

SPRINGFIELD METROPOLITAN HOUSING AUTHORITY
CLARK COUNTY

Single Audit

For the Fiscal Year Ended September 30, 2024



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Board of Trustees
Springfield Metropolitan Housing Authority
2026 West Main Street
Springfield, Ohio 45502

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, 2023 through September 30, 2024. 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
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 24, 2025

**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, 2024, 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, except for the possible effects of the matter described in the Basis of Qualified Opinion section of my report, 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, 2024, 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 Qualified Opinions

Because of the inadequacy of accounting records for the fiscal year 2024, I was unable to obtain sufficient appropriate audit evidence regarding the amounts at which inventory was recorded in the Statement of Net Position at September 30, 2024 (stated at \$62,537).

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 49 percent, 23 percent, and 9 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 June 25, 2025, 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
June 25, 2025

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Springfield Metropolitan Housing Authority
Management's Discussion and Analysis -UNAUDITED
Fiscal Year Ended September 30, 2024

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, 2024. 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):

Net Investment in Capital Assets: 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.

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

Unrestricted Net Position: 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:

Public Housing – 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.

Housing Choice Voucher Program – 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.

Springfield Metropolitan Housing Authority
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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.

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.

FSS Escrow Forfeiture Account Program – through the Housing Choice Voucher and Low Rent Public Housing programs, the Family Self-Sufficiency program provides families opportunities for education, job training counseling and other support to help the families achieve self-sufficiency. As a participant's skills improve, earnings likely increase the participant's rent amount and under the program the increased rent amounts are placed into an escrow account for the family and upon graduation families withdraw funds from the escrow account. Escrows of participants failing to graduate or otherwise withdrawing from the program are forfeited to be used for the benefit of any FSS participant in good standing under the FSS Escrow Forfeiture Account program.

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, 2023.

FINANCIAL HIGHLIGHTS

During the fiscal year ending September 30, 2024:

- While total assets decreased \$1,613,057 (or 6%), current assets increased \$256,831 (or 8%), with the change primarily in prepaid expenses. Noncurrent assets decreased \$1,869,888 (or 8%) with the change closely corresponding to depreciation expense, indicating there was only modest spending on capital additions in the period.
- Current liabilities increased \$86,730 (or 11%), the result of timing between when invoices for goods and services are received to when the invoices are paid, and the extent to which current assets increased compared to the increase in current liabilities reflects the modestly favorable results from operations in the period. Noncurrent liabilities decreased \$747,925 (or 15%). Some of the reduction is due to routine payments on debt, but the largest part of the decrease is due the reduction in net pension liability and net OPEB liability, reported in accordance with GASB 68 and GASB 75 addressed later in this MD&A. As discussed later in this MD&A, this decrease in the net pension and net OPEB liability does not reflect changes in operations at the Authority and does not represent a decrease in a future outlay that will be required of the Authority.

Springfield Metropolitan Housing Authority
Management's Discussion and Analysis -UNAUDITED
Fiscal Year Ended September 30, 2024

- Total revenues increased by \$1,595,318 (or 12%). While tenant revenues and other revenues increased, the largest increase was in operating subsidies with the largest of those being the increase in funding for the Public Housing program and in funding from HUD to make rental assistance payments in the Housing Choice Voucher (HCV) program. Funding for the Public Housing program is determined via a formula set by HUD that considers the age and type of units the Authority has and inflation, along with trended occupancy rates and trended utility consumption and costs in the most recent previous periods. Increased occupancy rates and utility costs in those most recent periods contributed to the increase in subsidy for the Public Housing program in this fiscal period. The funding from HUD for the Authority to use to make rental assistance payments under the HCV program is provided based on spending for this purpose. So the increase in HCV revenue corresponded to increases in spending in the period.
- Total expenses increased by \$1,178,607 (8%). Administrative expenses increased \$295,118, primarily due to the Authority filling positions that had been vacant after finding quality candidates for the spots. General and insurance expense increased \$265,515 (27%). While the biggest increase in the category was in collection losses from former tenants, just about all line items in general and insurance expense increased, generally a reflection of inflationary pressures. Other expenses with larger increases were Housing Assistance Payments (HAP) expense and maintenance expense. HAP expense is the expense recorded when the Authority makes rental assistance payments on behalf of program participants in the Housing Choice Voucher program. The increase corresponds to an increase in utilization rate of the program, meaning the Authority helped more families in the period compared to the prior fiscal period. As was mentioned in the above paragraph, funding from HUD for this purpose also increased as the Authority reported spending for this purpose increased. The increase in maintenance expense was primarily due to an increase in spending of CFP grant funds. CFP grant funding is provided annually to the Authority based on a formula set by HUD that considers the age and construction type of the Authority owned Public Housing rental units. Typically the Authority has up to four years to spend CFP funding provided in any given year to allow time to plan and execute planned work items. The increase in CFP spending then indicates a routine fluctuation in when funds are awarded to the Authority and when the work items are carried out.

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:

Springfield Metropolitan Housing Authority
Management's Discussion and Analysis -UNAUDITED
Fiscal Year Ended September 30, 2024

	<u>2024</u>	<u>2023</u>	<u>Increase / (Decrease)</u>
Current Assets	\$ 3,598,719	\$ 3,341,888	\$ 256,831
Noncurrent Assets	21,014,294	22,884,182	(1,869,888)
Deferred Outflows of Resources	<u>790,986</u>	<u>1,442,399</u>	<u>(651,413)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 25,403,999</u>	<u>\$ 27,668,469</u>	<u>\$ (2,264,470)</u>
Current Liabilities	855,073	768,343	86,730
Noncurrent Liabilities	4,147,475	4,895,400	(747,925)
Deferred Inflows of Resources	<u>191,392</u>	<u>53,368</u>	<u>138,024</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,193,940</u>	<u>5,717,111</u>	<u>(523,171)</u>
Net Position:			
Net Investment in Capital Assets	20,215,599	21,083,471	(867,872)
Restricted Net Position	485,660	621,986	(136,326)
Unrestricted Net Position	<u>(491,200)</u>	<u>245,901</u>	<u>(737,101)</u>
Total Net Position	<u>20,210,059</u>	<u>21,951,358</u>	<u>(1,741,299)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>25,403,999</u>	<u>27,668,469</u>	<u>(2,264,470)</u>

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

The largest portion of the Authority's Net Position (97 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.

Springfield Metropolitan Housing Authority
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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.

Springfield Metropolitan Housing Authority
Management's Discussion and Analysis -UNAUDITED
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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:

	<u>2024</u>	<u>2023</u>	<u>Increase / (Decrease)</u>
<u>Revenues</u>			
Total Tenant Revenues	\$ 2,591,244	\$ 2,349,523	\$ 241,721
Operating Subsidies	11,344,396	10,286,981	1,057,415
Capital Grants	0	175,155	(175,155)
Investment Income	23,698	22,605	1,093
Other Revenues	745,001	274,757	470,244
Total Revenues	<u>14,704,339</u>	<u>13,109,021</u>	<u>1,595,318</u>
<u>Expenses</u>			
Administrative	2,573,394	2,278,276	295,118
Tenant Services	56,836	121,088	(64,252)
Utilities	1,102,843	1,293,509	(190,666)
Maintenance	4,633,287	4,003,641	629,646
Protective Services	103,531	73,655	29,876
General and Insurance	1,192,450	935,935	256,515
Housing Assistance Payments	4,747,149	4,402,669	344,480
Interest and Fiscal Charges	62,883	63,600	(717)
Depreciation	1,973,265	2,094,658	(121,393)
Total Expenses	<u>16,445,638</u>	<u>15,267,031</u>	<u>1,178,607</u>
Net Increases (Decreases)	<u>(1,741,299)</u>	<u>(2,158,010)</u>	416,711
Beginning Net Position	<u>21,951,358</u>	<u>24,109,368</u>	<u>(2,158,010)</u>
Ending Net Position	<u>\$ 20,210,059</u>	<u>\$ 21,951,358</u>	<u>\$ (1,741,299)</u>

For more detail information see Statement of Revenues, Expenses and Change in Net Position presented elsewhere in this report

Springfield Metropolitan Housing Authority
Management's Discussion and Analysis -UNAUDITED
Fiscal Year Ended September 30, 2024

Capital Assets

The following reconciliation summarizes the changes in capital assets:

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2024</u>	<u>2023</u>
Land	\$ 2,439,950	\$ 2,439,950
Building and Improvements & Construction in Progress	60,351,509	60,351,509
Right to Use - Leased Assets	105,617	113,417
Furniture, Equipment, and Machinery	2,588,823	2,536,290
Accumulated Depreciation	<u>(44,547,300)</u>	<u>(42,581,835)</u>
 Total	 <u><u>\$ 20,938,599</u></u>	 <u><u>\$ 22,859,331</u></u>
 Beginning Balance - September 30, 2023	 \$ 22,859,331	
Current year additions	\$ 52,533	
Current year depreciation expense	<u>(1,973,265)</u>	
 Ending Balance - September 30, 2024	 <u><u>\$ 20,938,599</u></u>	

Debt Outstanding

The Authority has \$1,000,000 debt plus \$173,504 of accrued interest payable outstanding at September 30, 2024, 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:

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>SMHA</u>	<u>Component Unit</u>	<u>Total Combined</u>
Beginning Balance - Debt plus Interest Payable	\$ 1,861,142	\$ 7,319,564	\$ 9,180,706
Increase in Accrued Interest Payable	14,488	49,119	63,607
Retired in Period	(56,598)	0	(56,598)
Rounding	<u>0</u>	<u>(1)</u>	<u>(1)</u>
 Ending Balance	 <u><u>\$ 1,819,032</u></u>	 <u><u>\$ 7,368,682</u></u>	 <u><u>\$ 9,187,714</u></u>

Springfield Metropolitan Housing Authority
Management's Discussion and Analysis -UNAUDITED
Fiscal Year Ended September 30, 2024

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 less than full eligibility for the low-income public housing program for calendar year 2024.
- ✓ 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, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 1,860,982
Restricted cash and cash equivalents	584,790
Receivables, net of allowance	624,809
Inventory, net of allowance	52,515
Prepaid expenses and other assets	475,623
<i>Total current assets</i>	<u>3,598,719</u>

Noncurrent assets

Capital assets, not depreciated	2,439,950
Capital assets, being depreciated, net of depreciation	18,498,649
Net OPEB Asset	75,695
<i>Total noncurrent assets</i>	<u>21,014,294</u>

TOTAL ASSETS

24,613,013

DEFERRED OUTFLOWS OF RESOURCES

Pension	720,464
OPEB	70,522
<i>TOTAL DEFERRED OUTFLOWS OF RESOURCES</i>	<u>790,986</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 25,403,999

See accompanying notes to the financial statements.

Continued

Springfield Metropolitan Housing Authority
Statement of Net Position
September 30, 2024

LIABILITIES

Current liabilities

Accounts payable	\$ 183,830
Accrued liabilities	246,073
Tenant security deposits	108,641
Unearned Revenue	84,774
Other Current Liability	175,340
Lease Payable - Current Portion	20,927
Long Term Debt - Current Portion	35,488
Total current liabilities	<u>855,073</u>

Noncurrent liabilities

Notes and loans payable	1,000,000
Long Term Debt - Net of Current Portion	631,214
Accrued compensated absences non-current	67,079
Lease Payable, Net of Current Portion	35,371
Net pension liability	2,354,928
Noncurrent liabilities - other	58,883
Total noncurrent liabilities	<u>4,147,475</u>

TOTAL LIABILITIES	<u>5,002,548</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	147,711
OPEB	43,681

TOTAL DEFERRED INFLOWS OF RESOURCES	<u>191,392</u>
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NET POSITION

Net investment in capital assets	20,215,599
Restricted net position	485,660
Unrestricted net position	(491,200)

Total net position	<u>20,210,059</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 25,403,999</u>
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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, 2024

OPERATING REVENUES

Tenant revenue	\$ 2,591,244
Government operating grants	11,344,396
Other revenue	745,001
Total operating revenues	<u>14,680,641</u>

OPERATING EXPENSES

Administrative	2,573,394
Tenant services	56,836
Utilities	1,102,843
Maintenance	4,633,287
Protective services	103,531
General and Insurance	1,192,450
Housing assistance payment	4,747,149
Depreciation	1,973,265
Total operating expenses	<u>16,382,755</u>
Operating Loss	<u>(1,702,114)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	23,698
Interest and Fiscal Charges	(62,883)
Total nonoperating revenues (expenses)	<u>(39,185)</u>
Change in net position	(1,741,299)
Beginning net position	21,951,358
Total net position - ending	<u>\$ 20,210,059</u>

See accompanying notes to the financial statements.

Springfield Metropolitan Housing Authority
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$ 11,364,587
Tenant revenue received	2,561,911
Other revenue received	670,304
General and administrative expenses paid	(9,825,379)
Housing assistance payments	(4,747,149)
Net cash used by operating activities	<u>24,274</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	23,270
Net cash provided by investing activities	<u>23,270</u>

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Interest and fiscal charges	(48,395)
Property and equipment acquisitions	(52,533)
Principal Paid on Debt	(35,424)
Principal Paid on Lease Liability	(21,174)
Net cash used by capital and related activities	<u>(157,526)</u>
Net decrease in cash	(109,982)

Cash and cash equivalents - Beginning of year	2,555,754
Cash and cash equivalents - End of year	<u><u>\$ 2,445,772</u></u>

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Loss	\$ (1,702,114)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	1,973,265
- (Increases) Decreases in Accounts Receivable	(69,201)
- (Increases) Decreases in Prepaid Assets	(272,333)
- (Increases) Decreases in Pension and OPEB Asset	(75,695)
- (Increases) Decreases in Deferred Outflows	651,413
- Increases (Decreases) in Accounts Payable	(29,588)
- Increases (Decreases) in Accrued Liabilities	31,815
- Increases (Decreases) in Other Current Liabilities	90,546
- Increases (Decreases) in Tenant Security Deposits	40,985
- Increases (Decreases) in Unearned Revenue	(55,623)
- Increases (Decreases) in Pension and OPEB Liability	(735,221)
- Increases (Decreases) in Accrued Compensated Absences	(20,132)
- Increases (Decreases) in Deferred Inflows	138,024
- Increases (Decreases) in Noncurrent Liabilities - Other	58,133
Net cash provided by operating activities	<u><u>\$ 24,274</u></u>

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 through 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)

Enterprise Fund (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 to 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 had to have met the provisions of these regulations during each of the 15 consecutive years through 2022 in order 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, 2023.

FSS Escrow Forfeiture Account Program – through the Housing Choice Voucher and Low Rent Public Housing programs, the Family Self-Sufficiency program provides families opportunities for education, job training counseling and other support to help the families achieve self-sufficiency. As a participant's skills improve, earnings likely increase the participant's rent amount and under the program the increased rent amounts are placed into an escrow account for the family and upon graduation families withdraw funds from the escrow account. Escrows of participants failing to graduate or otherwise withdrawing from the program are forfeited to be used for the benefit of any FSS participant in good standing under the FSS Escrow Forfeiture Account program.

1. 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Capital Assets

Capital assets over the Authority's capitalization threshold of \$5,000 are recorded at cost and 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.

1. 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, deferred outflows of resources, deferred inflows of resources, and 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 \$304,559 and for Housing Choice Voucher Program fraud recovery was \$12,597. Total accounts receivable net of allowance was \$624,809 at September 30, 2024 and is composed of:

Due from HUD	\$ 182,629
Due from other Governments	32,107
Due from tenants, Net of allowance	299,816
Other	110,257
	<u>\$ 624,809</u>

Inventory

Inventory consists of supplies and maintenance parts carried at cost and are expensed as they are consumed. The allowance for obsolete inventory was \$12,506 at September 30, 2024.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 until 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.

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 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, 2024, the carrying amount of the Authority's deposits totaled \$1,893,655 and its bank balances were \$2,162,263. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of September 30, 2024, \$1,666,922 was exposed to custodial credit risk as discussed below, as \$495,341 was covered by the Federal Depository Insurance Corporation. In addition, the financial statements include \$552,117 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 102% 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, 2023, 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 \$552,117.

Restricted Cash – Restricted cash consists of:

Security Deposits	\$ 108,641
Family Self-Sufficiency Escrows	58,883
Unspent Forfeited Family Self-Sufficiency Escrows	5,742
Component Unit Reserve Accounts	402,478
Unspent HAP Funding Advanced to the Authority	1,745
HAP Payable	7,301
	<u>\$ 584,790</u>

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 \$237,582 at September 30, 2024.

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 \$42,651 at September 30, 2024.

HOPE VI Loan – Lincoln Park Phase 1B

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 IB) 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 \$177,863 at September 30, 2024.

The Authority executed an additional promissory note with the partnership in December 2008. The total loan amount the Authority agreed to lend LPHIILP 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 \$127,955 at September 30, 2024.

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, 2024 was \$4,144,713. Accrued interest receivable on this loan was \$141,639 at September 30, 2024.

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, 2024:

	Balance 09/30/2023	Additions	Deletions	Balance 09/30/2024
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 2,439,950			\$ 2,439,950
Total Capital Assets Not Being Depreciated	2,439,950	0	0	2,439,950
<u>Capital Assets Being Depreciated</u>				
Intangible Right-to-use Lease - Equipment	113,417		(7,800)	105,617
Buildings and Improvements	60,351,509	0		60,351,509
Furniture, Equipment, and Machinery	2,536,290	52,533		2,588,823
Subtotal Capital Assets Being Depreciated	63,001,216	52,533	(7,800)	63,045,949
<u>Accumulated Depreciation</u>				
Intangible Right-to-use Lease - Equipment	(36,914)	(22,034)	7,800	(51,148)
Buildings and Improvements	(40,152,917)	(1,901,310)		(42,054,227)
Furniture and Equipment	(2,392,004)	(49,921)		(2,441,925)
Total Accumulated Depreciation	(42,581,835)	(1,973,265)	7,800	(44,547,300)
Depreciable Assets, Net	20,419,381	(1,920,732)	0	18,498,649
Total Capital Assets, Net	\$ 22,859,331	\$ (1,920,732)	\$ 0	\$ 20,938,599

The depreciation expense for the fiscal year ended September 30, 2024.

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, 2024 is \$388,697.

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 January 1, 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, 2024 is \$278,005.

Future debt commitments for these debts are presented below:

Year Ended September 30	Principal	Interest	Total
2025	35,488	37,480	72,968
2026	39,632	33,336	72,968
2027	41,829	31,139	72,968
2028	44,066	28,902	72,968
2029	46,596	26,372	72,968
2030-2034	274,884	89,956	364,840
2035-2037	184,207	12,265	196,472
Totals	<u>\$ 666,702</u>	<u>\$ 259,450</u>	<u>\$ 926,152</u>

Long-term debt is as follows for the Blended Component Units as of December 31, 2023:

	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
	<u>833,529</u>	<u>1,700,000</u>	<u>4,144,713</u>	<u>6,678,242</u>
Total Long-Term Debt	<u>\$ 833,529</u>	<u>\$ 1,700,000</u>	<u>\$ 4,144,713</u>	<u>\$ 6,678,242</u>

(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").

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

The Authority has the following Capital Lease commitments:

- 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%. This lease expired May 21, 2024.
- 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%. This lease expired May 7, 2024.
- 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	20,927	1,732	22,659
2026	22,333	326	22,659
2027	13,038	27	13,065
Total	<u>\$ 56,298</u>	<u>\$ 2,085</u>	<u>\$ 58,383</u>

Changes in long-term liabilities are as follows for the periods ended September 30, 2024 and December 31, 2023 respectively:

	Balance 09/30/2023	Additions	Retired	Balance 9/30/2024	Due Within One Year
Loan Payable	\$ 1,000,000	\$ 0	\$ 0	\$ 1,000,000	\$ 0
Capital Debt	702,126	0	(35,424)	666,702	35,488
FSS Escrow Payable	22,626	36,257	0	58,883	0
Compensated Absence	109,571	0	(20,132)	89,439	22,360
Net Pension Liability	3,029,922	0	(674,994)	2,354,928	0
OPEB Liability	60,227	0	(60,227)	0	0
Lease Liability	77,472	0	(21,174)	56,298	20,927
Total Long-Term Liabilities	<u>\$ 5,001,944</u>	<u>\$ 36,257</u>	<u>\$ (811,951)</u>	<u>\$ 4,226,250</u>	<u>\$ 78,775</u>

Component Units

Description	Balance 12/31/2022	Additions	Retired	Balance 12/31/2023	Due Within One Year
Long-Term	<u>\$ 6,678,242</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,678,242</u>	<u>\$ 0</u>

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

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.

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 *net pension asset* or 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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. 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 Pension Plan.

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan and the Combined Plan. 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 Pension Plan and the Combined Plan 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 Pension Plan and the Combined Plan 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):

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 Pension 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.

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

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 Plan 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.

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

	State and Local		
	Traditional Pension Plan	Combined Plan	Member- Directed Plan
2023-2024 Statutory Maximum Contribution Rates			
Employer	14.0 %	14.0 %	14.0 %
Employee *	10.0 %	10.0 %	10.0 %
2023-2024 Actual Contribution Rates			
Employer:			
Pension	14.0 %	12.0 %	10.0 %
Post-Employment Health Care Benefits	0.0 %	2.0 %	4.0 %
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>	<u>10.0 %</u>

* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

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

For fiscal year ending September 30, 2024, the Authority's contractually required contributions used to fund pension benefits was \$225,948 for the Traditional Pension Plan.

6. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2023, 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	0.010257%
Current Measurement Date	0.008995%
Change in Proportionate Share	<u>-0.001262%</u>
Proportionate Share of the Net Pension Liability	\$ 2,354,928
Pension Expense	\$ 215,365

At September 30, 2024, 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	\$ 475,326
Differences between expected and actual experience	38,489
Changes in proportion and differences between Authority contributions and proportionate share of contributions	38,004
Authority contributions subsequent to the measurement date	<u>168,645</u>
Total Deferred Outflows of Resources	<u>\$ 720,464</u>
Deferred Inflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>\$ 147,711</u>
Total Deferred Inflows of Resources	<u>\$ 147,711</u>

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

\$168,645 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, 2025. 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:	
2025	\$ 53,889
2026	114,579
2027	303,326
2028	<u>(67,686)</u>
Total	<u>\$ 404,108</u>

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, 2023, 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)

	<u>Traditional Pension Plan</u>
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre 1/7/2013 retirees:	3 percent, simple
Post 1/7/2013 retirees:	
Current Measurement Date:	2.3 percent simple through 2024, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	6.9 percent
Actuarial Cost Method	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 gain of 11.2 percent for 2023.

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, 2023, 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	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	44.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
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	\$ 3,707,289	\$ 2,354,928	\$ 1,230,156

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, the 115 Health Care Trust, which was established in 2014 to fund health care for the Traditional Pension, Combined, and Member-Directed plans. With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

7. DEFINED BENEFIT OPEB PLANS (Continued)

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

Retirees and eligible dependents enrolled in Medicare Parts A and B, and non-Medicare retirees beginning in 2022, are able to participate in the OPERS Connector in lieu of comprehensive health care coverage. The Connector, a vendor selected by OPERS, assist eligible retirees, spouses, and dependents in the evaluation, selection and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.

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. **Age 65 or older** – minimum of 20 years of qualified health care service credit.
2. **Age 60 to 64** – based on the following age-and-service criteria:
 - a. Group A – 30 years of total service with at least 20 years of qualified health care service credit;
 - b. Group B – 31 years of total service with at least 20 years of qualified health care service credit; or
 - c. Group C – 32 years of total service with at least 20 years of qualified health care service credit.
3. **Age 59 or younger** – based on the following age-and-service criteria:
 - a. Group A – 30 years of qualified health care service credit;
 - b. Group B - 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or
 - c. Group C – 32 years of qualified health care service credit and at least age 55.

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	31	55	32
	Any	30	Any	32	60	20

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

7. DEFINED BENEFIT OPEB PLANS (Continued)

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

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.

Employer contribution rates are expressed as a percentage of covered payroll. In 2023 and 2024, 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 2023-2024, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan. The employer contribution as a percent of covered payroll deposited for the Combined Plan and Member-Directed Plan health care programs in 2023-2024 was 2.0 percent and 4.0 percent, respectively.

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, 2024.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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 asset 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:

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Prior Measurement Date	0.009552%
Current Measurement Date	<u>0.008387%</u>
Change in Proportionate Share	<u>-0.001165%</u>
 Proportionate Share of the Net OPEB Liability (Asset)	 \$ (75,695)
OPEB Expense	\$ (10,902)

At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

7. DEFINED BENEFIT OPEB PLANS (Continued)

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 45,458
Changes of assumptions	19,488
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>5,576</u>
Total Deferred Outflows of Resources	<u><u>\$ 70,522</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 10,774
Changes of assumptions	32,539
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>368</u>
Total Deferred Inflows of Resources	<u><u>\$ 43,681</u></u>

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

Year Ending September 30:	<u>OPERS</u>
2025	\$ 1,293
2026	5,513
2027	35,384
2028	<u>(15,349)</u>
Total	<u><u>\$ 26,841</u></u>

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, 2022, rolled forward to the measurement date of December 31, 2023. 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, 2023	December 31, 2022
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	5.70 percent	5.22 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	3.77 percent	4.05 percent
Health Care Cost Trend Rate	5.50 percent initial, 3.50 percent ultimate in 2038	5.50 percent initial, 3.50 percent ultimate in 2036
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 2023, 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 gain of 14.0 percent for 2023.

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 2023 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	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00 %</u>	

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 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 3.77 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 2070. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2070, 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 5.70 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 100 (4.70%)	Current Discount Rate (5.70%)	1% Increase 100 (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 41,600	\$ (75,695)	\$ (172,856)

7. DEFINED BENEFIT OPEB PLANS (Continued)

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.

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 2024 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.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	\$ (78,838)	\$ (75,695)	\$ (72,128)

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, 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, known 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 (LPHPIILP) (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. RESTRICTED NET POSITION

Restricted net position of \$485,660 is composed of the following:

Unspent Funding to make Housing Assistance Payments	\$ 1,745
Restricted for Replacement Reserve Funds	402,478
Unspent FSS Escrow Forfeiture Funds	5,742
Restricted for the GASB 75 Net OPEB Asset	<u>75,695</u>
Total Restricted Net Position	<u>\$ 485,660</u>

13. RECOVERY AGREEMENT

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.

14. 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 June 25, 2025, the date on which the financial statements were available to be issued.

15. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 91, “Conduit Debt Obligations”: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The Springfield Metropolitan Housing Authority does not have conduit debt, and therefore is not subject to this new standard.

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.008995%	0.010257%	0.009140%	0.009893%	0.010935%	0.010316%	0.009949%	0.010028%	0.009973%	0.006927%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,354,928	\$ 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
Authority's Covered Payroll	\$ 1,480,637	\$ 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
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.58%	59.95%	105.14%	140.48%	202.78%	118.72%	175.67%	139.17%	98.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.000000%	0.000000%	0.000000%	0.006509%	0.014940%	0.015146%	0.015251%	0.015475%	0.015460%	0.015625%
Authority's Proportionate Share of the Net Pension (Asset)	\$ 0	\$ 0	\$ 0	\$ (18,789)	\$ (31,153)	\$ (16,937)	\$ (20,762)	\$ (8,613)	\$ (7,523)	\$ (6,016)
Authority's Covered Payroll	\$ 0	\$ 0	\$ 0	\$ 28,683	\$ 66,506	\$ 64,777	\$ 62,461	\$ 60,237	\$ 56,249	\$ 57,115
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	65.51%	46.84%	26.15%	33.24%	14.30%	13.37%	10.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

See accompanying notes to the required supplementary information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 225,948	\$ 210,609	\$ 205,570	\$ 186,499	\$ 195,542	\$ 216,675	\$ 186,773	\$ 173,446	\$ 154,327	\$ 145,731
Combined Plan	0	0	0	0	8,345	9,247	8,803	8,205	7,209	6,600
Total Required Contributions	225,948	210,609	205,570	186,499	203,887	225,922	195,576	181,651	161,536	152,331
Contributions in Relation to the Contractually Required Contribution	(225,948)	(210,609)	(205,570)	(186,499)	(203,887)	(225,922)	(195,576)	(181,651)	(161,536)	(152,331)
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 1,613,914	\$ 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
Combined Plan	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,607	\$ 66,050	\$ 63,905	\$ 64,403	\$ 60,075	\$ 55,000
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.77%	12.74%	12.00%	12.00%
Combined Plan	0.00%	0.00%	0.00%	0.00%	14.00%	14.00%	13.78%	12.74%	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)

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.008387%	0.009552%	0.008506%	0.009403%	0.010624%	0.010052%	0.009720%	0.009820%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (75,695)	\$ 60,227	\$ (266,421)	\$ (167,522)	\$ 1,467,450	\$ 1,310,544	\$ 1,055,520	\$ 991,853
Authority's Covered Payroll	\$ 1,480,637	\$ 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	-5.11%	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	107.76%	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)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,220	\$ 17,964	\$ 26,923	\$ 25,388
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,220)</u>	<u>(17,964)</u>	<u>(26,923)</u>	<u>(25,388)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 1,613,914	\$ 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%	0.00%	0.23%	1.26%	2.00%	2.00%

See accompanying notes to the required supplementary information

Springfield Metropolitan Housing Authority
Notes to the Required Supplementary Information
For the Fiscal Year Ended September 30, 2024

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 2014-2024.

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. For 2024, 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 decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

Springfield Metropolitan Housing Authority
Notes to the Required Supplementary Information
For the Fiscal Year Ended September 30, 2024

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2024.

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. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038.

**Springfield Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024**

Federal Grantor/ Program Title	Assistance Listing Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs		
Public Housing Operating Fund	14.850	\$ 3,166,977
Public Housing Capital Fund	14.872	2,666,209
PIH Family Self-Sufficiency	14.896	49,997
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	5,078,465
Mainstream Vouchers	14.879	237,582
Total Housing Voucher Cluster		<u>5,316,047</u>
Total Direct Programs		11,199,230
Pass-Through Programs		
Pass-Through City of Springfield		
Shelter Plus Care	14.238	<u>145,166</u>
Total Pass-Through Programs		<u>145,166</u>
Total U.S. Department of Housing and Urban Development		<u>11,344,396</u>
Total Expenditures of Federal Awards		<u>\$11,344,396</u>

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, 2024

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 minimis indirect cost rate allowed under the Uniform Guidance.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2024

Line Item	Account Description	Project	Component		Family Self- Sufficiency	Business Activities	Revitalization of Severely Distressed Public Housing
			Unit - Blended				
	Current Assets						
111	Cash - Unrestricted	\$ 1,065,831	\$ 115,331		\$ -	\$ -	\$ -
113	Cash - Restricted	2,588	402,478				
114	Cash - Tenant Security Deposits	74,333	34,308				
115	Cash - Restricted						
100	Total Cash	1,142,752	552,117		-	-	-
	Accounts Receivable						
121	Accounts Receivable - PHA Projects	3,935			47,827		
122	Accounts Receivable - HUD Other Project	86,640			4,829		
124	Accounts Receivable - Other Government						
125	Accounts Receivable - Miscellaneous	500	11,593				
126	Accounts Receivable - Tenants	415,084	189,266				
126.1	Allowance for Doubtful Accounts - Tenants	(304,559)					
128	Fraud Recovery						
129	Accrued Interest Receivable				-	-	727,691
120	Total Receivables, Net of Allowance for Doubtful Accounts	201,600	200,859		52,656	-	727,691
142	Prepaid Expenses	64,828	8,429				
143	Inventories	61,814	2,484				
143.1	Allowance for Obsolete Inventories	(12,362)					
144	Inter Program Due From	60,973					
150	Total Current Assets	1,519,605	763,889		52,656	-	727,691
	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.	488,816	52,533				
165	Leasehold Improvements						2,341,865
166	Accum Depreciation	(28,182,403)	(13,345,683)		-	-	(2,425,568)
160	Total Capital Assets, Net of Accumulated Depreciation	7,765,146	11,584,771		-	-	197,967
171	Notes, Loans and Mortgages Receivable - Non-Current						6,678,242
174	Other Assets	40,550					
180	Total Non-Current Assets	7,805,696	11,584,771		-	-	6,876,209
200	Deferred Outflow of Resources	423,741					
	Total Assets	\$ 9,749,042	\$ 12,348,660		\$ 52,656	\$ -	\$ 7,603,900

See Audit Report

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2024

						Revitalization of Severely Distressed
Line			Component			Public
item	Account Description	Project	Unit - Blended	Family Self- Sufficiency	Business Activities	Housing
	Current Liabilities					
312	A/P <= 90 days		140,053			
321	Accrued Wage/Taxes Payable	18,358		1,306		
322	Accrued Comp Abs. - Current	8,321				
325	Accrued Interest Payable		690,440			173,504
331	Accounts Payable - HUD PHA Programs					
332	Accounts Payable - PHA Programs			57		
333	Accounts Payable - Other Government	37,659				
341	Tenant Security Deposits	74,333	34,308			
342	Unearned Revenue	45,622	39,152			
345	Other Current Liabilities		6,812	15,799		
346	Accrued Liabilities - Other	154,345				
347	Inter Program - Due To		4,781	35,494		
310	Total Current Liabilities	338,638	915,546	52,656	-	173,504
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects	23,580	6,678,242			
352	Long-Term Debt, Net of Current - Operating Borrowings					1,000,000
353	Non-Current Liabilities - Other	2,588				
354	Accrued Comp Abs. - Noncurrent	24,961				
357	Accrued Pension	1,261,569				
	Total Non-Current Liabilities	1,312,698	6,678,242	-	-	1,000,000
	Total Liabilities	1,651,336	7,593,788	52,656	-	1,173,504
400	Deferred Inflow of Resources	102,532				
508.1	Invested in Capital Assets Net	7,727,614	4,906,529			197,967
511.1	Restricted Net Position	40,550	402,478			
512.1	Unrestricted Net Position	227,010	(554,135)			6,232,429
513	Total Net Position	7,995,174	4,754,872	-	-	6,430,396
	Total Liabilities, Deferred in Flows of Resources and Equity - Net	\$ 9,749,042	\$ 12,348,660	\$ 52,656	\$ -	\$ 7,603,900
	See Auditor's Report.					

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2024

Line item	Account Description	Mainstream	HOME	Housing	Resident	Shelter
		Vouchers	Investment Partnership	Choice Vouchers	Opportunity and Supportive Services	Plus Care
	Current Assets					
111	Cash - Unrestricted	\$ 64,717	\$ 5,201	\$ 5,151	\$ 6,061	\$ 42,596
113	Cash - Restricted		1,745	56,295		
114	Cash - Tenant Security Deposits					
115	Cash - Restricted			7,301		
100	Total Cash	64,717	6,946	68,747	6,061	42,596
	Accounts Receivable					
121	Accounts Receivable - PHA Projects			3,741		
122	Accounts Receivable - HUD Other Project	31,626		59,534		
124	Accounts Receivable - Other Government			482		31,625
125	Accounts Receivable - Miscellaneous	913		566		
126	Accounts Receivable - Tenants			25		
126.1	Allowance for Doubtful Accounts - Tenants					
128	Fraud Recovery			12,597		
128.1	Allowance for Doubtful Accounts - Fraud			(12,597)		
129	Accrued Interest Receivable				-	
120	Total Receivables, Net of Allowance for Doubtful Accounts	32,539	-	64,348	-	31,625
142	Prepaid Expenses			398,770		
143	Inventories					
143.1	Allowance for Obsolete Inventories					
144	Inter Program Due From			52,208		13,950
150	Total Current Assets	97,256	6,946	584,073	6,061	88,171
	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			(57,014)	-	
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	32,175	-	-
171	Notes, Loans and Mortgages Receivable - Non-Current					
174	Other Assets			8,110		
180	Total Non-Current Assets	-	-	40,285	-	-
200	Deferred Outflow of resources			84,749		
	Total Assets	\$ 97,256	\$ 6,946	\$ 709,107	\$ 6,061	\$ 88,171

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2024

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					
321	Accrued Wage/Taxes Payable			8,383		
322	Accrued Comp Abs. - Current	634		4,519		
325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs					
332	Accounts Payable - PHA Programs				6,061	
341	Tenant Security Deposits					
342	Unearned Revenue					
345	Other Current Liabilities	4,299		1,406		
346	Accrued Liabilities - Other	44		6,230		
347	Inter Program - Due To					
310	Total Current Liabilities	35,115	-	20,538	6,061	-
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects			5,895		
353	Non-Current Liabilities - Other			56,295		
354	Accrued Comp Abs. - Noncurrent	1,901		13,558		
355	Loan Liability - Non Current					
357	Accrued Pension			252,314		
	Total Non-Current Liabilities	1,901	-	328,062	-	-
	Total Liabilities	37,016	-	348,600	6,061	-
400	Deferred Inflow of Resources			20,506		
508.1	Invested in Capital Assets Net			22,792		
511.1	Restricted Net Position		1,745	8,110		
512.1	Unrestricted Net Position	60,240	5,201	309,099		88,171
513	Total Net Position	60,240	6,946	340,001	-	88,171
	Total Liabilities, Deferred in Flows of Resources and Equity - Net	\$ 97,256	\$ 6,946	\$ 709,107	\$ 6,061	\$ 88,171
	See Auditor's Report.					

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2024

Line item	Account Description	Block Grant for Prevention and Treatment of Substance				
		Abuse	COCC	Subtotal	Elimination	Total
	Current Assets					
111	Cash - Unrestricted		\$ 556,094	\$ 1,860,982	\$ -	\$ 1,860,982
113	Cash - Restricted			468,848		468,848
114	Cash - Tenant Security Deposits			108,641		108,641
115	Cash - Restricted – COVID			7,301		7,301
100	Total Cash	-	556,094	2,445,772	-	2,445,772
	Accounts Receivable					
121	Accounts Receivable - PHA Projects			55,503		55,503
122	Accounts Receivable - HUD Other Project			182,629		182,629
124	Accounts Receivable - Other Government			32,107		32,107
125	Accounts Receivable - Miscellaneous		3,931	17,503		17,503
126	Accounts Receivable - Tenants			604,375		604,375
126.1	Allowance for Doubtful Accounts - Tenants			(304,559)		(304,559)
128	Fraud Recovery			12,597		12,597
128.1	Allowance for Doubtful Accounts - Fraud			(12,597)		(12,597)
129	Accrued Interest Receivable			727,691	(690,440)	37,251
120	Total Receivables, Net of Allowance for Doubtful Accounts	-	3,931	1,315,249	(690,440)	624,809
142	Prepaid Expenses		3,596	475,623		475,623
143	Inventories		723	65,021		65,021
143.1	Allowance for Obsolete Inventories		(144)	(12,506)		(12,506)
144	Inter Program Due From			127,131	(127,131)	-
150	Total Current Assets	-	564,200	4,416,290	(817,571)	3,598,719
	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	1,113,852		1,113,852
165	Leasehold Improvements			2,341,865		2,341,865
166	Accum Depreciation		(536,632)	(44,547,300)	-	(44,547,300)
160	Total Capital Assets, Net of Accumulated Depreciation	-	1,358,540	20,938,599	-	20,938,599
171	Notes, Loans and Mortgages Receivable - Non-Current			6,678,242	(6,678,242)	-
174	Other Assets		27,035	75,695		75,695
180	Total Non-Current Assets	-	1,385,575	27,692,536	(6,678,242)	21,014,294
200	Deferred Outflow of Resources		282,496	790,986		790,986
	Total Assets	\$ -	\$ 2,232,271	\$ 32,899,812	\$ (7,495,813)	\$ 25,403,999

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2024

Line item	Account Description	Block Grant for Prevention and Treatment of Substance				
		Abuse	COCC	Subtotal	Elimination	Total
	Current Liabilities					
312	A/P <= 90 days			140,053		140,053
321	Accrued Wage/Taxes Payable		22,162	50,209		50,209
322	Accrued Comp Abs. - Current		8,886	22,360		22,360
325	Accrued Interest Payable			863,944	(690,440)	173,504
332	Accounts Payable - PHA Programs			6,118		6,118
333	Accounts Payable - Other Government			37,659		37,659
341	Tenant Security Deposits			108,641		108,641
342	Unearned Revenue			84,774		84,774
344	Current Portion of Long-term Debt - Operating Borrowings		35,488	35,488		35,488
345	Other Current Liabilities			28,316		28,316
346	Accrued Liabilities - Other		7,332	167,951		167,951
347	Inter Program - Due To		56,718	127,131	(127,131)	-
310	Total Current Liabilities	-	130,586	1,672,644	(817,571)	855,073
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects		637,110	7,344,827	(6,678,242)	666,585
352	Long-Term Debt, Net of Current - Operating Borrowings			1,000,000		1,000,000
353	Non-Current Liabilities - Other			58,883		58,883
354	Accrued Comp Abs. - Noncurrent		26,659	67,079		67,079
357	Accrued Pension		841,045	2,354,928		2,354,928
	Total Non-Current Liabilities	-	1,504,814	10,825,717	(6,678,242)	4,147,475
	Total Liabilities	-	1,635,400	12,498,361	(7,495,813)	5,002,548
400	Deferred Inflow of Resources		68,354	191,392		191,392
508.1	Invested in Capital Assets Net		682,455	13,537,357	6,678,242	20,215,599
511.1	Restricted Net Position		27,035	485,660		485,660
512.1	Unrestricted Net Position		(180,973)	6,187,042	(6,678,242)	(491,200)
513	Total Net Position	-	528,517	20,210,059	-	20,210,059
	Total Liabilities, Deferred in Flows of Resources and Equity - Net	\$ -	\$2,232,271	\$ 32,899,812	\$(7,495,813)	\$ 25,403,999
	See Auditor's Report.					

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2024

Line			Business	Mainstream	Component	
item	Account Description	Project	Activities	Vouchers	Unit -	Family Self-
					Blended	Sufficiency
703	Net Tenant Rental Revenue	\$ 1,753,199			\$ 735,044	
704	Tenant Revenue - Other	103,001				
705	Total Tenant Revenue	1,856,200	-	-	735,044	-
706	HUD PHA Operating Grants	5,833,186		237,582		49,997
706.1	Capital Grants					
707.1	Management Fee					
707.2	Asset Management Fee					
707.3	Bookkeeping Fee					
708	Other Government Grants					
711	Investment Income - Unrestricted	10,529			2,604	
714	Fraud Recovery	15,636				
715	Other Revenue				631,187	
720	Investment Income - Restricted	264				
700	TOTAL REVENUE	7,715,815	-	237,582	1,368,835	49,997
911	Admin Salaries	367,442		11,565	96,204	
912	Audit	31,049			18,600	
913	Management Fee	643,666		5,126	41,532	
913.1	Bookkeeping Fee	55,311		3,141		
914	Advertising and Marketing	4,792		18	33	
915	Employee Benefits	99,793		9,760		
916	Office Expenses	169,800		2,902	33,117	
917	Legal Expense	14,481				
918	Travel	339		11	1,267	
919	Other	170,394		695	93,001	
	Total Operating - Admin.	1,557,067	-	33,218	283,754	-
920	Asset Management Fee	77,490				
921	Tenant Services - Salaries	-				43,608
922	Relocation Costs	525				
923	Employee Benefit Contributions - Tenant Services	-				6,214
924	Tenant Services - Other	5,485				4
925	Total Tenant Services	6,010	-	-	-	49,826
931	Water	145,976			118,051	
932	Electricity	314,454			10,875	
933	Gas	152,440			28,291	
936	Sewer	274,016			16,583	
938	Other Utilities Expense	71				
930	Total Utilities	886,957	-	-	173,800	-
	See Auditor's Report.					

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2024

Line			Business	Mainstream	Component	
item	Account Description	Project	Activities	Vouchers	Unit - Blended	Family Self-Sufficiency
941	Ordinary Maint. & Operations - Labor	397,551			110,051	
942	Ordinary Maint. & Operations - Materials & Other	227,699			18,551	
943	Ordinary Maint. & Operations - Contracts	1,700,140		20	679,001	
945	Employee Benefits Contributions - Ordinary Maint.	169,673		2,031		
940	Total Maintenance	2,495,063	-	2,051	807,603	-
952	Protective Services - Other Contract Costs	66,560		365		
953	Protective Services - Other	22,054				
950	Total Protective Services	88,614	-	365	-	-
961.1	Property Insurance	115,249			60,672	
961.2	Insurance - Liab. Insurance	48,385		204		
961.3	Workmen's Compensation	2,469		40		171
961	Total Insurance	166,103	-	244	60,672	171
962	Other General Expenses	615,532		69	1,500	
962.1	Compensated Absences	1,278				
964	Bad Debt - Tenant Rents	269,932			46,029	
964	Bad Debt - Other	181				
960	Total Other General Expenses	886,923	-	69	47,529	-
967.1	Interest of Mortgage Payable	1,248			49,119	
967.3	Amortization of Bond Issue Costs				8,979	
967	Total Interest Expense and Amortization Cost	1,248	-	-	58,098	-
	TOTAL OPERATING EXPENSES	6,165,475	-	35,947	1,431,456	49,997
970	Excess Operating Revenue over Expenses	1,550,340	-	201,635	(62,621)	-
971	Extraordinary Maintenance	1,151,751				
972	Casualty Losses - Non-Capital	34,924				
973	Housing Assistance Payments			164,010		
974	Depreciation Expense	878,277			1,024,842	
900	TOTAL EXPENSES	8,230,427	-	199,957	2,456,298	49,997
1001	Operating Transfer In	262,005				
1002	Operating Transfer Out	(262,005)				
1003	Operating Transfers from/to Primary Government		(102,403)			
1010	Total Other Financing Sources (Uses)	-	(102,403)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under)					
	Total Expenses	\$ (514,612)	\$ (102,403)	\$ 37,625	\$(1,087,463)	\$ -
	See Auditor's Report.					

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2024

Line item	Account Description	EFA FSS	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Shelter Plus Care	Block Grants for Prevention and Treatment of Substance Abuse
		Escrow Forfeiture				
703	Net Tenant Rental Revenue					
704	Tenant Revenue - Other					
705	Total Tenant Revenue	-	-	-	-	-
706	HUD PHA Operating Grants			5,078,465		
706.1	Capital Grants					
708	Other Government Grants				145,166	
711	Investment Income - Unrestricted			4,780		
714	Fraud Recovery			1,714		
715	Other Revenue	5,742		15,911		
720	Investment Income - Restricted		49,546			
700	TOTAL REVENUE	5,742	49,546	5,100,870	145,166	-
911	Admin Salaries			224,941		
912	Audit					
913	Management Fee			108,554	18,976	
913.1	Bookkeeping Fee			66,946		
914	Advertising and Marketing			354		
915	Employee Benefits			65,382		
916	Office Expenses			56,444		
917	Legal Expense					
918	Travel			211		
919	Other			13,519		
	Total Operating - Admin.	-	-	536,351	18,976	-
920	Asset Management Fee					
921	Tenant Services - Salaries					
922	Relocation Costs					
923	Employee Benefit Contributions - Tenant Services					
924	Tenant Services - Other					
925	Total Tenant Services	-	-	-	-	-
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, 2024

Line		EFA FSS	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Shelter Plus Care	Block Grants for Prevention and Treatment of Substance Abuse
item	Account Description	Forfeiture	Housing			
941	Ordinary Maint. & Operations - Labor					
942	Ordinary Maint. & Operations - Materials & Other			383		
943	Ordinary Maint. & Operations - Contracts			39,507		
945	Employee Benefits Contributions - Ordinary Maint.					
940	Total Maintenance	-	-	39,890	-	-
952	Protective Services - Other Contract Costs			7,093		
950	Total Protective Services	-	-	7,093	-	-
961.1	Property Insurance					
961.2	Insurance - Liab. Insurance			3,959		
961.3	Workmen's Compensation			785		
961	Total Insurance	-	-	4,744	-	-
962	Other General Expenses			1,416		
962.1	Compensated Absences					
964	Bad Debt - Tenant Rents					
966	Bad Debt - Other			89		
960	Total Other General Expenses	-	-	1,505	-	-
967.1	Interest of Mortgage Payable		14,488	312		
967.1	Interest on Notes Payable					
967.3	Amortization of Bond Issue Costs					
967	Total Interest Expense and Amortization Cost	-	14,488	312	-	-
	TOTAL OPERATING EXPENSES	-	14,488	589,895	18,976	-
970	Excess Operating Revenue over Expenses	5,742	35,058	4,510,975	126,190	-
971	Extraordinary Maintenance					
973	Housing Assistance Payments			4,489,354	93,264	
9735	HAP Portability-in			521		
974	Depreciation Expense		1,496	8,227		
900	TOTAL EXPENSES	-	15,984	5,087,997	112,240	-
1003	Operating Transfers from/to Primary Government					(22,613)
1010	Total Other Financing Sources (Uses)	-	-	-	-	(22,613)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 5,742	\$ 33,562	\$ 12,873	\$ 32,926	\$ (22,613)

See Auditor's Report.

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2024

Line item	Account Description	COCC	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue		\$ 2,488,243		\$ 2,488,243
704	Tenant Revenue - Other		103,001		103,001
705	Total Tenant Revenue	-	2,591,244	-	2,591,244
706	HUD PHA Operating Grants		11,199,230		11,199,230
706.1	Capital Grants				-
707.1	Management Fee	817,856	817,856	(817,856)	-
707.2	Asset Management Fee	77,490	77,490	(77,490)	-
707.3	Bookkeeping Fee	125,398	125,398	(125,398)	-
707.5	Other Fees	1,276	1,276	(1,276)	-
708	Other Government Grants		145,166		145,166
711	Investment Income - Unrestricted	5,094	23,007		23,007
714	Fraud Recovery		17,350		17,350
715	Other Revenue	74,811	727,651		727,651
720	Investment Income - Restricted		49,810	(49,119)	691
700	TOTAL REVENUE	1,101,925	15,775,478	(1,071,139)	14,704,339
911	Admin Salaries	591,950	1,292,102		1,292,102
912	Audit	6,033	55,682		55,682
913	Management Fee		817,854	(817,854)	-
913.1	Bookkeeping Fee		125,398	(125,398)	-
914	Advertising and Marketing	4,798	9,995		9,995
915	Employee Benefits	158,901	333,836		333,836
916	Office Expenses	133,770	396,033		396,033
917	Legal Expense	10,276	24,757		24,757
918	Travel	1,860	3,688		3,688
919	Other	180,970	458,579	(1,278)	457,301
	Total Operating - Admin.	1,088,558	3,517,924	(944,530)	2,573,394
920	Asset Management Fee		77,490	(77,490)	-
921	Tenant Services - Salaries		43,608		43,608
922	Relocation Costs		525		525
923	Employee Benefit Contributions - Tenant Services		6,214		6,214
924	Tenant Services - Other	1,000	6,489		6,489
925	Total Tenant Services	1,000	56,836	-	56,836
931	Water	4,520	268,547		268,547
932	Electricity	22,429	347,758		347,758
933	Gas	12,051	192,782		192,782
936	Sewer	2,095	292,694		292,694
938	Other Utilities Expense	991	1,062		1,062
930	Total Utilities	42,086	1,102,843	-	1,102,843
	See Auditor's Report.				

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2024

Line item	Account Description	COCC	Subtotal	Elimination	Total
941	Ordinary Maint. & Operations - Labor	60	507,662		507,662
942	Ordinary Maint. & Operations - Materials & Other	1,070	247,723		247,723
943	Ordinary Maint. & Operations - Contracts	95,134	2,515,813		2,515,813
945	Employee Benefits Contributions - Ordinary Maint.		169,673		169,673
940	Total Maintenance	96,264	3,440,871	-	3,440,871
952	Protective Services - Other Contract Costs	7,459	81,477		81,477
953	Protective Services - Other		22,054		22,054
950	Total Protective Services	7,459	103,531	-	103,531
961.1	Property Insurance	9,996	185,917		185,917
961.2	Insurance - Liab. Insurance	10,991	63,539		63,539
961.3	Workmen's Compensation	571	4,036		4,036
961	Total Insurance	21,558	253,492	-	253,492
962	Other General Expenses	2,778	621,295		621,295
962.1	Compensated Absences		1,278		1,278
964	Bad Debt - Tenant Rents		315,961		315,961
966	Bad Debt - Other	154	424		424
960	Total Other General Expenses	2,932	938,958	-	938,958
967.1	Interest of Mortgage Payable	37,856	102,711	(49,119)	53,592
967.1	Interest on Notes Payable		312		312
967.3	Amortization of Bond Issue Costs		8,979		8,979
967	Total Interest Expense and Amortization Cost	37,856	112,002	(49,119)	62,883
	TOTAL OPERATING EXPENSES	1,297,713	9,603,947	(1,071,139)	8,532,808
970	Excess Operating Revenue over Expenses	(195,788)	6,171,531	-	6,171,531
971	Extraordinary Maintenance		1,151,751		1,151,751
972	Causalty Losses - Non-Capital	5,741	40,665		40,665
973	Housing Assistance Payments		4,746,628		4,746,628
973.5	HAP Portability-in		521		521
974	Depreciation Expense	60,423	1,973,265		1,973,265
900	TOTAL EXPENSES	1,363,877	17,516,777	(1,071,139)	16,445,638
1001	Operating Transfer In		262,005	(262,005)	-
1002	Operating Transfer Out		(262,005)	262,005	-
1003	Operating Transfers from/to Primary Government	125,016	-		
10091	Inter Project Excess Cash Transfer In			-	-
10092	Inter Project Excess Cash Transfer Out			-	-
1010	Total Other Financing Sources (Uses)	125,016	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (136,936)	\$ (1,741,299)	\$ -	\$ (1,741,299)

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 June 25, 2025. 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*. I qualified my opinion because I was unable to obtain sufficient appropriate audit evidence regarding the amounts at which inventory is recorded in the accompanying statement of net position at September 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 through 2024-005 that I consider to be material weaknesses.

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*.

Authority's Response to Findings

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.

I noted certain matters that I reported to management of the Authority's in a separate letter dated June 25, 2025.

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

June 25, 2025



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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, 2024. 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, 2024.

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. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be a material weakness and 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. I consider the deficiency in internal control over compliance described in the accompanying *schedule of findings* as item 2024-006, to be a material weakness.

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 2024-007 through 2024-009, 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, Ohio

June 25, 2025

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	Yes
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:	
14.871	Section 8 – Housing Choice Vouchers
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?	No

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2024

2024-001

Section II - Financial Statement Findings

Financial Statements and Footnote Disclosures

Condition:

The year-end financial statements generated from the general ledger, that were prepared and presented for the audit and the footnote disclosures, 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 misstated by \$39,773. 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. In addition, manual journal entries should not be part of the reconciliation process.
2. Total accounts receivable – tenants were overstated by \$26,061.
3. Total furniture, equipment and machinery was misstated within the footnotes by \$131,757.
4. Intangible Right-to-use- Lease – Equipment was misstated within the footnotes by \$42,042.
5. The inventory balance of \$62,537 could not be determined, due to lack of supporting documentation.
6. Inter Program Due From balance of \$127,131 and the Inter Program Due To balance of \$127,131 could not be determined, due to lack of supporting documentation.
7. Accounts payable was understated by \$102,749.
8. Long-Term Debt – Current Portion balance of \$35,488 represents the prior year current portion balance.
9. Security deposit liability account is understated by \$8,717.
10. Account classification errors, pertaining to the preparation of the Entity Wide Balance Sheet and the Revenue and Expense Summary.

Criteria:

The internal controls established by management, pertaining to the year-end financial statements and footnote disclosure preparation should operate in a manner 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 misstated by \$39,773.
2. Total accounts receivable – tenants were overstated by \$26,061.
3. Total furniture, equipment and machinery incorrectly reported deletions of \$131,757 in the footnote disclosures.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

2024-001

Section II - Financial Statement Findings

Financial Statements and Footnote Disclosures

4. Intangible Right-to-use - Lease – Equipment, incorrectly reported deletions of \$42,042 in the footnote disclosures.
5. The inventory balance of \$62,537 could not be determined, due to lack of supporting documentation.
6. Inter Program Due From balance of \$127,131 and the Inter Program Due To balance of \$127,131 could not be determined, due to lack of supporting documentation.
7. Accounts payable was understated by \$102,749.
8. Long-Term Debt – Current Portion balance of \$35,488 represents the prior year current portion balance.
9. Security deposit liability account is understated by \$8,717.

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 footnote disclosures 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:

Bank Accounts will be reconciled and reviewed monthly. Trial Balance accounts will be reconciled reviewed monthly to confirm AR, PPE, Inventory, Inter-program, AP, Long Term debt are properly balanced. At YE all balance will be agreed to FDS prior submission. Training will be implemented to ensure completed.

2024-002

Accounts Receivable - Tenants

Condition:

During the testing of accounts receivable tenants, there were ten (10) instances out of twenty-five (25) transactions tested, the balance as of September 30, 2024 per the Aged Receivable Grouped By Resident Entity ID, did not agree to the Resident's Ledger as of September 30, 2024.

Criteria:

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

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section II - Financial Statement Findings

2023-002

Accounts Receivable - Tenants (continued)

Cause:

The Resident Ledgers were not reconciled to the Aged Receivable Grouped By Resident Entity ID report.

Effect:

The Aged Receivable Grouped By Resident Entity ID report was overstated by \$26,061.14.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

Accounts will be reconciled and reviewed monthly at YE all balance will be agreed to FDS prior submission. Training will be implemented to ensure completed.

2024-003

Inventory

Condition:

There is a deficiency in Springfield Metropolitan Housing Authority's inventory cost accounting process, including (a) ineffective control processes for determining excess and obsolete inventory and lower of cost and net realizable value inventory write-offs, (b) ineffective management review of cost accounting processes and (c) inadequate controls over the completeness and accuracy of the inventory balance. As a result, inventory in the amount of \$62,537 could not be verified as of September 30, 2024.

Criteria:

A physical inventory should be performed at the end of the fiscal year, in order to establish an inventory valuation. Supporting documentation should be maintained in order substantiate the value of the inventory.

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2024

Section II - Financial Statement Findings

2024-003

Inventory (continued)

Cause:

Supporting documentation was not maintained in order to apply audit procedures to determine whether the inventory was properly classified and stated as of September 30, 2024.

Effect:

Unable to perform audit procedures on Inventory in amount of \$62,537.

Recommendation:

In order to improve the inventory cost accounting process, I recommend that a physical inventory should be performed at the end of the fiscal year, in order to establish an inventory valuation and supporting documentation should be maintained in order to substantiate the value of the inventory. In addition, the inventory valuation should be posted to the general ledger.

Views of Responsible Officials and Planned Corrective Actions:

Managers will facilitate and sign off on inventory count. Account will be reconciled and agreed to detail ledger. At YE balance will be agreed to FDS prior submission. Training will be implemented to ensure completed.

2024-004

Bank Reconciliation

Condition:

There were four (4) instances, whereby the bank reconciliations performed as of September 30, 2024 were not reconciled to the general ledger.

Criteria:

Bank reconciliations should be prepared at the end of each month, for each bank account and agreed to the general ledger.

Cause:

Transfers of cash between bank accounts and interest were not properly reconciled at the end of the fiscal year.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section II - Financial Statement Findings

2024-004

Bank Reconciliation

Effect:

The combined bank reconciliations balances exceeded the general ledger cash balance by \$41,963 as of September 30, 2024. As a result, the overall cash balance is understated.

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.

Views of Responsible Officials and Planned Corrective Actions:

Bank Accounts will be reconciled and reviewed monthly Account will be reconciled and agreed to detail ledger. At YE balance will be agreed to FDS prior submission Training will be implemented to ensure completed.

2024-005

Journal Entries

Condition:

The review of the general journal entries revealed the following:

1. Journal entries did not always indicate the name of the preparer.
2. Journal entries sometimes lacked proper supporting documentation.
3. Journal entries did not always indicate proper review and approval.

Because of those deficiencies, effective policies and procedures are not in place to ensure the propriety or completeness of journal entries. Specifically, there are not effective processes in place to ensure that journal entries are properly prepared, supported, approved, and monitored. Those issues can cause financial statements amounts to be misstated and/or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriation laws, and mismanagement of funds.

Criteria:

Journal entries are to be prepared in accordance with the Public Housing's chart of accounts and policies and procedures. The proper initiation, authorization, recording, and processing of standard and nonstandard journal entries helps guard against the use of journal entries to obscure fraudulent financial reporting.

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2024

Section II - Financial Statement Findings

2024-005

Journal Entries

Cause:

A deficiency in internal controls over financial reporting.

Effect:

Journal entries were not always approved and monitored to ensure proper account classification.

Recommendation:

I recommend that management develop effective policies and procedures that ensure the proper preparation of journal entry forms; strengthen controls over the journal entry review and approval process to ensure that all journal entries are complete, accurate, properly supported, and approved prior to posting in the general ledger; and ensure that all routine or recurring journal entries are properly prepared and posted each month and that all journal entries are properly maintained. Furthermore, all journal entries should be accompanied by full explanation and by reference to adequate supporting data.

Views of Responsible Officials and Planned Corrective Actions:

JE will id preparer and reviewer and approver. Documentation will be saved with JE. Training will be implemented to ensure completed.

Section III - Federal Award Findings

2024-006

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

Interfund Transfers

Condition:

The Inter Program Due From and Inter Program Due To accounts representing the following programs: 1) Public Housing; 2) Housing Choice Vouchers; 3) Shelter Plus Care; 4) Mainstream Vouchers; 5) PIH Family Self-Sufficiency; 6) COCC and 7) the Component Unit, were not reconciled, during the fiscal year. Total interfund transfers were \$127,131 during the fiscal year.

Criteria:

Inter Program Due From and Due To accounts, should be reconciled on a monthly basis. In addition, nonfederal programs should not receive funding from Federally fund programs and interfund borrowings should be reimbursed within a reasonable timeframe, during the operating cycle.

Springfield Metropolitan Housing Authority
Schedule of Findings
September 30, 2024

Section III - Federal Award Findings

2024-006

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

Interfund Transfers (continued)

Effect:

Unable to perform audit procedures in order to determine compliance with guidelines established by the Department of Housing and Urban Development.

Context:

Schedule of Inter Program Due From and Due To, indicating the total amount transferred between the Programs.

Population Size

Number: 7 Programs.

Dollar Amount: \$127,131.

Sample

Number: Unable to test.

Dollar Amount: \$0.

Items Not in Compliance

Number: Unable to test.

Dollar Amount: \$127,131.

Questioned Costs

Unable to determine.

Cause:

Lack of internal controls, regarding Inter Program Due From and Due To accounts.

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, should reconcile the Inter Program accounts on a monthly basis. In addition, interfund borrowings should be reimbursed within a reasonable timeframe, during the operating cycle. By performing these procedures, the risk of incurring questioned costs will be significantly reduced.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section III - Federal Award Findings

2024-006

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

Interfund Transfers (continued)

Views of Responsible Officials and Planned Corrective Actions:

Accounts will be reconciled and agreed to detail ledger monthly. At YE balance will be agreed to FDS prior submission. Training will be implemented to ensure completed.

2024-007

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

Security Deposit – Contra Account

Condition:

During the conversion process, there were numerous negative balances brought forward. There was no reconciliation performed to properly state the security deposit – contra account balance as of September 30, 2024.

Criteria:

The security deposit – contra account should represent the actual security deposits held on behalf of the tenants.

Effect:

The security deposit – contra account is understated by \$8,717.00 as of September 30, 2024.

Context:

Security Deposit Liability report as of September 30, 2024.

Population Size

Number: Residents housed at each AMP.

Dollar Amount: \$74,334.

Sample

Number: 16 tenants.

Dollar Amount: \$8,717.00.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

2024-007

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

Security Deposit – Contra Account

Items Not in Compliance

Number: 16 tenants.

Dollar Amount: \$8,717.00.

Questioned Costs

There were no questioned costs.

Cause:

Lack of internal controls, regarding the reconciliation process over tenant security deposits.

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, should perform a reconciliation of the security deposit liability account on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions:

Account will be reconciled and agreed to detail ledger. At YE balance will be agreed to FDS prior submission Training will be implemented to ensure completed.

2024-008

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

Capital Fund Program Expenses

Condition:

There were three (3) instances out of twenty (20) 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.

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.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section III - Federal Award Findings

2024-008

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: \$2,666,209.

Sample

Number: 20 Capital Fund drawdowns tested.

Dollar Amount: \$1,489,062.

Items Not in Compliance

Number: 3 non-compliance findings

Dollar Amount: \$153,327.

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:

All CFP invoices are to be reviewed and clearly marked as approved and documented to show that the source of funds for payment. Funds will be drawn. After funds are deposited AP will pay within three (3) business days either through check or ACH. Training will be implemented to ensure completed.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section III - Federal Award Findings

2024-009

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.

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.

Springfield Metropolitan Housing Authority

Schedule of Findings

September 30, 2024

Section III - Federal Award Findings

2024-009

U.S. Department of Housing and Urban Development

Public Housing and Indian Housing

Tenant Participation Funds (continued)

Questioned Costs

There were no questioned costs.

Cause:

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

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:

We will get signed Tenant Participation fund agreement with participating AMPS and establish and approved budgets. Training will be implemented to ensure completed.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

2023-001

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 misstated 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.

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.

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.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

2023-002

Accounts Receivable - Tenants (continued)

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.

2023-003

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.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

2023-003

Tenant Files

Condition:

Move-ins:

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.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

2023-003

Tenant Files

Condition:

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.

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.
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.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

2023-003

Tenant Files

Recommendation:

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 in 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 be 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)].

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
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

2023-004

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.

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.

Current Status:

The finding has been repeated.

2023-005

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.

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.

Current Status:

The finding has been repeated.



A New Foundation of Hope
2026 W. Main Street
Springfield, OH 45504
www.smhaohio.org
P: 937.325.7331
F: 937.325.3657
spgfhhousing@smhaohio.org

Corrective Action Plan

September 30, 2024

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, 2024

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 2024-001.

Financial Statement Findings

Financial Statements and Footnote Disclosures

The year-end financial statements generated from the general ledger, that were prepared and presented for the audit and the footnote disclosures, 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 misstated by \$39,773. 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. In addition, manual journal entries should not be part of the reconciliation process.
2. Total accounts receivable – tenants were overstated by \$26,061.
3. Total furniture, equipment and machinery was misstated within the footnotes by \$131,757.
4. Intangible Right-to-use- Lease – Equipment was misstated within the footnotes by \$42,042.



TTD 1-800-545-1833 Ext. 475
TTY 1-800-750-0750 Ext. 711



5. The inventory balance of \$62,537 could not be determined, due to lack of supporting documentation.
 6. Inter Program Due From balance of \$127,131 and the Inter Program Due To balance of \$127,131 could not be determined, due to lack of supporting documentation.
 7. Accounts payable was understated by \$102,749.
 8. Long-Term Debt – Current Portion balance of \$35,488 represents the prior year current portion balance.
 9. Security deposit liability account is understated by \$8,717.
 10. Account classification errors, pertaining to the preparation of the Entity Wide Balance Sheet and the Revenue and Expense Summary.
- (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 footnote disclosures 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.

Bank Accounts will be reconciled and reviewed monthly.
 Trial Balance accounts will be reconciled reviewed monthly to confirm AR, PPE, Inventory, Interprogram, AP, Long Term debt are properly balanced.
 At YE all balance will be agreed to FDS prior submission.
 Training will be implemented to ensure completed.

2. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation
- b. Finding 2024-002.

Financial Statement Findings

Accounts Receivable - Tenants

During the testing of accounts receivable tenants, there were ten (10) instances out of twenty-five (25) transactions tested, the balance as of September 30, 2024 per the Aged Receivable Grouped By Resident Entity ID, did not agree to the Resident's Ledger as of September 30, 2024.

- (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 Grouped By Resident Entity ID report. Performing this procedure will reduce the risk of the Aged Receivable Grouped By Resident Entity ID report being overstated.

(2) Actions Taken on the Finding.

Accounts will be reconciled and reviewed monthly
At YE all balance will be agreed to FDS prior submission
Training will be implemented to ensure completed.

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

c. Finding 2024-003.

Financial Statement Findings

Inventory

There is a deficiency in Springfield Metropolitan Housing Authority's inventory cost accounting process, including (a) ineffective control processes for determining excess and obsolete inventory and lower of cost and net realizable value inventory write-offs, (b) ineffective management review of cost accounting processes and (c) inadequate controls over the completeness and accuracy of the inventory balance. As a result, inventory in the amount of \$62,537 could not be verified as of September 30, 2024.

- (1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that a physical inventory should be performed at the end of the fiscal year, in order to establish an inventory valuation and supporting documentation should be maintained in order to substantiate the value of the inventory. In addition, the inventory valuation should be posted to the general ledger.

(2) Actions Taken on the Finding.

Managers will facilitate and sign off on inventory count.
Account will be reconciled and agreed to detail ledger.
At YE balance will be agreed to FDS prior submission
Training will be implemented to ensure completed.

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

d. Finding 2024-004.

Financial Statement Findings

Bank Reconciliation

There were four (4) instances, whereby the bank reconciliations performed as of September 30, 2024, were not reconciled to the general ledger.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation 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.

(2) Actions Taken on the Finding.

Bank Accounts will be reconciled and reviewed monthly
Account will be reconciled and agreed to detail ledger.
At YE balance will be agreed to FDS prior submission
Training will be implemented to ensure completed.

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

e. Finding 2024-005.

Financial Statement Findings

Journal Entries

The review of the general journal entries revealed the following:

1. Journal entries did not always indicate the name of the preparer.
2. Journal entries sometimes lacked proper supporting documentation.
3. Journal entries did not always indicate proper review and approval.

Because of those deficiencies, effective policies and procedures are not in place to ensure the propriety or completeness of journal entries. Specifically, there are not effective processes in place to ensure that journal entries are properly prepared, supported, approved, and monitored. Those issues can cause financial statements amounts to be misstated and/or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriation laws, and mismanagement of funds.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that management develop effective policies and procedures that ensure the proper preparation of journal entry forms; strengthen controls over the journal entry review and approval process to ensure

that all journal entries are complete, accurate, properly supported, and approved prior to posting in the general ledger; and ensure that all routine or recurring journal entries are properly prepared and posted each month and that all journal entries are properly maintained. Furthermore, all journal entries should be accompanied by full explanation and by reference to adequate supporting data.

(2) Actions Taken on the Finding.

JE will id preparer and reviewer and approver.
Documentation will be saved with JE.
Training will be implemented to ensure completed.

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

f. Finding 2024-006.

Federal Award Findings

U.S. Department of Housing and Urban Development
Section 8 – Housing Choice Vouchers

Interfund Transfers

The Inter Program Due From and Inter Program Due To accounts representing the following programs: 1) Public Housing; 2) Housing Choice Vouchers; 3) Shelter Plus Care; 4) Mainstream Vouchers; 5) PIH Family Self-Sufficiency; 6) COCC and 7) the Component Unit, were not reconciled, during the fiscal year. Total interfund transfers were \$127,131 during the fiscal year.

- (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, should reconcile the Inter Program accounts on a monthly basis. In addition, interfund borrowings should be reimbursed within a reasonable timeframe, during the operating cycle. By performing these procedures, the risk of incurring questioned costs will be significantly reduced.

(2) Actions Taken on the Finding.

Accounts will be reconciled and agreed to detail ledger monthly.
At YE balance will be agreed to FDS prior submission
Training will be implemented to ensure completed.

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

g. Finding 2024-007.

Federal Award Findings

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

Security Deposit – Contra Account

During the conversion process, there were numerous negative balances brought forward. There was no reconciliation performed to properly state the security deposit – contra account balance as of September 30, 2024.

- (1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that Springfield Metropolitan Housing Authority, should perform a reconciliation of the security deposit liability account on a monthly basis.
- (2) Actions Taken on the Finding.

Account will be reconciled and agreed to detail ledger.
At YE balance will be agreed to FDS prior submission
Training will be implemented to ensure completed.

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

h. Finding 2024-008.

Federal Award Findings

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

Capital Fund Program Expenses

There were three (3) instances out of twenty (20) 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.

- (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.
- (2) Actions Taken on the Finding.

All CFP invoices are to be reviewed and clearly marked as approved and documented to show that the source of funds for payment.
Funds will be drawn. After funds are deposited AP will pay within three (3) business days either through check or ACH.
Training will be implemented to ensure completed.

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

i. Finding 2024-009.

Federal Award Findings

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

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.

We will get signed Tenant Participation fund agreement with participating AMPS and establish and approved budgets.
Training will be implemented to ensure completed.

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

Sincerely yours,



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 11/6/2025

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

This report is a matter of public record and is available online at
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