurance	164,635	6,305	-	53,317	-
962	Other General Expenses	524,011				
962.1	Compensated Absences	2,454				
964	Bad Debt - Tenant Rents	95,742			21,507	
960	Total Other General Expenses	622,207	-	-	21,507	-
967.1	Interest of Mortgage Payable				48,600	
967.1	Interest on Notes Payable					
967.3	Amortization of Bond Issue Costs				12,978	
967	Total Interest Expense and Amortization Cost	-	-	-	61,578	-
	TOTAL OPERATING EXPENSES	5,324,632	58,620	16,694	1,086,523	77,110
970	Excess Operating Revenue over Expenses	1,858,141	(7,019)	213,159	(210,053)	-
971	Extraordinary Maintenance	1,766,313				
972	Causality Losses - Non-Capital	21,517				
973	Housing Assistance Payments			197,294		
974	Depreciation Expense	923,014			1,018,713	
900	TOTAL EXPENSES	8,035,476	58,620	213,988	2,105,236	77,110
1001	Operating Transfer In	178,145				
1002	Operating Transfer Out	(178,145)				
10091	Inter Project Excess Cash Transfer In	70,264				
10092	Inter Project Excess Cash Transfer Out	(70,264)				
1010	Total Other Financing Sources (Uses)	-	-	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (852,703)	$ (7,019)	$ 15,865	$(1,228,766)	$ -

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2023

Line item	Account Description	Resident Opportunity and Supportive Services	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Shelter Plus Care
703	Net Tenant Rental Revenue				
704	Tenant Revenue - Other				
705	Total Tenant Revenue	-	-	-	-
706	HUD PHA Operating Grants	38,807		4,552,548	
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants				102,463
711	Investment Income - Unrestricted			3,387	
714	Fraud Recovery			850	
715	Other Revenue			9,975	
720	Investment Income - Restricted		48,979		
700	TOTAL REVENUE	38,807	48,979	4,566,760	102,463
911	Admin Salaries			196,853	
912	Audit				
913	Management Fee			116,368	
913.1	Bookkeeping Fee			66,022	
914	Advertising and Marketing			106	
915	Employee Benefits			73,613	
916	Office Expenses			128,523	203
917	Legal Expense				
918	Travel			576	
919	Other			5,289	
	Total Operating - Admin.	-	-	587,350	203
920	Asset Management Fee				
921	Tenant Services - Salaries	32,688			
922	Relocation Costs				
923	Employee Benefit Contributions - Tenant Services	3,237			
924	Tenant Services - Other	2,882			
925	Total Tenant Services	38,807	-	-	-
931	Water				
932	Electricity				
933	Gas				
936	Sewer				
930	Total Utilities	-	-	-	-

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2023

Line item	Account Description	Resident Opportunity and Supportive Services	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Shelter Plus Care
941	Ordinary Maint. & Operations - Labor				
942	Ordinary Maint. & Operations - Materials & Other			2,290	
943	Ordinary Maint. & Operations - Contracts			4,244	
945	Employee Benefits Contributions - Ordinary Maint.				
940	Total Maintenance	-	-	6,534	-
952	Protective Services - Other Contract Costs			7,364	
950	Total Protective Services	-	-	7,364	-
961.1	Property Insurance			4,600	
961.2	Insurance - Liab. Insurance			241	
961.3	Workmen's Compensation			1,259	
961	Total Insurance	-	-	6,100	-
962	Other General Expenses			8,728	3,540
962.1	Compensated Absences				
964	Bad Debt - Tenant Rents				
960	Total Other General Expenses	-	-	8,728	3,540
967.1	Interest of Mortgage Payable		11,476		
967.1	Interest on Notes Payable				
967.3	Amortization of Bond Issue Costs				
967	Total Interest Expense and Amortization Cost	-	11,476	-	-
	TOTAL OPERATING EXPENSES	38,807	11,476	616,076	3,743
970	Excess Operating Revenue over Expenses	-	37,503	3,950,684	98,720
971	Extraordinary Maintenance				
972	Causality Losses - Non-Capital				
973	Housing Assistance Payments			4,116,745	88,630
974	Depreciation Expense		79,391	8,348	
900	TOTAL EXPENSES	38,807	90,867	4,741,169	92,373
1001	Operating Transfer In				
1002	Operating Transfer Out				
10091	Inter Project Excess Cash Transfer In				
10092	Inter Project Excess Cash Transfer Out				
1010	Total Other Financing Sources (Uses)	-	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ -	$ (41,888)	$ (174,409)	$ 10,090

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2023

Line item	Account Description	COCC	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue		$ 2,288,161		$ 2,288,161
704	Tenant Revenue - Other		61,362		61,362
705	Total Tenant Revenue	-	2,349,523	-	2,349,523
706	HUD PHA Operating Grants		10,246,398		10,246,398
706.1	Capital Grants		175,155		175,155
707.1	Management Fee	1,056,598	1,056,598	(1,056,598)	-
707.2	Asset Management Fee	76,405	76,405	(76,405)	-
707.3	Bookkeeping Fee	119,412	119,412	(119,412)	-
708	Other Government Grants		102,463		102,463
711	Investment Income - Unrestricted	3,492	22,226		22,226
714	Fraud Recovery		850		850
715	Other Revenue	41,193	273,907		273,907
720	Investment Income - Restricted		48,979	(48,600)	379
700	TOTAL REVENUE	1,297,100	14,471,916	(1,301,015)	13,170,901
911	Admin Salaries	500,200	1,101,539		1,101,539
912	Audit		17,250		17,250
913	Management Fee		1,064,259	(1,056,598)	7,661
913.1	Bookkeeping Fee		119,412	(119,412)	-
914	Advertising and Marketing	524	762		762
915	Employee Benefits	164,844	376,881		376,881
916	Office Expenses	119,887	609,977		609,977
917	Legal Expense	42,641	47,075		47,075
918	Travel	14,196	19,348		19,348
919	Other	69,007	78,531		78,531
	Total Operating - Admin.	911,299	3,435,034	(1,176,010)	2,259,024
920	Asset Management Fee		95,657	(76,405)	19,252
921	Tenant Services - Salaries		79,621		79,621
922	Relocation Costs		390		390
923	Employee Benefit Contributions - Tenant Services		28,500		28,500
924	Tenant Services - Other	959	12,577		12,577
925	Total Tenant Services	959	121,088	-	121,088
931	Water	5,560	270,570		270,570
932	Electricity	14,627	348,808		348,808
933	Gas	9,113	232,124		232,124
936	Sewer	3,606	442,007		442,007
930	Total Utilities	32,906	1,293,509	-	1,293,509

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2023

Line item	Account Description	COCC	Subtotal	Elimination	Total
941	Ordinary Maint. & Operations - Labor		483,141		483,141
942	Ordinary Maint. & Operations - Materials & Other	11,626	235,200		235,200
943	Ordinary Maint. & Operations - Contracts	58,189	1,411,690		1,411,690
945	Employee Benefits Contributions - Ordinary Maint.		147,660		147,660
940	Total Maintenance	69,815	2,277,691	-	2,277,691
952	Protective Services - Other Contract Costs	7,367	73,655		73,655
950	Total Protective Services	7,367	73,655	-	73,655
961.1	Property Insurance	9,067	172,092		172,092
961.2	Insurance - Liab. Insurance	6,012	69,117		69,117
961.3	Workmen's Compensation	3,531	7,758		7,758
961	Total Insurance	18,610	248,967	-	248,967
962	Other General Expenses	14,263	550,542		550,542
962.1	Compensated Absences	16,723	19,177		19,177
964	Bad Debt - Tenant Rents		117,249		117,249
960	Total Other General Expenses	30,986	686,968	-	686,968
967.1	Interest of Mortgage Payable	39,146	99,222	(48,600)	50,622
967.1	Interest on Notes Payable				
967.3	Amortization of Bond Issue Costs		12,978		12,978
967	Total Interest Expense and Amortization Cost	39,146	112,200	(48,600)	63,600
	TOTAL OPERATING EXPENSES	1,111,088	8,344,769	(1,301,015)	7,043,754
970	Excess Operating Revenue over Expenses	186,012	6,127,147	-	6,127,147
971	Extraordinary Maintenance		1,766,313		1,766,313
972	Causality Losses - Non-Capital		21,517		21,517
973	Housing Assistance Payments		4,402,669		4,402,669
974	Depreciation Expense	65,192	2,094,658		2,094,658
900	TOTAL EXPENSES	1,176,280	16,629,926	(1,301,015)	15,328,911
1001	Operating Transfer In		178,145	(178,145)	-
1002	Operating Transfer Out		(178,145)	178,145	-
10091	Inter Project Excess Cash Transfer In		70,264	(70,264)	-
10092	Inter Project Excess Cash Transfer Out		(70,264)	70,264	-
1010	Total Other Financing Sources (Uses)	-	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 120,820	$ (2,158,010)	$ -	$(2,158,010)

See Auditor's Report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Springfield Metropolitan Housing Authority
Clark County
2026 West Main Street
Springfield, Ohio 45502

To the Board of Trustees

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the business-type activities of the Springfield Metropolitan Housing Authority, Clark County, (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated April 1, 2024. My report refers to other auditors who audited the financial statements of Lincoln Park Housing Partnership LP, Lincoln Park Housing Partnership II LP, and Lincoln Park Housing Partnership III LP, as described in my report on the Authority's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of Lincoln Park Housing Partnership LP, Lincoln Park Housing Partnership II LP, and Lincoln Park Housing Partnership III LP were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies described in the accompanying schedule of findings as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying schedule of findings as items 2023-003; 2023-004 and 2023-005 to be significant deficiencies.

Report on Compliance and Other Matters

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

I noted certain matters that I reported to management of the Authority's in a separate letter dated April 1, 2024.

Purpose of This Report

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

Kevin L. Penn, Inc.
Cleveland, Ohio

April 1, 2024

Kevin L.
Penn, Inc.

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

Springfield Metropolitan Housing Authority
Clark County
2026 West Main Street
Springfield, Ohio 45502

To the Board of Trustees

Report on Compliance for each Major Federal Program

I have audited Springfield Metropolitan Housing Authority, Clark County's, (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Springfield Metropolitan Housing Authority's major federal programs for the year ended September 30, 2023. Springfield Metropolitan Housing Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In my opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Authority's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

My consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2023-003; 2023-004 and 2023-005, to be significant deficiencies.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the internal control over compliance findings identified in my audit described in the accompanying schedule of findings and corrective action plan. The Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the responses.

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

Kevin L. Penn, Inc.
Cleveland, Oho

April 1, 2024

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant Deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	Yes
Identification of major programs:	
14.850	Public and Indian Housing
14.872	Capital Funds
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > $750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2023

2023-001

Section II - Financial Statement Findings

Financial Statements

Condition:

The year-end financial statements generated from the general ledger, that were prepared and presented for the audit contained errors and inconsistencies. Also, from my consideration of internal control over the preparation of financial statements for the purpose of planning my audit, I believe that the cause of the errors and inconsistencies was the inadequately designed control policies and procedures related to the preparation of the financial statements. As a result, the following were noted:

1. Total cash and cash equivalents were overstated by $8,554. An unreconciled difference that appears immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent.
2. Total accounts receivable – tenants were overstated by $20,220.
3. Total prepaid expenses are overstated by $37,540.
4. Total furniture, equipment and machinery was overstated by $17,051.
5. Total unearned revenue was overstated by $70,959.
6. Insurance proceeds in the amount of $185,818 and the related disbursement of the proceeds were not recorded in the general ledger.

Criteria:

The internal controls established by management, pertaining to the year-end financial statements should operate in a matter which should prevent or detect errors and inconsistencies.

Cause:

A deficiency in internal controls over financial reporting.

Effect:

1. Total cash and cash equivalents were overstated by $8,554.
2. Total accounts receivable – tenants were overstated by $20,220.
3. Total prepaid expenses are overstated by $37,540.
4. Total furniture, equipment and machinery was overstated by $17,051.
5. Total unearned revenue was overstated by $70,959.
6. Total revenue and expenditures were understated by $185,818.

<u>Section II - Financial Statement Findings</u>

2023-001

Financial Statements (continued)

Recommendation:

I recommend that the Public Housing Authority should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, the Public Housing Authority should consider where errors could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error on a timely basis.

Views of Responsible Officials and Planned Corrective Actions:

Agency will ensure all Assets, Liability, Revenue, Expense accounts are reconciled monthly. And supporting schedules agree to general ledger.

2023-002

Accounts Receivable - Tenants

Condition:

During the testing of accounts receivable tenants, there were thirty (30) instances out of thirty (30) transactions tested, whereby, the tenant balance reported on the Resident Ledger did not agree with the tenant balance reported on the Aged Receivable Report as of September 30, 2023.

Criteria:

The Resident Ledger should agree to the Aged Receivable report at the end of each month.

Cause:

The Resident Ledgers were not reconciled to the Aged Receivable report.

Effect:

The thirty (30) resident ledgers tested, resulted an overstatement of $20,220 in the tenant receivable balances reported on the Aged Receivable report.

Recommendation:

I recommend that the receivable balance reported on the Resident Ledger should be reconciled to the balance reported on the Aged Receivable tenant report. Performing this procedure will reduce the risk of the Aged Receivable tenant report, being overstated.

Section II - Financial Statement Findings

2023-002

Accounts Receivable - Tenants (continued)

Views of Responsible Officials and Planned Corrective Actions:

Agency will ensure AR tenants are reconciled monthly and supporting schedule agree to general ledger.

Section III - Federal Award Findings

2023-003

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files

Condition:

Move-ins:

1. In three (3) instances out of ten (10) tenant files tested, the inspection report was not maintained in the tenant's file.
2. In two (2) instances out of ten (10) tenant files tested, the application was not maintained in the tenant's file.
3. In two (2) instances out of ten (10) tenant files tested, the rent amount recorded on the lease agreement did not agree with the rent indicated on the Family Report.
4. In two (2) instances out of ten (10) tenant files tested, the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not maintained in the tenant's file.
5. In two (2) instances out of ten (10) tenant files tested, the Community Service & Self-Sufficiency Requirement Certification, was not maintained in the tenant's file.
6. In one (1) instance out of ten (10) tenant files tested, the Lease Addendum was not maintained in the tenant's file.
7. In one (1) instance out of ten (10) tenant files tested, the document requiring the Tenant to select either "30% of income-based rent" or "Flat Rent", did not indicate the Tenant's rent amount.
8. In one (1) instance out of ten (10) tenant files tested, the document requiring the Tenant to select either "30% of income-based rent" or "Flat Rent", was voided. In addition, the rent indicated, did not agree to the Family Report.

<u>Section III - Federal Award Findings</u>

2023-003

<u>U.S. Department of Housing and Urban Development</u>
<u>Public Housing and Indian Housing</u>

Tenant Files (continued)

Condition:

<u>Move-ins:</u>

9. In one (1) instance out of ten (10) tenant files tested, the birth certificate and social security card was not maintained in the tenant's file.

10. In one (1) instance out of ten (10) tenant files tested, the Declaration of Section 214 status was not maintained in the tenant's file.

11. In one (1) instance out of ten (10) tenant files tested, the Race and Ethnic Data Report Form was not maintained in the tenant's file.

12. In one (1) instance out of ten (10) tenant files tested, the annual income reported on the Family Report was $25,101; however, the supporting documentation was for $26,211.64.

13. In one (1) instance out of ten (10) tenant files tested, the “Wait List” did not indicate the present of the tenant, being processed in the computer system.

<u>Recertification:</u>

1. In ten (10) instances out of twenty-five (25) tenant files tested, the inspection report was not maintained in the tenant’s file.

2. In seven (7) instances out of twenty-five (25) tenant files tested, the "Lease Addendum" - Violence Against Women Act of 2013, was not maintained in the tenant’s file. the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not maintained in the tenant’s file.

3. In five (5) instances out of twenty-five (25) tenant files tested, the Community Service & Self-Sufficiency Requirement Certification, was not maintained in the tenant’s file.

4. In two (2) instances out of twenty-five (25) tenant files tested, the Community Service Exemption Certification, was not maintained in the tenant’s file.

Section III - Federal Award Findings

2023-003

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files (continued)

Recertification:

5. In one (1) instance out of twenty-five (25) tenant files tested, the "Smoke-Free Policy", was not maintained in the tenant's file.

6. In one (1) instance out of twenty-five (25) tenant files tested, the document requiring the Tenant to select either "30% of income-based rent" or "Flat Rent", was not maintained in the tenant's file.

7. In one (1) instance out of twenty-five (25) tenant files tested, the annual recertification date was August 1, 2023; however, the annual recertification was not performed, until October 1, 2023.

8. There was one instance in which the tenant file could not be located, supporting that an annual recertification was performed.

Criteria:

HUD regulations require the PHA to inspect each dwelling unit prior to move-in, at move-out, and annually during occupancy. The lease must require the PHA and the family to inspect the dwelling unit prior to occupancy in order to determine the condition of the unit and equipment in the unit. A copy of the initial inspection, signed by the PHA and the tenant, must be provided to the tenant and retained in the resident file.

1. The Lease Addendum – Violence Against Women Act of 2013 form, must be signed by the landlord and tenant, prior to the PHA making a subsidy payment to the landlord.

2. The Community Service & Self-Sufficiency Requirement Certification and Community Service Exemption Certification, must be completed and signed by a nonexempt tenant and retained in the resident file.

3. Family must submit an application that provides the PHA with the information needed to determine the family's eligibility. The application must be signed by the applicant and retained in the resident file.

4. HUD requires the PHA to place all eligible families that apply for public housing on a waiting list.

5. To be eligible for the Public Housing program, the applicant must provide a social security number for each household member.

6. HUD requires a certificate of birth or valid driver license as a source for verification of legal identity for adults.

<u>Section III - Federal Award Findings</u>

2023-003

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files (continued)

Criteria:

7. HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

8. HUD requires that income received by all family members must be counted unless specifically excluded by the regulations.

9. HUD requires that the PHA offer all families the choice of paying income-based rent or flat rent at least annually. The tenant selection must be signed and retained in the resident file.

10. The rent amount indicated on the lease agreement should agree to the tenant's rent identified I the Family Report.

11. The Race and Ethnic Data report should be signed by the tenant and retained in the resident file.

12. HUD requires the adoption of a smoke-free policy. The policy must signed by the tenant and retained in the resident file.

13. HUD requires a full reexamination be conducted at least once a year for families paying income-based rents.

14. The PHA is required to reexamine each family's income and composition periodically, and to adjust the family's rent accordingly. PHAs must adopt policies for conducting annual and interim reexaminations that are consistent with regulatory requirements, and must conduct reexaminations in accordance with such policies [24 CFR 960.257(c)].

Effect:

Tenant files were not always processed and maintained in accordance with guidelines established by the Department of HUD.

Context:

Tenant files tested consisted of move-ins, recertifications and move-outs.

<u>Section III - Federal Award Findings</u>

2023-003

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files (continued)

Population Size

Number: 168 Move-in and 675 Annual tenant files. Dollar Amount: $1,580,714.

Sample

Number: 40 tenant files tested. Dollar Amount: $75,000.

Items Not in Compliance

Number: 18 non-compliance findings Dollar Amount: $15,556.

Questioned Costs

There were no questioned costs.

Cause:

Lack of internal controls, regarding the monitoring of tenant files.

Recommendation:

In order to be in compliance with guidelines established by the Department of Housing and Urban Development and the ACOP, I recommend that Springfield Metropolitan Housing Authority, perform the following procedures, during the move-in process and the annual recertification process:

1. HUD regulations require the PHA to inspect each dwelling unit prior to move-in, at move-out, and annually during occupancy. The lease must require the PHA and the family to inspect the dwelling unit prior to occupancy in order to determine the condition of the unit and equipment in the unit. A copy of the initial inspection, signed by the PHA and the tenant, must be provided to the tenant and retained in the resident file.

2. The Lease Addendum – Violence Against Women Act of 2013 form, must be signed by the landlord and tenant, prior to the PHA making a subsidy payment to the landlord.

3. The Community Service & Self-Sufficiency Requirement Certification and Community Service Exemption Certification, must be completed and signed by a nonexempt tenant and retained in the resident file.

Section III - Federal Award Findings

2023-003

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files (continued)

Recommendation:

4. Family must submit an application that provides the PHA with the information needed to determine the family's eligibility. The application must be signed by the applicant and retained in the resident file.

5. HUD requires the PHA to place all eligible families that apply for public housing on a waiting list.

6. To be eligible for the Public Housing program, the applicant must provide a social security number for each household member.

7. HUD requires a certificate of birth or valid driver license as a source for verification of legal identity for adults.

8. HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

9. HUD requires that income received by all family members must be counted unless specifically excluded by the regulations.

10. HUD requires that the PHA offer all families the choice of paying income-based rent or flat rent at least annually. The tenant selection must be signed and retained in the resident file.

11. The rent amount indicated on the lease agreement should agree to the tenant's rent identified I the Family Report.

12. The Race and Ethnic Data report should be signed by the tenant and retained in the resident file.

13. HUD requires the adoption of a smoke-free policy. The policy must signed by the tenant and retained in the resident file.

14. HUD requires a full reexamination be conducted at least once a year for families paying income- based rents.

Section III - Federal Award Findings

2023-003

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files (continued)

Recommendation:

15. The PHA is required to reexamine each family's income and composition periodically, and to adjust the family's rent accordingly. PHAs must adopt policies for conducting annual and interim reexaminations that are consistent with regulatory requirements, and must conduct reexaminations in accordance with such policies [24 CFR 960.257(c)].

By performing these procedures, the risk of incurring questioned costs will be significantly reduced.

Views of Responsible Officials and Planned Corrective Actions:

Agency will provide update training and standard of operation procedures for all staff.

2023-004

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Participation Funds

Condition:

There are three Resident Council bank accounts maintained by Springfield MHA; however, there are only two written Tenant Participation Funds agreement. The two agreements were established in August of 2023. Prior to August of 2023 there were no written Tenant Participation Funds agreements established. In addition, there was no budget approved and funds were disbursed from two of the Resident Council bank accounts, by Springfield MHA.

Criteria:

When tenant participation funds are provided to a PHA, the PHA must provide those funds to duly elected resident councils. Funding provided by a PHA to a duly elected resident council may be made only under a written agreement between the PHA and the resident council that includes a resident council budget.

Section III - Federal Award Findings

2023-004

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Participation Funds (continued)

Effect:

There was no written Tenant Participation Funds agreement, established for the first ten (10) months of the 2023 fiscal year for two (2) of the Resident Councils and no written Tenant Participation Funds agreement has been established for the third Resident Council. In addition, there were funds disbursed and deposited, into the Resident Council's bank account, during the 2023 fiscal year.

Context:

Written Tenant Participation Funds agreements established, during the 2023 fiscal year.

Population Size

Number: Two written Tenant Participation Funds agreements. Dollar Amount: $0.

Sample

Number: Two written Tenant Participation Funds agreements. Dollar Amount: $0.

Items Not in Compliance

Number: Two written Tenant Participation Funds agreements. Dollar Amount: $0.

Questioned Costs

There were no questioned costs.

Cause:

Lack of internal controls, regarding the proper establishment of Resident Council.

Section III - Federal Award Findings

2023-004

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Participation Funds (continued)

Recommendation:

In order to be in compliance with guidelines established by the Department of Housing and Urban Development, I recommend that Springfield MHA, enter into a written Tenant Participation Funds agreement with the third Resident Council, and ensure that each Resident Council has an approved budget and the disbursement of funds are within the approved budget.

Views of Responsible Officials and Planned Corrective Actions:

Agency will have all Tenant Participants agreement signed and maintained on file. Agency will agree on budget and implement monthly reconciliation of Tenant Participation funds.

2023-005

U.S. Department of Housing and Urban Development
Public Housing Capital Funds Program

Capital Fund Program Expenses

Condition:

There were one (1) instance out of thirteen (13) transactions selected for testing whereby, the payment to the Vendor was not processed within 3 business days of the funds being deposited into the bank account.

There were one (1) instance out of thirteen (13) transactions selected for testing whereby, the amount requested and deposited in the bank account, was only partially paid to the Vendor, within the required 3 business days. The balance of $5,260.17 was not paid to the Vendor as a result of receiving an early payment discount.

Criteria:

Cash Management: The funds are to be disbursed from the grantee's bank account within 3 business days (3 day Treasury Rule) of funds being deposited into the grantee's bank account from LOCCS.

The check issued should agree to the approved invoice received from the Vendor.

<u>Section III - Federal Award Findings</u>

2023-005

U.S. Department of Housing and Urban Development
Public Housing Capital Funds Program

Capital Fund Program Expenses (continued)

Effect:

Cash Management requirements were not always met.

Context:

Disbursement of Capital Funds drawdown requests.

Population Size

Number: 162 Capital Fund drawdowns. Dollar Amount: $2,565,417.

Sample

Number: 13 Capital Fund drawdowns tested. Dollar Amount: $956,747.

Items Not in Compliance

Number: 2 non-compliance findings Dollar Amount: $77,032.37.

Questioned Costs

There were no questioned costs.

Cause:

Lack of internal controls, regarding the administration Capital Funds being disbursed.

Recommendation:

In order to be in compliance with guidelines established by the Department of Housing and Urban Development, I recommend that Springfield MHA, disburse Capital Funds received, within 3 business days of funds being deposited into Authority's bank account from LOCCS.

Views of Responsible Officials and Planned Corrective Actions:

Agency will ensure all vendors are paid with 3 day window by include CFP invoices in weekly payment schedule.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

2022-001

Bank Reconciliation

Condition:

The bank reconciliations performed as of September 30, 2022 were not reconciled to the general ledger.

Recommendation:

I recommend that bank reconciliations should be reconciled to the general ledger on a monthly basis and proper due to and due from accounts be established to account for the transfers. Performing these procedures will reduce the risk of an overdrawn or overstated bank balance, during the fiscal year.

Current Status:

Finding has been corrected.

2022-002

Financial Statements

Condition:

The year-end financial statements generated from the general ledger, that were prepared and presented for the audit contained inconsistencies, in comparison to the financial statements submitted to the Auditor of State, via the Hinkle Submission and the Entity Wide Balance Sheet and Entity Wide Revenue and Expense Summary, submitted via the Financial Assessment Subsystem.

Recommendation:

I recommend that the Public Housing Authority should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, the Public Housing Authority should consider where errors could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error on a timely basis.

Current Status:

The finding has been repeated.

2022-003

Accounts Receivable - Tenants

Condition:

During the testing of accounts receivable tenants, there were twenty-two (22) instances out of twenty-six (26) transactions tested, whereby, the tenant balance reported on the Resident Ledger did not agree with the tenant balance reported on the Aged Receivable Report as of September 30, 2022.

Recommendation:

I recommend that the receivable balance reported on the Resident Ledger should be reconciled to the balance reported on the Aged Receivable tenant report. Performing this procedure will reduce the risk of the Aged Receivable tenant report, being overstated.

Current Status:

The finding has been repeated.

2022-004

U.S. Department of Housing and Urban Development
Housing Choice Vouchers Cluster

Tenant Files

Condition:

Housing Choice Vouchers

Move-ins:

1. In two (2) instances out of ten (10) tenant files tested, the date on the lease agreement did not agreement to the effective move-in date.
2. In six (6) instances out of ten (10) tenant files tested, the lease agreement was not maintained in the tenant's file.
3. In one (1) instance out of ten (10) tenant files tested, the lease agreement did not indicate the initial lease date or the rent amount.

2022-004

U.S. Department of Housing and Urban Development
Housing Choice Vouchers Cluster

Tenant Files (continued)

Condition:

Housing Choice Vouchers

Move-ins:

4. In ten (10) instances out of ten (10) tenant files tested, the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not signed by the Landlord.
5. In four (4) instances out of ten (10) tenant files tested, the HAP Contract was not signed by the Owner.
6. In three (3) instances out of ten (10) tenant files tested, the Tenancy Addendum was not maintained in the tenant's file.
7. In two (2) instances out of ten (10) tenant files tested, the Voucher expired prior to the issuance of the Request for Tenancy Approval.
8. In one (1) instance out of ten (10) tenant files tested, the "Reasonableness Valuation" form was not maintained in the tenant's file.
9. In one (1) instance out of ten (10) tenant files tested, the "Addition to Landlord and Tenant Lease" was not maintained in the tenant's file.

Recertification:

1. In fifteen (15) instances out of twenty-five (25) tenant files selected for testing, that the notification of corrective actions was indicated to the Landlord, without indicating the number of days allowed for the correction.
2. In one (1) instance out of twenty-five (25) tenant files selected for testing, the annual recertification was not performed, during the 2022 fiscal year.
3. In one (1) instance out of twenty-four (24) tenant files selected for testing, the Authorization for the Release of Information (Form HUD-9886), was not dated by the tenant.
4. In two (2) instances out of twenty-four (24) tenant files selected for testing, the annual income was not verified in accordance to "Part III: Verifying Income and Assets – 7-III.A. Earned Income".

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2023

2022-004

U.S. Department of Housing and Urban Development
Housing Choice Vouchers Cluster

Tenant Files (continued)

Condition:

Housing Choice Vouchers

Recertification:

5. In four (4) instances out of twenty-four (24) tenant files selected for testing, the inspection report maintained in the tenant's file, indicated that the inspection failed and/or was inconclusive; therefore, no Pass inspection was obtained, prior to the tenant's effective move-in date.

Move-outs:

1. In four (4) out of five (5) tenant files, selected for testing, there was no notice sent to the landlord, indicating the termination date.

Recommendation:

In order to be in compliance with guidelines established by the Department of Housing and Urban Development, I recommend that Springfield Metropolitan Housing Authority 1) determines the rent reasonableness, prior to making a subsidy payment to the landlord; 2)obtain the tenant and landlord signature, prior to making a subsidy payment to the landlord; 3) obtain the lease-addendum – violence against women form, prior to making a subsidy payment to the landlord; 4) The HAP should be signed by the tenant and the owner, prior to the tenant occupying the housing unit; 5) obtain the tenant's signature and date on the authorization for release of information, prior to requesting household income information, and 6) Annual income should be verified by the PHA, prior to the tenant occupying the housing unit. By performing these procedures, the risk of incurring questioned costs will be significantly reduced.

Current Status:

The finding has been corrected.

Springfield Metropolitan
HOUSING AUTHORITY

A New Foundation of Hope

2026 W. Main Street
Springfield, OH 45504
www.smhaohio.org

P: 937.325.7331
F: 937.325.3657
spgfldhousing@smhaohio.org

Corrective Action Plan
September 30, 2023

Name of auditee: Springfield Metropolitan Housing Authority

HUD auditee identification number: OH021

Name of audit firm: Kevin L. Penn, Inc.

Period covered by the audit: Fiscal Year Ended September 30, 2023

CAP prepared by:

Michelle Lee-Hall
Executive Director
(937) 325-7331

1. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation

a. Finding 2023-001.

Financial Statement Findings

Financial Statements

The year-end financial statements generated from the general ledger, that were prepared and presented for the audit contained errors and inconsistencies. Also, from my consideration of internal control over the preparation of financial statements for the purpose of planning my audit, I believe that the cause of the errors and inconsistencies was the inadequately designed control policies and procedures related to the preparation of the financial statements. As a result, the following were noted:

1. Total cash and cash equivalents were overstated by $8,554. An unreconciled difference that appears immaterial can obscure significant but offsetting items (such as bank errors orimproperly recorded transactions) that would be a cause for investigation if the items were apparent.
2. Total accounts receivable – tenants were overstated by $20,220.
3. Total prepaid expenses are overstated by $37,540.
4. Total furniture, equipment and machinery was overstated by $17,051.
5. Total unearned revenue was overstated by $70,959.
6. Insurance proceeds in the amount of $185,818 and the related disbursement of the proceeds were not recorded in the general ledger.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that the Public Housing Authority should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, the Public Housing Authority should consider where errors could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error on a timely basis.

(2) Actions Taken on the Finding.

Agency will ensure all Assets, Liability, Revenue, Expense accounts are reconciled monthly. And supporting schedules agree to general ledger.

2. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation

b. Finding 2023-002.

Financial Statement Findings

Accounts Receivable - Tenants

The During the testing of accounts receivable tenants, there were thirty (30) instances out of thirty (30) transactions tested, whereby, the tenant balance reported on the Resident Ledger did not agree with the tenant balance reported on the Aged Receivable Report as of September 30, 2023.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that the receivable balance reported on the Resident Ledger should be reconciled to the balance reported on the Aged Receivable tenant report. Performing this procedure will reduce the risk of the Aged Receivable tenant report, being overstated.

(2) Actions Taken on the Finding.

Agency will ensure AR tenants are reconciled monthly and supporting schedule agree to general ledger

3. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation

c. Finding 2023-003.

Federal Award Findings

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Files

Move-ins:

1. In three (3) instances out of ten (10) tenant files tested, the inspection report was not maintained in the tenant's file.
2. In two (2) instances out of ten (10) tenant files tested, the application was not maintained in the tenant's file.
3. In two (2) instances out of ten (10) tenant files tested, the rent amount recorded on the lease agreement did not agree with the rent indicated on the Family Report.
4. In two (2) instances out of ten (10) tenant files tested, the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not maintained in the tenant's file.
5. In two (2) instances out of ten (10) tenant files tested, the Community Service & Self-Sufficiency Requirement Certification, was not maintained in the tenant's file.
6. In one (1) instance out of ten (10) tenant files tested, the Lease Addendum was not maintained in the tenant's file.
7. In one (1) instance out of ten (10) tenant files tested, the document requiring the Tenant to select either "30% of income-based rent" or "Flat Rent", did not indicate the Tenant's rent amount.
8. In one (1) instance out of ten (10) tenant files tested, the document requiring the Tenant to select either "30% of income-based rent" or "Flat Rent", was voided. In addition, the rent indicated, did not agree to the Family Report.
9. In one (1) instance out of ten (10) tenant files tested, the birth certificate and social security card was not maintained in the tenant's file.
10. In one (1) instance out of ten (10) tenant files tested, the Declaration of Section 214 status was not maintained in the tenant's file.
11. In one (1) instance out of ten (10) tenant files tested, the Race and Ethnic Data Report Form was not maintained in the tenant's file.
12. In one (1) instance out of ten (10) tenant files tested, the annual income reported on the Family Report was $25,101; however, the supporting documentation was for $26,211.64.
13. In one (1) instance out of ten (10) tenant files tested, the "Wait List" did not indicate the present of the tenant, being processed in the computer system.

Recertification:

1. In ten (10) instances out of twenty-five (25) tenant files tested, the inspection report was not maintained in the tenant's file.

2. In seven (7) instances out of twenty-five (25) tenant files tested, the "Lease Addendum" - Violence Against Women Act of 2013, was not maintained in the tenant's file. the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not maintained in the tenant's file.

3. In five (5) instances out of twenty-five (25) tenant files tested, the Community Service & Self-Sufficiency Requirement Certification, was not maintained in the tenant's file.

4. In two (2) instances out of twenty-five (25) tenant files tested, the Community Service Exemption Certification, was not maintained in the tenant's file.

5. In one (1) instance out of twenty-five (25) tenant files tested, the "Smoke-Free Policy", was not maintained in the tenant's file.

6. In one (1) instance out of twenty-five (25) tenant files tested, the document requiring the Tenant to select either "30% of income-based rent" or "Flat Rent", was not maintained in the tenant's file.

7. In one (1) instance out of twenty-five (25) tenant files tested, the annual recertification date was August 1, 2023; however, the annual recertification was not performed, until October 1, 2023.

8. There was one instance in which the tenant file could not be located, supporting that an annual recertification was performed.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that the that Springfield Metropolitan Housing Authority, perform the following procedures, during the move-in process and the annual recertification process:

1. HUD regulations require the PHA to inspect each dwelling unit prior to move-in, at move-out, and annually during occupancy. The lease must require the PHA and the family to inspect the dwelling unit prior to occupancy in order to determine the condition of the unit and equipment in the unit. A copy of the initial inspection, signed by the PHA and the tenant, must be provided to the tenant and retained in the resident file.

2. The Lease Addendum – Violence Against Women Act of 2013 form, must be signed by the landlord and tenant, prior to the PHA making a subsidy payment to the landlord.

3. The Community Service & Self-Sufficiency Requirement Certification and Community Service Exemption Certification, must be completed and signed by a nonexempt tenant and retained in the resident file.

4. Family must submit an application that provides the PHA with the information needed to determine the family's eligibility. The application must be signed by the applicant and retained in the resident file.

5. HUD requires the PHA to place all eligible families that apply for public housing on a waiting list.

6. To be eligible for the Public Housing program, the applicant must provide a social security number for each household member.

7. HUD requires a certificate of birth or valid driver license as a source for verification of legal identity for adults.

8. HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors.

9. HUD requires that income received by all family members must be counted unless specifically excluded by the regulations.

10. HUD requires that the PHA offer all families the choice of paying income-based rent or flat rent at least annually. The tenant selection must be signed and retained in the resident file.

11. The rent amount indicated on the lease agreement should agree to the tenant's rent identified I the Family Report.

12. The Race and Ethnic Data report should be signed by the tenant and retained in the resident file.

13. HUD requires the adoption of a smoke-free policy. The policy must signed by the tenant and retained in the resident file.

14. HUD requires a full reexamination be conducted at least once a year for families paying income- based rents.

15. The PHA is required to reexamine each family's income and composition periodically, and to adjust the family's rent accordingly. PHAs must adopt policies for conducting annual and interim reexaminations that are consistent with regulatory requirements, and must conduct reexaminations in accordance with such policies [24 CFR 960.257(c)].

(2) Actions Taken on the Finding.

Agency will provide update training and standard of operation procedures for all staff.

4. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation

d. Finding 2023-004.

Federal Award Findings

U.S. Department of Housing and Urban Development
Public Housing and Indian Housing

Tenant Participation Funds

There are three Resident Council bank accounts maintained by Springfield MHA; however, there are only two written Tenant Participation Funds agreement. The two agreements were established in August of 2023. Prior to August of 2023 there were no written Tenant Participation Funds agreements established. In addition, there was no budget approved and funds were disbursed from two of the Resident Council bank accounts, by Springfield MHA.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that Springfield MHA, enter into a written Tenant Participation Funds agreement with the third Resident Council, and ensure that each Resident Council has an approved budget and the disbursement of funds are within the approved budget.

(2) Actions Taken on the Finding.

Agency will have all Tenant Participants agreement signed and maintained on file. Agency will agree on budget and implement monthly reconciliation of Tenant Participation funds.

5. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation

e. Finding 2023-005.

Federal Award Findings

U.S. Department of Housing and Urban Development
Public Housing Capital Funds Program

Capital Fund Program Expenses

There were one (1) instance out of thirteen (13) transactions selected for testing whereby, the payment to the Vendor was not processed within 3 business days of the funds being deposited into the bank account.

There were one (1) instance out of thirteen (13) transactions selected for testing whereby, the amount requested and deposited in the bank account, was only partially paid to the Vendor, within the required 3 business days. The balance of $5,260.17 was not paid to the Vendor as a result of receiving an early payment discount.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that Springfield MHA, disburse Capital Funds received, within 3 business days of funds being deposited into Authority's bank account from LOCCS. In addition, amounts paid to the Vendor should agree with the amount of the Vendor's invoice.

(2) Actions Taken on the Finding.

Agency will ensure all vendors are paid with 3 day window by include CFP invoices in weekly payment schedule.

If there are any questions regarding this plan please call Michelle Lee-Hall, Executive Director at (937) 325-7331.

Sincerely yours,

Michelle Lee-Hall

Michelle Lee-Hall
Executive Director

OHIO AUDITOR OF STATE
KEITH FABER

SPRINGFIELD METROPOLITAN HOUSING AUTHORITY

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 5/7/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370