SPRINGFIELD METROPOLITAN HOUSING AUTHORITY
CLARK COUNTY

Single Audit

For the Fiscal Year Ended September 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Springfield Metropolitan Housing Authority, Clark County, prepared by Kevin L. Penn, Inc, for the audit period October 1, 2021 through September 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2023

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SPRINGFIELD METROPOLITAN HOUSING AUTHORITY
CLARK, OHIO

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the business-type activities, of the Springfield Metropolitan Housing Authority, Clark County, Ohio, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Springfield Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Springfield Metropolitan Housing Authority, Clark County, Ohio as of September 30, 2022, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 July 11, 2023, 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
July 11, 2023

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, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

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

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

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

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

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

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

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

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

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

Significant programs consist of the following:

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

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

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

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

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

Component Units – Lincoln Park Housing Partnership LP owns and operates 40 units of low-income housing tax credit apartments at Lincoln Park in Springfield, Ohio. Lincoln Park Housing Partnership II LP owns and operates 68 units of low-income housing tax credit apartments at Lincoln Park in Springfield, Ohio. Lincoln Park Housing Partnership III LP owns and operates 24 units of low-income housing tax credit housing at Lincoln Park in Springfield, Ohio. The component units have fiscal year-ends of December 31, 2021.

FINANCIAL HIGHLIGHTS
During the fiscal year ending September 30, 2022:

- Total assets decreased $1,926,059 (a fairly modest 6.3%) but the change in current assets was $1,603,915 (more than 30%), with the reduction in current assets being concentrated in cash. Spending by the Authority to acquire a central office building contributed greatly to the reduction in cash, as did spending in the Public Housing program to turnover vacant units.
- Total liabilities decreased $209,598 (almost 6%), compared to the change in current liabilities which decreased $308,842 (about 29%). The reduction in current liabilities was primarily related to the Authority spending what was unspent CARES funding at last fiscal year-end of $226,000 which has been advanced by HUD to the Housing Choice Voucher program. That funding had to be fully spent by December 31, 2021.
- Total revenues decreased by $1,075,216 (9%). The decrease was largely due to the reduction in Capital Grant Revenue, the result of the normal fluctuation in when work projects funded by the program are carried out.
- Total expenses increased by $1,588,830 (a little more than 14%). The increase was primarily due to an increase in spending for maintenance costs incurred on the Authority's Public Housing program rental units, to include costs to turnover vacant units.
- In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD awarded the Authority CARES funding to help the Authority address the Authority's needs related to preparing for, preventing, and responding to the coronavirus. The Authority spent $345,719 of CARES funding in the fiscal year-ended 9/30/2022.

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:

	2022	2021	Increase / (Decrease)
Current Assets	$ 3,655,571	$ 5,259,486	$ (1,603,915)
Noncurrent Assets	25,021,319	25,343,463	(322,144)
Deferred Outflows of Resources	301,947	283,654	18,293
Total Assets and Deferred Outflows of Resources	$ 28,978,837	$ 30,886,603	$ (1,907,766)
Current Liabilities	$ 753,840	$ 1,062,682	$ (308,842)
Noncurrent Liabilities	2,678,313	2,579,069	99,244
Deferred Inflows of Resources	1,437,316	1,398,584	38,732
Total Liabilities and Deferred Inflows of Resources	4,869,469	5,040,335	(170,866)
Net Position:			
Net Investment in Capital Assets	22,897,839	23,998,937	(1,101,098)
Restricted Net Position	848,750	991,293	(142,543)
Unrestricted Net Position	362,779	856,038	(493,259)
Total Net Position	24,109,368	25,846,268	(1,736,900)
Total Liabilities, Deferred Inflows and Net Position	$ 28,978,837	$ 30,886,603	$ (1,907,766)

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

The largest portion of the Authority's Net Position (95 percent) reflects its investments in capital assets. The Authority uses these capital assets (land, buildings and improvements, furniture equipment and machinery) to provide housing services to residents and is not readily available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

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

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

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

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

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

2. Minus plan assets available to pay these benefits

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

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

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

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

Statement of Revenues, Expenses and Change in Net Position

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

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	2022	2021	Increase / (Decrease)
Revenues			
Total Tenant Revenues	$ 2,089,097	$ 2,108,598	$ (19,501)
Operating Subsidies	8,041,202	7,964,422	76,780
Capital Grants	348,885	1,341,219	(992,334)
Investment Income	1,828	49,723	(47,895)
Other Revenues	353,071	445,337	(92,266)
Total Revenues	**10,834,083**	**11,909,299**	**(1,075,216)**
Expenses			
Administrative	1,463,237	883,974	579,263
Tenant Services	151,987	317,804	(165,817)
Utilities	1,188,931	1,137,838	51,093
Maintenance	2,623,425	1,386,611	1,236,814
Protective Services	120,140	60,462	59,678
General and Insurance	940,873	749,882	190,991
Housing Assistance Payments	3,875,094	4,203,006	(327,912)
Interest and Fiscal Charges	38,982	71,689	(32,707)
Depreciation	2,168,314	2,170,887	(2,573)
Total Expenses	**12,570,983**	**10,982,153**	**1,588,830**
Net Increases (Decreases)	(1,736,900)	927,146	(2,664,046)
Beginning Net Position	25,846,268	24,919,122	927,146
Ending Net Position	**$ 24,109,368**	**$ 25,846,268**	**$ (1,736,900)**

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Capital Assets

The following reconciliation summarizes the changes in capital assets:

Table 4 - Condensed Statement of Changes in Capital Assets

	2022	2021
Land	$ 2,439,950	$ 2,304,636
Building and Improvements & Construction in Progress	60,218,082	58,666,979
Right to Use - Leased Assets	155,459	199,420
Furniture, Equipment, and Machinery	2,551,538	2,551,539
Accumulated Depreciation	(40,660,976)	(38,642,243)
Total	$ 24,704,053	$ 25,080,331
Beginning Balance - September 30, 2021		$ 25,080,331
Current year additions		1,792,036
Current year depreciation expense		(2,168,314)
Ending Balance - September 30, 2022		$ 24,704,053

Debt Outstanding

The Authority has $1,000,000 debt plus $136,178 of accrued interest payable outstanding at September 30, 2022, 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. And in fiscal year end 2022, the Authority added two new debt increments of $430,000 and $300,000 which were used to acquire property in Springfield that now serves as the central administrative office of the Authority. The balance of the debt belongs to the component units. Below is the change during the current fiscal year:

	SMHA	Component Unit	Total Combined
Beginning Balance - Debt plus Interest Payable	$ 1,136,178	$ 7,222,960	$ 8,359,138
New Debt in Period	730,000	0	730,000
Increase in Accrued Interest Payable	11,362	48,004	59,366
Ending Balance	$ 1,877,540	$ 7,270,964	$ 9,148,504

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 Authority received a favorable funding proration of 104.93% for low income public housing for calendar year 2022.

- ✓ The Authority is challenged by dropping lease up rates for its programs. The time to turnover an Authority owned rental units was affected by time needed to ready units for re-renting due to extensive repairs needed to units and Authority staffing levels. Lease up rate in the Section 8 Voucher programs is still recovering from the impact of COVID-19, and from the reduced availability of rental units in the community meeting HUD's housing quality standards.

- ✓ Globally, in March of 2020, a pandemic of a respiratory disease (COVID-19) caused by a novel coronavirus (SARS-COV-2), spread dramatically all over the world, causing death and disease, continues to impact all of us. HUD provided Housing Authorities CARES Act funding to help PHAs in this period since early 2020 to prepare for, prevent, and respond to the virus. In the fiscal period ended September 30, 2022, the Authority expended $345,719 of the CARES funding which had to be fully expended by December 31, 2021.

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, 2022

ASSETS	
Current assets	
Cash and cash equivalents	$ 2,046,274
Restricted cash and cash equivalents	941,365
Receivables, net of allowance	397,526
Inventory, net of allowance	68,396
Prepaid expenses and other assets	202,010
Total current assets	**3,655,571**
Noncurrent assets	
Capital assets, not depreciated	2,439,950
Capital assets, being depreciated, net of depreciation	22,264,103
Net OPEB Asset	266,421
Other assets	50,845
Total noncurrent assets	**25,021,319**
TOTAL ASSETS	***28,676,890***
DEFERRED OUTFLOWS OF RESOURCES	
Pension	301,947
TOTAL DEFERRED OUTFLOWS OF RESOURCES	***301,947***
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	***$ 28,978,837***

Continued

Springfield Metropolitan Housing Authority
Statement of Net Position
September 30, 2022

LIABILITIES		
Current liabilities		
Accounts payable	$	175,689
Accrued liabilities		224,145
Tenant security deposits		73,162
Unearned Revenue		93,863
Other Current Liability		131,164
Lease Payable - Current Portion		27,943
Long Term Debt - Current Portion		27,874
Total current liabilities		***753,840***
Noncurrent liabilities		
Notes and loans payable		1,000,000
Long Term Debt - Net of Current Portion		702,126
Accrued compensated absences non-current		89,036
Lease Payable, Net of Current Portion		77,805
Net pension liability payable		795,217
Noncurrent liabilities - other		14,129
Total noncurrent liabilities		***2,678,313***
TOTAL LIABILITIES		***3,432,153***
DEFERRED INFLOWS OF RESOURCES		
Pension		1,105,111
OPEB		332,205
TOTAL DEFERRED INFLOWS OF RESOURCES		***1,437,316***
NET POSITION		
Net investment in capital assets		22,897,839
Restricted net position		848,750
Unrestricted net position		362,779
Total net position		**24,109,368**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	***$***	***28,978,837***

Springfield Metropolitan Housing Authority
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended September 30, 2022

OPERATING REVENUES		
Tenant revenue	$	2,089,097
Government operating grants		8,041,202
Other revenue		353,071
Total operating revenues		**10,483,370**
OPERATING EXPENSES		
Administrative		1,463,237
Tenant services		151,987
Utilities		1,188,931
Maintenance		2,623,425
Protective services		120,140
General and Insurance		940,873
Housing assistance payment		3,875,094
Depreciation		2,168,314
Total operating expenses		***12,532,001***
Operating Loss		**(2,048,631)**
NONOPERATING REVENUES (EXPENSES)		
Capital grant revenue		348,885
Interest income		1,828
Interest and Fiscal Charges		(38,982)
Total nonoperating revenues (expenses)		311,731
Change in net position		(1,736,900)
Beginning net position		25,846,268
Total net position - ending	$	24,109,368

See accompanying notes to the financial statements.

Springfield Metropolitan Housing Authority
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	$	7,842,074
Tenant revenue received		2,047,468
Other revenue received		417,772
General and administrative expenses paid		(7,404,433)
Housing assistance payments		(3,882,149)
Net cash used by operating activities		**(979,268)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned		1,412
Net cash provided by investing activities		**1,412**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital Grant Funds Received		348,885
Interest and fiscal charges		(27,620)
Debt Proceeds Received		730,000
Property and equipment acquisitions		(1,792,036)
Proceeds from Leasing Activities		105,620
Principal Paid on Lease Liability		(81,266)
Net cash used by capital and related activities		**(716,417)**
Net decrease in cash		(1,694,273)
Cash and cash equivalents - Beginning of year		4,681,912
Cash and cash equivalents - End of year	**$**	**2,987,639**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$	(2,048,631)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		2,168,314
- (Increases) Decreases in Accounts Receivable		32,969
- (Increases) Decreases in Prepaid Assets		(85,509)
- (Increases) Decreases in Inventory		(11,426)
- (Increases) Decreases in Pension and OPEB Asset		(80,110)
- (Increases) Decreases in Deferred Outflows		(18,293)
- Increases (Decreases) in Accounts Payable		(82,948)
- Increases (Decreases) in Accrued Liabilities		(15,739)
- Increases (Decreases) in Other Current Liabilities		3,121
- Increases (Decreases) in Tenant Security Deposits		(2,063)
- Increases (Decreases) in Unearned Revenue		(206,962)
- Increases (Decreases) in Pension and OPEB Liability		(669,721)
- Increases (Decreases) in Accrued Compensated Absences		6,053
- Increases (Decreases) in Deferred Inflows		38,732
- Increases (Decreases) in Noncurrent Liabilities - Other		(7,055)
Net cash provided by operating activities	**$**	**(979,268)**

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Reporting Entity

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are rents collected from tenants and subsidies provided by federal agencies. The Authority also recognized as operating revenue and expenses the portion of interest on bonds and notes related to housing developments of the Authority and its partnerships. Operating expenses include the cost of services, administrative expenses, depreciation on capital assets and amortization of bond discounts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

Component Units – These projects at Lincoln Park were formed as a limited partnership 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 must meet the provisions of these regulations during each of the 15 consecutive years through 2022 in order to continue to qualify to receive the tax credits.

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

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

Measurement Focus/Basis of Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Capital Assets
Capital assets over the Authority's capitalization threshold of $5,000 are 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). This budget is approved by the Board of the Authority and submitted to HUD.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Deferred Outflows/Inflows of Resources

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

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

Net Position

Net position represents the difference between assets, 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 $160,477 and for Housing Choice Voucher Program fraud recovery was $74,157. Total accounts receivable net of allowance was $397,526 at September 30, 2022.

Inventory

Inventory consists of supplies and maintenance parts carried at cost and are expensed as they are consumed. The allowance for obsolete inventory was $18,728 at September 30, 2022.

Accounting and Reporting for Nonexchange Transactions

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

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

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

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

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

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.

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;

2. CASH AND CASH EQUIVALENTS:

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

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

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

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

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

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

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

Deposits – As of September 30, 2022, the carrying amount of the Authority's deposits totaled $2,118,724 and its bank balances were $2,235,376. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of September 30, 2022, $1,884,604 was exposed to custodial credit risk as discussed below, as $350,772 was covered by the Federal Depository Insurance Corporation. In addition to the Authority's total deposits of $2,278,724, the financial statements include $708,915 of cash balance for its component units.

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

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 carrying amount and maturities of the investments were as follows:

		Investment Maturities (in Years)		
Investment Type	Fair Value	<1	1-2	>2
US Treasury Bills	$ 160,000	$ 160,000	$ 0	$ 0

The Authority's investments in federal U.S. Treasury Bills are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

2. CASH AND CASH EQUIVALENTS: (continued)

Blended Component Units – At December 31, 2021, 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 $708,915.

Restricted Cash – Restricted cash consists of:

Security Deposits	$	73,162
Family Self-Sufficiency Escrows		14,129
Component Unit Reserve Accounts		664,792
Unspent HAP Funding Advanced to the Authority		183,958
Restricted for Current Liabilities		5,324
	$	941,365

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 $205,697 at September 30, 2022.

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 $36,885 at September 30, 2022.

HOPE VI Loan – Lincoln Park Phase lB

The Authority executed a HOPE VI Loan Agreement in the amount of $950,000 with Lincoln Park Housing Partnership II LP for the development of 68 units (Phase lB) on March 22, 2007. The term of the loan promissory note began on March 22, 2007 and continues until fifty (50) years from the first day of the month following the Substantial Completion Date as defined in the loan agreement. Each advance under the note bears interest during its term at the rate of 1% per annum, compounded annually. The loan is secured by an Open-End Leasehold Mortgage and Security Agreement between Lincoln Park Housing Partnership II LP (mortgagor) and The Authority (mortgagee). As a condition to providing funding for the loan, the Authority received the required Completion and Development Deficiency Guarantee from Pennrose Properties, LLC and Penrose Development LLC, each of whom is an affiliate of the general partner, Pennrose GP LLC, of Lincoln Park Housing Partnership II LP. Accrued interest receivable on this loan was $155,640 at September 30, 2022.

The Authority executed an additional promissory note with the partnership in December 2008. The total loan amount the Authority agreed to lend LPHPIILP is $750,000 with interest at 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Accrued interest payable on this loan was $110,656 at September 30, 2022.

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.

HOPE VI Loan – Lincoln Park Phase IIA
The Authority's permanent loan of $4,251,152 bears interest at 0.25% per year with a 50-year term beginning upon the completion of construction, and requiring debt service due out of cash flow pursuant to a Regulatory and Operating Agreement. Proceeds of the loan are provided for Bond Loan repayment and are secured by leasehold mortgage on the Development having second priority during construction until bonds are repaid and thereafter being a first priority leasehold mortgage. The balance due from the partnership at September 30, 2021 was $4,144,713. Accrued interest receivable on this loan was $120,288 at September 30, 2022.

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, 2022:

	Balance 09/30/2021	Additions	Reclasses	Deletions	Balance 09/30/2022
Capital Assets Not Being Depreciated					
Land	$ 2,304,636	$ 135,314	$ 0	$ 0	$ 2,439,950
Construction-in-Progress	1,237,310	0	(1,237,310)	0	$ 0
Total Capital Assets Not Being Depreciated	3,541,946	135,314	(1,237,310)	0	$ 2,439,950
Capital Assets Being Depreciated					
Intangible Right-to-use Lease - Buildings	90,000	0	0	(90,000)	0
Intangible Right-to-use Lease - Equipment	109,420	105,620	0	(59,581)	155,459
Buildings and Improvements	57,429,669	1,551,102	1,237,311	0	60,218,082
Furniture, Equipment, and Machinery	2,551,539	0	(1)	0	2,551,538
Subtotal Capital Assets Being Depreciated	60,180,628	1,656,722	1,237,310	(149,581)	62,925,079
Accumulated Depreciation					
Intangible Right-to-use Lease - Buildings	(45,000)	(45,000)	0	90,000	0
Intangible Right-to-use Lease - Equipment	(61,289)	(43,726)	0	59,581	(45,434)
Buildings and Improvements	(35,943,594)	(2,027,093)	(159,396)	0	(38,130,083)
Furniture and Equipment	(2,592,360)	(52,495)	159,396	0	(2,485,459)
Total Accumulated Depreciation	(38,642,243)	(2,168,314)	0	149,581	(40,660,976)
Depreciable Assets, Net	21,538,385	(511,592)	1,237,310	0	22,264,103
Total Capital Assets, Net	$ 25,080,331	$ (376,278)	$ 0	$ 0	$ 24,704,053

The depreciation expense for the fiscal year ended September 30, 2022 was $2,168,314.

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, 2022 until October 1, 2022, are of accrued interest only.

5. LONG-TERM LIABILITIES – DIRECT BORROWINGS: (continued)

Then beginning November 1, 2022, the note is payable in 174 monthly installments of $3423.60. The loan is secured by property at 2026 W. Main Street, in Springfield. In the event of default, the lender 8at its option may demand payment in full on the debt. The outstanding balance on the note at September 30, 2022 is $430,000.

The Authority executed a Commercial Loan Agreement dated June 9, 2022 in the amount of $300,000 payable to New Carlisle Federal Savings Bank. The rate is 6.35%. During the first phase of the loan, the first 6 payments beginning August 1, 2022 until January1, 2023, are of accrued interest only. Then beginning February 1, 2023, the note is payable in 174 monthly installments of $2657.09. 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, 2022 is $300,000.

Future debt commitments for these debts are presented below:

Year Ended September 30	Principal	Interest	Total
2023	$ 27,874	$ 31,043	$ 58,917
2024	35,488	37,480	72,968
2025	37,553	35,415	72,968
2026	39,632	33,336	72,968
2027	41,829	31,139	72,968
2028-2032	246,548	118,292	364,840
2033-2037	301,076	41,332	342,408
Totals	$ 730,000	$ 328,037	$ 1,058,037

Long-term debt is as follows for the Blended Component Units as of December 31, 2021:

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

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

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

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

5. LONG-TERM LIABILITIES – DIRECT BORROWINGS: (continued)

The Authority has the following Capital Lease commitments:

- The Authority entered into an 18-month lease for office space calling for monthly payments of $5,000.00 beginning January 1, 2021. The office space is being amortized over the life of the lease. The annual interest rate charged on the lease was 1.93%. The lease expired June 30, 2022.

- The Authority entered into a five-year lease for a postage meter calling for monthly payments of $223.01 beginning December 2, 2016. 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 December 1, 2021.

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

- The Authority entered into a two-year lease for copier equipment calling for monthly payments of $1,675.00 beginning March 31, 2020. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 2.59%. This lease expired March 30, 2022.

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

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

- The Authority entered into a two-year lease for remote deposit scanning equipment calling for monthly payments of $250.00 beginning May 13, 2020. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 2.60%. This lease expired May 12, 2022.

- 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, 2022. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is 2.59%.

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

	Principal	Interest	Total
2023	$ 27,943	$ 2,606	$ 30,549
2024	21,509	1,882	23,391
2025	21,376	1,283	22,659
2026	21,982	677	22,659
2027	12,938	127	13,065
Total	$ 105,748	$ 6,575	$ 112,323

5. LONG-TERM LIABILITIES – DIRECT BORROWINGS: (continued)

Changes in long-term liabilities are as follows for the periods ended September 30, 2022 and December 31, 2021 respectively:

	Balance 09/30/2021	Additions	Deletions	Balance 9/30/2022	Due Within One Year
Loan Payable	$ 1,000,000	$ 0	$ 0	$ 1,000,000	$ 0
Capital Debt	0	730,000	0	730,000	27,874
FSS Escrow Payable	41,795	10,461	(33,417)	18,839	4,710
Compensated Absence	112,663	6,053	0	118,716	29,680
Net Pension Liability	1,464,938	0	(669,721)	795,217	0
Lease Liability	81,394	105,620	(81,266)	105,748	27,943
Total Long-Term Liabilities	$ 2,700,790	$ 852,134	$ (784,404)	$ 2,768,520	$ 90,207

Component Units

Description	Balance 12/31/2020	Additions	Retired	Balance 12/31/2021	Due Within One Year
Long-Term	$ 6,678,242	$ 0	$ 0	$ 6,678,242	$ 0

6. DEFINED BENEFIT PENSION PLANS:

Net Pension Liability/Asset

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

6. DEFINED BENEFIT PENSION PLANS: (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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. While members (e.g., Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional 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.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members 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 plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR 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
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	**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	**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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

6. DEFINED BENEFIT PENSION PLANS: (continued)

A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), 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.

Beginning in 2022, the combined plan will be consolidated under the Traditional pension plan (defined benefit plan) and the Combined plan will no longer be available for new hires beginning in 2022.

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

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

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

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

The Authority's contractually required contributions used to fund pension benefits was $205,570 for fiscal year ending September 30, 2022.

6. DEFINED BENEFIT PENSION PLANS: (continued)

Net Pension Liability, 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, 2021, 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	OPERS Combined Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date:	0.009893%	0.006509%
Proportion of the Net Pension Liability/Asset Current Measurement Date:	0.009140%	0.000000%
Change in Proportionate Share	-0.000753%	-0.006509%
Proportionate Share of the Net Pension Liability/Asset	$ 795,217	$ 0
Pension Expense	$ (265,868)	$ 0

At September 30, 2022, 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	
Differences between expected and actual experience	$ 40,539
Changes of assumptions	99,441
Authority contributions subsequent to the measurement date	161,967
Total Deferred Outflows of Resources	$ 301,947
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 945,882
Differences between expected and actual experience	17,441
Changes in proportion and differences between Authority contributions and proportionate share of contributions	141,788
Total Deferred Inflows of Resources	$ 1,105,111

6. DEFINED BENEFIT PENSION PLANS: (continued)

$161,967 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending September 30:	OPERS Traditional Pension Plan
2023	$ (240,105)
2024	(352,143)
2025	(222,416)
2026	(150,467)
Total	$ (965,131)

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.

Actuarial Assumptions - OPERS

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, 2021, 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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

6. DEFINED BENEFIT PENSION PLANS: (continued)

	Traditional Pension Plan
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	3.25 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:	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	7.2 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.

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, 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 15.3 percent for 2021.

Actuarial Assumptions - OPERS

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. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

6. DEFINED BENEFIT PENSION PLANS: (continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

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/Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability/asset 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/asset 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	$ 2,096,625	$ 795,217	$ 287,727

7. DEFINED BENEFIT OPEB PLANS:

Net OPEB Asset

The net OPEB asset reported on the statement of net position represents an asset 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 asset represents the Authority's proportionate share of the 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 asset 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.

7. DEFINED BENEFIT OPEB PLANS: (continued)

Ohio Revised Code limits the Authority's obligation related to this asset 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 asset. Resulting adjustments to the net OPEB asset 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 funded benefits is presented as a long-term *net OPEB asset*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

In order to qualify for postemployment health care coverage, generally, age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Pension Plan and Combined Plan.

7. DEFINED BENEFIT OPEB PLANS: (continued)

Employer contribution rates are expressed as a percentage of covered payroll. In 2021-2022, 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 2021-2022, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021-2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. None of the Authority's contractually required contribution was allocated to health care for the fiscal year ending September 30, 2022.

Net OPEB Asset, 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, 2020, rolled forward to the measurement date of December 31, 2021, 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:

	OPERS
Proportion of the Net OPEB Asset:	
Prior Measurement Date	0.009403%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.008506%
Change in Proportionate Share	-0.000897%
Proportionate Share of the Net OPEB Asset	$ 266,421
OPEB Expense	$ (283,259)

At September 30, 2022, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 127,013
Differences between expected and actual experience	40,412
Changes of assumptions	107,844
Changes in proportion and differences between Authority contributions and proportionate share of contributions	56,936
Total Deferred Inflows of Resources	$ 332,205

7. DEFINED BENEFIT OPEB PLANS: (continued)

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

Year Ending September 30:	OPERS
2023	$ (221,528)
2024	(64,684)
2025	(27,753)
2026	(18,240)
Total	$ (332,205)

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, 2020, rolled forward to the measurement date of December 31, 2021. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Assumptions - OPERS

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

7. DEFINED BENEFIT OPEB PLANS: (continued)

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 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.

During 2021, 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 14.3 percent for 2021.

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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Actuarial Assumptions - OPERS

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 1.84 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.

7. DEFINED BENEFIT OPEB PLANS: (continued)

Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset 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 (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ 156,681	$ 266,421	$ 357,507

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset 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 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 269,300	$ 266,421	$ 263,006

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.

9. CONTINGENT LIABILITIES: (continued)

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

10. CONCENTRATIONS:

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

11. BLENDED COMPONENT UNITS:

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

Lincoln Park Housing Partnership LP (LPHPLP)

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

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

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

Lincoln Park Housing Partnership II LP (LPHPIILP)

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

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

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

11. BLENDED COMPONENT UNITS: (continued)

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.

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. COVID-19:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Authority. The pension and other employee benefit plans in which the Authority participates fluctuate with market conditions and, due to market volatility, the amounts of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

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

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

(1) - Information prior to 2014 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
Schedule of the Authority's Contributions – Pension
Ohio Public Employees Retirement System
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions										
Traditional Plan	$ 205,570	$ 186,499	$ 195,542	$ 216,675	$ 186,773	$ 173,446	$ 154,327	$ 145,731	$ 147,017	$ 198,204
Combined Plan	0	0	8,345	9,247	8,803	8,205	7,209	6,600	4,187	5,644
Total Required Contributions	205,570	186,499	203,887	225,922	195,576	181,651	161,536	152,331	151,204	203,848
Contributions in Relation to the Contractually Required Contribution	(205,570)	(186,499)	(203,887)	(225,922)	(195,576)	(181,651)	(161,536)	(152,331)	(151,204)	(203,848)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 1,468,357	$ 1,332,136	$ 1,396,729	$ 1,547,679	$ 1,356,068	$ 1,361,415	$ 1,286,058	$ 1,214,425	$ 1,225,142	$ 1,524,646
Combined Plan	$ -	$ -	$ 59,607	$ 66,050	$ 63,905	$ 64,403	$ 60,075	$ 55,000	$ 34,892	$ 43,415
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	14.00%	14.00%	13.77%	12.74%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%	13.78%	12.74%	12.00%	12.00%	12.00%	13.00%

See accompanying notes to the required supplementary information

Springfield Metropolitan Housing Authority
Schedule of the Authority’s Proportionate Share of the Net OPEB Liability (Asset)
Ohio Public Employees Retirement System
Last Six Fiscal Years (1)

	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.008506%	0.009403%	0.010624%	0.010052%	0.009720%	0.009820%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (266,421)	$ (167,522)	$ 1,467,450	$ 1,310,544	$ 1,055,520	$ 991,853
Authority's Covered Payroll	$ 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	-20.09%	-11.78%	91.43%	89.88%	76.64%	73.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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
Schedule of the Authority's Contributions – OPEB
Ohio Public Employees Retirement System
Last Eight Fiscal Years (1)

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

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

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%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2022.

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.

Springfield Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Living Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Program		
Public and Indian Housing:		
Public and Indian Housing	14.850	$ 2,926,399
COVID-19 Public and Indian Housing	14.850	115,264
Total Public and Indian Housing		3,041,663
Public Housing Capital Fund	14.872	662,750
Family Self-Sufficiency	14.896	19,230
Resident Opportunity and Supportive Services	14.87	59,864
Housing Voucher Cluster:		
Housing Choice Vouchers	14.871	4,112,734
COVID-19 Housing Choice Vouchers	14.871	226,088
Total Housing Choice Vouchers		4,338,822
Mainstream Vouchers	14.879	149,836
COVID-19 Mainstream Vouchers	14.879	4,367
Total Mainstream Vouchers		154,203
Total Housing Voucher Cluster		4,493,025
Passed through City of Springfield:		
Shelter Plus Care	14.238	113,555
Total Expenditures of Federal Awards		$ 8,390,087

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

NOTE A – BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Springfield Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended September 30, 2022 and is presented on the accrual basis of accounting. The information in this Schedule is presented 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. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost rate principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE B – INDIRECT COST RATE

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

NOTE C – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the fiscal year ended September 30, 2021.

NOTE D – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended September 30, 2022.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended September 30, 2022.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2022

Line item	Account Description	Project	Component Unit - Blended	Family Self-Sufficiency	Business Activities	Revitalization of Severely Distressed Public Housing
	Current Assets					
111	Cash - Unrestricted	$ 915,404	$ 25,783		$ 119,887	
113	Cash - Restricted		664,792			
114	Cash - Tenant Security Deposits	54,822	18,340			
115	Cash - Restricted - COVID					
100	Total Cash	970,226	708,915	-	119,887	-
	Accounts Receivable					
122	Accounts Receivable - HUD Other Project	41,661		2,800		
124	Accounts Receivable - Other Government	-				
125	Accounts Receivable - Miscellaneous		34,799		35,233	
126	Accounts Receivable - Tenants	304,983	67,551			
126.1	Allowance for Doubtful Accounts - Tenants	(137,243)	(23,234)			
128	Fraud Recovery	-	-			
129	Accrued Interest Receivable	-	-	-	-	629,166
120	Total Receivables - Net	209,401	79,116	2,800	35,233	629,166
142	Prepaid Expenses	70,139	61,416	4,196	1,004	
143	Inventories	61,814	23,361		723	
143.1	Allowance for Obsolete Inventories	(12,362)	(4,995)		(145)	
150	**Total Current Assets**	1,299,218	867,813	6,996	156,702	629,166
	Capital Assets					
161	Land	1,952,171				197,229
162	Buildings	32,344,551	24,325,917			17,500
163	F/E/M Admin. - Dwellings	1,028,584	552,004			66,941
164	F/E/M Admin.	561,319				
165	Leasehold Improvements					2,341,865
166	Accum Depreciation	(26,537,830)	(11,302,128)	-	-	(2,344,681)
160	Total Capital Assets, Net of Accum. Dep.	9,348,795	13,575,793	-	-	278,854
171	Notes Receivable - Non-Current					6,678,242
174	Other Assets	142,725	50,845			
180	Total Non-Current Assets	9,491,520	13,626,638	-	-	6,957,096
200	Deferred Outflow of Resources	161,756				
	Total Assets	$ 10,952,494	$14,494,451	$ 6,996	$ 156,702	$ 7,586,262

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2022
(continued)

Line item	Account Description	Project	Component Unit - Blended	Family Self-Sufficiency	Business Activities	Revitalization of Severely Distressed Public Housing
	Current Liabilities					
312	A/P <= 90 days	$ 126,677	$ 27,366	$ 925	$ 6,280	
321	Accrued Wage/Taxes Payable	23,694		904		
322	Accrued Comp Abs. - Current	11,550				
325	Accrued Interest Payable		592,722			147,540
331	Accounts Payable - HUD PHA Programs					
341	Tenant Security Deposits	54,822	18,340			
342	Unearned Revenue	71,136	21,881			
345	Other Current Liabilities	655	84,799		41,000	
346	Accrued Liabilities - Other	19,126				
347	Inter Program - Due To			5,167		
310	Total Current Liabilities	307,660	745,108	6,996	47,280	147,540
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects		6,678,242			
353	Non-Current Liabilities - Other	51,697				
354	Accrued Comp Abs. - Noncurrent	34,648				
355	Loan Liability - Non Current					1,000,000
357	Accrued Pension	426,010				
	Total Non-Current Liabilities	512,355	6,678,242	-	-	1,000,000
	Total Liabilities	820,015	7,423,350	6,996	47,280	1,147,540
400	Deferred Inflow of Resources	769,990				
508.1	Invested in Capital Assets Net	9,277,972	6,897,550			278,854
511.1	Restricted Net Position		664,792			
512.1	Unrestricted Net Position	84,517	(491,241)		109,422	6,159,868
513	Total Net Position	$ 9,362,489	$ 7,071,101	$ -	$ 109,422	$ 6,438,722

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2022

Line item	Account Description	Mainstream Vouchers	HOME Investment Partnership	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Shelter Plus Care
	Current Assets					
111	Cash - Unrestricted	$ 10,359	$ 5,201	$ 546,711	$ -	2,899
113	Cash - Restricted		1,745	170,719		24,115
114	Cash - Tenant Security Deposits	1,508				
115	Cash - Restricted - COVID			4,710	614	
100	Total Cash	11,867	6,946	722,140	614	27,014
	Accounts Receivable					
122	Accounts Receivable - HUD Other Project					
124	Accounts Receivable - Other Government					18,141
125	Accounts Receivable - Miscellaneous			15,891		
126	Accounts Receivable - Tenants			74,157		
126.1	Allowance for Doubtful Accounts - Tenants			(74,157)		
128	Fraud Recovery					
129	Accrued Interest Receivable			-	-	
120	Total Receivables - Net	-	-	15,891	-	18,141
142	Prepaid Expenses			3,847		
143	Inventories					
143.1	Allowance for Obsolete Inventories					
150	**Total Current Assets**	11,867	6,946	741,878	614	45,155
	Capital Assets					
161	Land					
162	Buildings					
163	F/E/M Admin. – Dwellings					
164	F/E/M Admin.			74,769		
165	Leasehold Improvements					
166	Accum Depreciation			(58,316)	-	
160	Total Capital Assets, Net of Accum. Dep.	-	-	16,453	-	-
171	Notes Receivable - Non-Current					
174	Other Assets			28,545		
180	Total Non-Current Assets	-	-	44,998	-	-
200	Deferred Outflow of Resources			32,351		
	Total Assets	$ 11,867	$ 6,946	$ 819,227	$ 614	$ 45,155

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2022
(continued)

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	$ 531		$ 621	$ 42	
321	Accrued Wage/Taxes Payable	1,054		3,725	572	
322	Accrued Comp Abs. - Current	883		9,461		
325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs					
341	Tenant Security Deposits					
342	Unearned Revenue					
345	Other Current Liabilities			4,710		
346	Accrued Liabilities - Other			4,409		
347	Inter Program - Due To					
310	Total Current Liabilities	2,468	-	22,926	614	-
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects					
353	Non-Current Liabilities - Other			27,182		
354	Accrued Comp Abs. - Noncurrent	2,649		28,382		
355	Loan Liability - Non Current					
357	Accrued Pension			85,202		
	Total Non-Current Liabilities	2,649	-	140,766	-	-
	Total Liabilities	5,117	-	163,692	614	-
400	Deferred Inflow of Resources			153,998		
508.1	Invested in Capital Assets Net	-		(1,011)		
511.1	Restricted Net Position	1,508	1,745	156,590		24,115
512.1	Unrestricted Net Position	5,242	5,201	345,958		21,040
513	Total Net Position	$ 6,750	$ 6,946	$ 501,537	$ -	$ 45,155

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2022

Line item	Account Description	Block Grant for Prevention and Treatment of Substance Abuse	COCC	Subtotal	Elimination	Total
	Current Assets					
111	Cash - Unrestricted	$ 23,073	$ 396,957	$ 2,046,274	$ -	$ 2,046,274
113	Cash - Restricted			862,879		862,879
114	Cash - Tenant Security Deposits			73162		73,162
115	Cash - Restricted - COVID			5,324		5,324
100	Total Cash	23,073	396,957	2,987,639	-	2,987,639
	Accounts Receivable					
122	Accounts Receivable - HUD Other Project			44,461		44,461
124	Accounts Receivable - Other Government			18,141		18,141
125	Accounts Receivable - Miscellaneous		500	86,423		86,423
126	Accounts Receivable - Tenants			372,534		372,534
126.1	Allowance for Doubtful Accounts - Tenants			(160,477)		(160,477)
128	Fraud Recovery			74,157		74,157
128.1	Allowance for Doubtful Accounts - Fraud			(74,157)		(74,157)
129	Accrued Interest Receivable			629,166	(592,722)	36,444
120	Total Receivables – Net	-	500	990,248	(592,722)	397,526
142	Prepaid Expenses		61,408	202,010		202,010
143	Inventories			85,898		85,898
143.1	Allowance for Obsolete Inventories			(17,502)		(17,502)
144	Inter Program Due From		5,167	5,167	(5,167)	-
150	**Total Current Assets**	23,073	464,032	4,253,460	(597,889)	3,655,571
	Capital Assets					
161	Land		290,550	2,439,950		2,439,950
162	Buildings		1,188,249	57,876,217		57,876,217
163	F/E/M Admin. - Dwellings			1,580,588		1,580,588
164	F/E/M Admin.		423,380	1,126,409		1,126,409
165	Leasehold Improvements			2,341,865		2,341,865
166	Accum Depreciation		(418,021)	(40,660,976)	-	(40,660,976)
160	Total Capital Assets, Net of Accum. Dep.	-	1,484,158	24,704,053	-	24,704,053
171	Notes Receivable - Non-Current			6,678,242	(6,678,242)	-
174	Other Assets		95,151	317,266		317,266
180	Total Non-Current Assets	-	1,579,309	31,699,561	(6,678,242)	25,021,319
200	Deferred Outflow of Resources		107,840	301,947		301,947
	Total Assets	$ 23,073	$ 2,151,181	$36,254,968	$ (7,276,131)	$ 28,978,837

See Auditor's Report.

Springfield MHA
Entity Wide Balance Sheet Summary
September 30, 2022
(continued)

Line item	Account Description	Block Grant for Prevention and Treatment of Substance Abuse	COCC	Subtotal	Elimination	Total
312	A/P <= 90 days		$ 13,247	$ 175,689		$ 175,689
321	Accrued Wage/Taxes Payable	460	16,516	46,925		46,925
322	Accrued Comp Abs. - Current		7,786	29,680		29,680
325	Accrued Interest Payable			740,262	(592,722)	147,540
341	Tenant Security Deposits			73,162		73,162
342	Unearned Revenue		846	93,863		93,863
343	Current Portion of Long-term Debt - Capital Projects		27,874	27,874		27,874
345	Other Current Liabilities		4,408	131,164		131,164
346	Accrued Liabilities - Other			27,943		27,943
347	Inter Program - Due To			5,167	(5,167)	-
310	Total Current Liabilities	460	70,677	1,351,729	(597,889)	753,840
	Non-Current Liabilities					
351	Long-Term Debt, Net of Current - Capital Projects		702,126	7,380,368	(5,678,242)	1,702,126
353	Non-Current Liabilities - Other		13,055	91,934		91,934
354	Accrued Comp Abs. - Noncurrent		23,357	89,036		89,036
355	Loan Liability - Non Current			1,000,000	(1,000,000)	-
357	Accrued Pension		284,005	795,217		795,217
	Total Non-Current Liabilities	-	1,022,543	9,356,555	(6,678,242)	2,678,313
	Total Liabilities	460	1,093,220	10,708,284	(7,276,131)	3,432,153
400	Deferred Inflow of Resources		513,328	1,437,316		1,437,316
508.1	Invested in Capital Assets Net	-	736,695	17,219,597	5,678,242	22,897,839
511.1	Restricted Net Position			848,750		848,750
512.1	Unrestricted Net Position	22,613	(192,062)	6,041,021	(5,678,242)	362,779
513	Total Net Position	$ 22,613	$ 544,633	$24,109,368	$ -	$ 24,109,368

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2022

Line item	Account Description	Project	CARES Project	CARES Mainstream Vouchers	Component Unit - Blended	Family Self-Sufficiency
703	Net Tenant Rental Revenue	$ 1,353,211			$ 682,164	
704	Tenant Revenue - Other	52,772			950	
705	Total Tenant Revenue	1,405,983	-	-	683,114	-
706	HUD PHA Operating Grants	3,240,264	115,264	4,367		19,230
706.1	Capital Grants	348,885				
707.1	Management Fee					
707.2	Asset Management Fee					
707.3	Bookkeeping Fee					
708	Other Government Grants					
711	Investment Income - Unrestricted	158			74	
714	Fraud Recovery	-				
715	Other Revenue	19,068			48,641	
720	Investment Income - Restricted					
700	TOTAL REVENUE	5,014,358	115,264	4,367	731,829	19,230
911	Admin Salaries	350,956		3,494	41,574	
912	Audit	14,268			17,250	
913	Management Fee	466,952	3,672		20,396	
913.1	Bookkeeping Fee	49,313	463			
914	Advertising and Marketing	352			26	
915	Employee Benefits	978		873		
916	Office Expenses	144,269			40,061	24
917	Legal Expense	9,227				
918	Travel	5,417			217	
919	Other	7,308				
	Total Operating - Admin.	1,049,040	4,135	4,367	119,524	24
920	Asset Management Fee	78,840			17,604	
921	Tenant Services - Salaries	-				16,217
922	Relocation Costs	8,410				
923	Employee Benefit Contributions - Tenant Services	-				2,832
924	Tenant Services - Other	4,048	37,866			
925	Total Tenant Services	12,458	37,866	-	-	19,049
931	Water	154,979			79,699	
932	Electricity	271,920			11,130	
933	Gas	187,631			19,136	
936	Sewer	287,122			106,422	
930	Total Utilities	901,652	-	-	216,387	-

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2022
(continued)

Line item	Account Description	Project	CARES Project	CARES Mainstream Vouchers	Component Unit - Blended	Family Self-Sufficiency
941	Ordinary Maint. & Operations - Labor	411,064			92,499	
942	Ordinary Maint. & Operations - Materials & Other	157,767	11,100		5,380	
943	Ordinary Maint. & Operations - Contracts	1,225,357	62,163		186,277	
945	Employee Benefits Contributions - Ordinary Maint.	47,710				
940	Total Maintenance	1,841,898	73,263	-	284,156	-
952	Protective Services - Other Contract Costs	96,116				
950	Total Protective Services	96,116	-	-	-	-
961.1	Property Insurance	89,669			47,764	
961.2	Insurance - Liab. Insurance	54,243				
961.3	Workmen's Compensation	9,351				157
961.4	All Other Insurance					
961	Total Insurance	153,263	-	-	47,764	157
962	Other General Expenses	530,163			3,000	
962.1	Compensated Absences	6,993				
963	Payments in Lieu of Taxes					
964	Bad Debt - Tenant Rents	107,899			20,371	
968	Severance Expense					
960	Total Other General Expenses	645,055	-	-	23,371	-
967.1	Interest of Mortgage Payable				48,004	
967.1	Interest on Notes Payable					
967.3	Amortization of Bond Issue Costs				12,980	
967	Total Interest Expense and Amortization Cost	-	-	-	60,984	-
	TOTAL OPERATING EXPENSES	4,778,322	115,264	4,367	769,790	19,230
970	Excess Operating Revenue over Expenses	236,036	-	-	(37,961)	-
971	Extraordinary Maintenance	239,701				
972	Causality Losses - Non-Capital	1,500				
973	Housing Assistance Payments					
973.5	HAP Portability-In					
974	Depreciation Expense	904,912			1,018,713	
900	TOTAL EXPENSES	5,924,435	115,264	4,367	1,788,503	19,230
1000	Excess (Deficiency) of Total Rev. Over (Under) Total Exp.	$ (910,077)	$ -	$ -	$ (1,056,674)	$ -

See Auditor's Report.

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2022

Line item	Account Description	Business Activities	Revitalization of Severely Distressed Public Housing	Mainstream Vouchers	Housing Choice Vouchers	Shelter Plus Care
703	Net Tenant Rental Revenue					
704	Tenant Revenue - Other					
705	Total Tenant Revenue	-	-	-	-	-
706	HUD PHA Operating Grants			149,836	4,112,734	
706.1	Capital Grants					
707.1	Management Fee					
707.2	Asset Management Fee					
707.3	Bookkeeping Fee					
708	Other Government Grants					113,555
711	Investment Income - Unrestricted				84	
714	Fraud Recovery				2,300	
715	Other Revenue	174,418			16,798	
720	Investment Income - Restricted		48,420			
700	TOTAL REVENUE	174,418	48,420	149,836	4,131,916	113,555
911	Admin Salaries			20,331	82,081	
912	Audit				3,567	
913	Management Fee				110,344	
913.1	Bookkeeping Fee				67,807	
914	Advertising and Marketing				476	
915	Employee Benefits			5,770	(178,865)	
916	Office Expenses	276			50,611	
917	Legal Expense				42	
918	Travel				2,512	
919	Other	16,323			2,575	
	Total Operating - Admin.	16,599	-	26,101	141,150	-
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	7,844				
932	Electricity	20,057				
933	Gas	11,663				
936	Sewer	16,338				
930	Total Utilities	55,902	-	-	-	-

See Auditor's Report.

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2022
(continued)

Line item	Account Description	Business Activities	Revitalization of Severely Distressed Public Housing	Mainstream Vouchers	Housing Choice Vouchers	Shelter Plus Care
941	Ordinary Maint. & Operations - Labor	5,077				
942	Ordinary Maint. & Operations - Materials & Other	3,822			4,901	
943	Ordinary Maint. & Operations - Contracts	79,772			4,971	
945	Employee Benefits Contributions - Ordinary Maint.					
940	Total Maintenance	88,671	-	-	9,872	-
952	Protective Services - Other Contract Costs				12,012	
950	Total Protective Services	-	-	-	12,012	-
961.1	Property Insurance	3,228			1,664	
961.2	Insurance - Liab. Insurance	2,493			1,300	
961.3	Workmen's Compensation			353	2,563	
961.4	All Other Insurance					
961	Total Insurance	5,721	-	353	5,527	-
962	Other General Expenses		8,659		562	20,997
962.1	Compensated Absences			502	7,868	
963	Payments in Lieu of Taxes					
964	Bad Debt - Tenant Rents					
968	Severance Expense					
960	Total Other General Expenses	-	8,659	502	8,430	20,997
967.1	Interest of Mortgage Payable		12,529			
967.1	Interest on Notes Payable					
967.3	Amortization of Bond Issue Costs					
967	Total Interest Expense and Amortization Cost	-	12,529	-	-	-
	TOTAL OPERATING EXPENSES	166,893	21,188	26,956	176,991	20,997
970	Excess Operating Revenue over Expenses	7,525	27,232	122,880	3,954,925	92,558
971	Extraordinary Maintenance					
972	Causality Losses - Non-Capital					
973	Housing Assistance Payments			117,021	3,667,783	90,290
973.5	HAP Portability-In					
974	Depreciation Expense		147,466		33,679	
900	TOTAL EXPENSES	166,893	168,654	143,977	3,878,453	111,287
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 7,525	$ (120,234)	$ 5,859	$ 253,463	$ 2,268

See Auditor's Report.

Springfield MHA

Entity Wide Revenues and Expenses Summary

For the Fiscal Year Ended September 30, 2022

item	Account Description	COCC	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue		$ 2,035,375		$ 2,035,375
704	Tenant Revenue - Other		53,722		53,722
705	Total Tenant Revenue	-	2,089,097	-	2,089,097
706	HUD PHA Operating Grants		7,927,647		7,927,647
706.1	Capital Grants		348,885		348,885
707.1	Management Fee	610,005	610,005	(597,692)	12,313
707.2	Asset Management Fee	83,448	83,448	(83,448)	-
707.3	Bookkeeping Fee	117,120	117,120	(117,120)	-
708	Other Government Grants		113,555		113,555
711	Investment Income - Unrestricted	1,096	1,412		1,412
714	Fraud Recovery		2,300		2,300
715	Other Revenue	79,533	350,305	(11,847)	338,458
720	Investment Income - Restricted		48,420	(48,004)	416
700	TOTAL REVENUE	891,202	11,692,194	(858,111)	10,834,083
911	Admin Salaries	516,657	1,157,776		1,157,776
912	Audit	3,567	38,652		38,652
913	Management Fee		607,318	(607,318)	-
913.1	Bookkeeping Fee		119,341	(119,341)	-
914	Advertising and Marketing	3,767	4,621		4,621
915	Employee Benefits	(130,551)	(264,222)		(264,222)
916	Office Expenses	105,374	358,509		358,509
917	Legal Expense	53,697	62,966		62,966
918	Travel	6,012	14,158		14,158
919	Other	51,575	77,781		77,781
	Total Operating - Admin.	610,098	2,176,900	(726,659)	1,450,241
920	Asset Management Fee		96,444	(83,448)	12,996
921	Tenant Services - Salaries		56,407		56,407
922	Relocation Costs		8,410		8,410
923	Employee Benefit Contributions - Tenant Services		16,985		16,985
924	Tenant Services - Other		70,185		70,185
925	Total Tenant Services	-	151,987	-	151,987
931	Water	2,551	245,073		245,073
932	Electricity	7,685	310,792		310,792
933	Gas	4,094	222,524		222,524
936	Sewer	660	410,542		410,542
930	Total Utilities	14,990	1,188,931	-	1,188,931

See Auditor's Report.

Springfield MHA
Entity Wide Revenues and Expenses Summary
For the Fiscal Year Ended September 30, 2022
(continued)

Line item	**Account Description**	COCC	Subtotal	Elimination	Total
941	Ordinary Maint. & Operations – Labor	15,000	523,640		523,640
942	Ordinary Maint. & Operations - Materials & Other	24,570	212,311		212,311
943	Ordinary Maint. & Operations - Contracts	35,471	1,598,563		1,598,563
945	Employee Benefits Contributions - Ordinary Maint.		47,710		47,710
940	Total Maintenance	75,041	2,382,224	-	2,382,224
952	Protective Services - Other Contract Costs	12,012	120,140		120,140
950	Total Protective Services	12,012	120,140	-	120,140
961.1	Property Insurance	4,357	146,682		146,682
961.2	Insurance - Liab. Insurance	3,241	61,277		61,277
961.3	Workmen's Compensation	7,873	20,297		20,297
961.4	All Other Insurance				
961	Total Insurance	15,471	228,256	-	228,256
962	Other General Expenses	3,173	566,554		566,554
962.1	Compensated Absences	2,430	17,793		17,793
963	Payments in Lieu of Taxes				
964	Bad Debt - Tenant Rents		128,270		128,270
968	Severance Expense				
960	Total Other General Expenses	5,603	712,617	-	712,617
967.1	Interest of Mortgage Payable	13,473	74,006	(48,004)	26,002
967.1	Interest on Notes Payable				
967.3	Amortization of Bond Issue Costs		12,980		12,980
967	Total Interest Expense and Amortization Cost	13,473	86,986	(48,004)	38,982
	TOTAL OPERATING EXPENSES	746,688	7,144,485	(858,111)	6,286,374
970	Excess Operating Revenue over Expenses	144,514	4,547,709	-	4,547,709
971	Extraordinary Maintenance		239,701		239,701
972	Causality Losses - Non-Capital		1,500		1,500
973	Housing Assistance Payments		3,875,094		3,875,094
973.5	HAP Portability-In				
974	Depreciation Expense	63,544	2,168,314		2,168,314
900	TOTAL EXPENSES	810,232	13,429,094	(858,111)	12,570,983
1000	Excess (Deficiency) of Total Rev. Over (Under) Total Exp.	$ 80,970	$(1,736,900)	$ -	$ (1,736,900)

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated July 11, 2023.

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 our opinion**(s)** 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-003 that I consider to be significant deficiencies.

Report on Compliance and Other Matters

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

I noted certain matters that I reported to management of the Authority's in a separate letter dated July 11, 2023.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

July 11, 2023

Kevin L.
Penn, Inc.

Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
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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, 2022. Springfield Metropolitan Housing Authority’s major federal programs are identified in the *Summary of Auditor’s Results* section of the accompanying schedule of findings and questioned costs.

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, 2022.

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 I identified during the audit.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004, to be a significant deficiency.

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 response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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

Kevin L. Penn, Inc.
Cleveland, Oho

July 11, 2023

Springfield Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	Yes
Identification of major programs:	
14.871 and 14.879	Housing Voucher Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > $750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

2022-001

Bank Reconciliation

Condition:

The bank reconciliations performed as of September 30, 2022 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 were not properly reconciled at the end of the fiscal year.

Effect:

The combined bank reconciliations balances exceeded the general ledger cash balance by $54,588 as of September 30, 2022. 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:

Springfield MHA will revise standard operating procedures so that bank reconciliations for the month of September of each fiscal year-ended September 30 will reflect balances in intercompany accounts receivables and intercompany accounts payables reported in accordance with HUD Accounting Brief 14 on the Financial Data Schedule as reconciling items on the bank reconciliations. For this fiscal year-end September 30, 2022, the reporting of such balances in accordance with HUD Accounting Brief 14 was only documented on trial balance worksheets that document mapping between trial balance numbers and the Financial Data Schedule. In addition, the Authority will implement controls to ensure all reconciling items are clearly documented on bank reconciliations performed monthly.

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

2022-002

Financial Statements

Condition:

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

Criteria:

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

Cause:

Lack of financial internal controls.

Effect:

- Total assets per the financial statements generated from the general ledger were understated by $123,336.
- Total liabilities and net assets per the financial statements generated from the general ledger were understated by $123,336.
- Total revenue per the financial statements generated from the general ledger were understated by $4,619.
- Total expenses per the financial statements generated from the general ledger were understated by $48,409.

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.

Section II - Financial Statement Findings

2022-002

Financial Statements (continued)

Views of Responsible Officials and Planned Corrective Actions:

Contributing to differences between the system generated financial statements and the financial statements prepared by the Authority for distribution include balances in accounts that typically have a balance that would appear on the Liability side of the Statement of Net Position, but in any given year have a balance reported on the Asset side of the Statement of Net Position, an example being the OPEB Net Asset. Balances of grants of short duration that for grant reporting purposes are maintained cumulatively in the general ledger for which only period amounts are reported on the Statement of Revenues, Expenses, and Change in Net Position is also an example of what can cause such differences.

It is unknown by current management of Springfield MHA when the mapping for the financial statements generated by the Authority's accounting software was done or last updated. The financial statements generated by the Authority's accounting software are for very limited use by management only. They are not and were not generated for publication and distribution. For audit, Springfield MHA prepares trial balance worksheets that document mapping to the unaudited Financial Data Schedule, and then the totals from the unaudited Financial Data Schedule as adjusted (if applicable) provide the basis for the Financial Statements prepared for financial reporting and distribution. In addition to considering any mapping changes needed to system generated financial statements in the Authority's accounting software, Springfield MHA will consider how to label the financial statements generated by the accounting software as For Management Use Only.

2022-003

Accounts Receivable - Tenants

Condition:

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

Criteria:

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

2022-003

Accounts Receivable – Tenants (continued)

Cause:

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

Effect:

The Aged Receivable report was overstated by $21,873.

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.

Views of Responsible Officials and Planned Corrective Actions:

Prior accounting management and staff have been removed. Accounts Receivable – Tenants will be properly reconciled.

Section III - Federal Award Findings

2022-004

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

Tenant Files

Condition:

Housing Choice Vouchers

Move-ins:

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

Section III - Federal Award Findings

2022-004

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

Tenant Files (continued)

Recertification:

1. In fifteen (15) instances out of twenty-five (25) tenant files selected for testing, that the notification of corrective actions was indicated to the Landlord, without indicating the number of days allowed for the correction.

2. In one (1) instance out of twenty-five (25) tenant files selected for testing, the annual recertification was not performed, during the 2022 fiscal year.

3. In one (1) instance out of twenty-four (24) tenant files selected for testing, the Authorization for the Release of Information (Form HUD-9886), was not dated by the tenant.

4. In two (2) instances out of twenty-four (24) tenant files selected for testing, the annual income was not verified in accordance to “Part III: Verifying Income and Assets – 7-III.A. Earned Income”.

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

Move-outs:

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

Section III - Federal Award Findings

2022-004

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

Tenant Files (continued)

Criteria:

1. Lease agreement must be signed by the tenant and landlord, prior to the PHA making a subsidy payment to the landlord.
2. Rent reasonableness must be determined and documented on a case-by-case basis that the approved rent is reasonable in comparison to rent for other comparable unassisted units in the market. The PHA will not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent.
3. The Lease Addendum – Violence Against Women and Justice Department Reauthorization Act of 2005 form, must be signed by the landlord and tenant, prior to the PHA making a subsidy payment to the landlord.
4. Passed inspection must be obtained, prior to the tenant occupying the housing unit. In addition, deficiencies must be reinspected within 30 days.
5. Once a family's housing choice voucher term expires, the family is no longer eligible to search for housing under the program.
6. For verification of annual income, family must provide originals of up to the four most concurrent pay stubs. SS/SSI benefits, requires the PHA to request a current SSA benefit verification letter from each family member that receives social security benefits.
7. The HAP contract represents a written agreement between the PHA and the owner of the dwelling unit occupied by a HCV assisted family.
8. Authorization for the release of information form, must be signed and dated by the tenant, prior to the PHA requesting income information from the sources listed on the form.

Effect:

Potential questioned cost of $15,556.00.

Context:

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

Section III - Federal Award Findings

2022-004

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

Tenant Files (continued)

Population Size

Number: 899 tenant files   Dollar Amount: $3,667,783.

Sample

Number: 40 tenant files tested   Dollar Amount: $163,194.

Items Not in Compliance

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

Questioned Costs

There were potential questioned costs of $15,556.00.

Cause:

Oversight by Management.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

Springfield MHA will review all files from this audit to make necessary corrections. SMHA will review and update policy to ensure all program requirements are met.

Springfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022

There were no audit findings, during the 2021 fiscal year.

Springfield Metropolitan
HOUSING AUTHORITY

A New Foundation of Hope

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

P: 937.325.7331
F: 937.325.3657
spglldhousing ilsmhaohio.org

Corrective Action Plan

September 30, 2022

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, 2022

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 2022-001. U.S. Department of Housing and Urban Development
Housing Choice Voucher Cluster.

Bank Reconciliation

The bank reconciliations performed as of September 30, 2022, 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 that transfers between programs should be recognized in the due to and due from accounts. Performing these procedures will reduce the risk of an overdrawn or overstated bank balance during the fiscal year.

(2) Actions Taken on the Finding. Response from SMHA

Bank Rec Finding Action Plan

Prior accounting management and staff have been removed. Bank Accounts will be properly reconciled to the general ledger.

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

b. Finding 2022-002. U.S. Department of Housing and Urban Development
Housing Choice Voucher Cluster.

Financial Statements

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

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

(2) Actions Taken on the Finding. Response from SMHA

Prior accounting management and staff have been removed. Accounts will be properly accounted to present financials.

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

c. Finding 2022-002. U.S. Department of Housing and Urban Development
Housing Choice Voucher Cluster.

Accounts Receivable - Tenants

During the testing of accounts receivable tenants, there were twenty-two (22) instances out of twenty-six (26) transactions tested, whereby, the tenant balance reported on the Resident Ledger did not agree with the tenant balance reported on the Aged Receivable Report as of September 30, 2022. As a result, the Aged Receivable report was overstated by $21,873.

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

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spgfldhousing(?ysmhaohio.org

(2) Actions Taken on the Finding.

Prior accounting management and staff have been removed. Accounts Receivable- Tenants will be properly reconciled.

Tenant Files

Housing Choice Vouchers

Move-ins:

1. In two (2) instances out of ten (10) tenant files tested, the date on the lease agreement did not agreement to the effective move-in date.
2. In six (6) instances out of ten (10) tenant files tested, the lease agreement was not maintained in the tenant's file.
3. In one (1) instance out often (10) tenant files tested, the lease agreement did not indicate the initial lease date or the rent amount.
4. In ten (10) instances out of ten (10) tenant files tested, the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not signed by the Landlord.
5. In four (4) instances out of ten (10) tenant files tested, the HAP Contract was not signed by the Owner.

Tenant Files (continued)

Move-Ins:

6. In three (3) instances out of ten (10) tenant files tested, the Tenancy Addendum was not maintained in the tenant's file.
7. In two (2) instances out of ten (10) tenant files tested, the Voucher expired prior to the issuance of the Request for Tenancy Approval.
8. In one (1) instance out of ten (10) tenant files tested, the "Reasonableness Valuation" form was not maintained in the tenant's file.
9. In one (1) instance out of ten (10) tenant files tested, the "Addition to Landlord and Tenant Lease" was not maintained in the tenant's file.

Recertification:

Springfield Metropolitan
HOUSING AUTHORITY

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1. In fifteen (15) instances out of twenty-five (25) tenant files selected for testing, that the notification of corrective actions was indicated to the Landlord, without indicating the number of days allowed for the correction.

2. In one (1) instance out of twenty-five (25) tenant files selected for testing, the annual recertification was not performed during the 2022 fiscal year.

3. In one (1) instance out of twenty-four (24) tenant files selected for testing, the Authorization for the Release of Information (Form HUD-9886), was not dated by the tenant.

4. In two (2) instances out of twenty-four (24) tenant files selected for testing, the annual income was not verified.in accordance to "Part III: Verifying Income and Assets- 7-111A Earned Income".

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

Move-outs:

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

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that Springfield Metropolitan Housing Authority should 1) determines the rent reasonableness, prior to making a subsidy payment to the landlord; 2)obtain the tenant and landlord signature, prior to making a subsidy payment to the landlord; 3) obtain the lease-addendum - violence against women form, prior to making a subsidy payment to the landlord; 4) The HAP should be signed by the tenant and the owner, prior to the tenant occupying the housing unit; 5) obtain the tenant's signature and date on the authorization for release of information, prior to requesting household income information, and 6) Annual income should be verified by the PHA, prior to the tenant occupying the housing unit.

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

(2) Actions Taken on the Finding. SMHA response

Springfield MHA will review all files from this audit to make necessary corrections.
SMHA will review and update policy to ensure all program requirements are met.

Springfield Metropolitan
HOUSI G AIiTTIORITY

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2026 W. Main Street
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spgfldhousing@smhaohio.org

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

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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 11/14/2023

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