

SPRINGFIELD HOUSING AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

SPRINGFIELD HOUSING AUTHORITY

CONTENTS

Independent Auditors' Report	3-5	
Management's Discussion and Analysis	6-14	
Basic Financial Statements		
Statement of Net Position	15	
Statement of Revenues, Expenses and Changes in Net Position	16	
Statement of Cash Flows	17-18	
Notes to Financial Statements.....	19-40	
Required Supplementary Information		
Schedule of Changes in the Total OPEB Liability and Related Ratios	41	
Schedule of the Proportionate Share of the Net Pension Liability	42	
Schedule of Pension Contributions.....	43	
Notes to Required Supplementary Information	44-45	
Supplementary Information		
Supplementary Financial Data Schedule	46-53	
Statement and Certification of Actual Modernization Costs	54	
Statement of Actual Modernization Costs - Uncompleted	55	
Statement of Actual Grant Costs - Uncompleted.....	56	
Schedule of Expenditures of Federal Awards.....	57	
Notes to Schedule of Expenditures of Federal Awards	58	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		59-60
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance		61-62
Schedule of Findings and Questioned Costs.....	63-64	
Independent Accountants' Report on Applying Agreed-Upon Procedures	65-66	



INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Springfield Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Springfield Housing Authority, as of March 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Springfield Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Springfield Housing Authority, as of March 31, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 41 through 45, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Springfield Housing Authority's basic financial statements. The supplementary information on pages 46 through 56, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 46 through 56 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 46 through 56 and the 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*, we have issued our report dated December 17, 2019 on our consideration of the Springfield Housing Authority's internal control over financial reporting and our 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 our 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 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 Springfield Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Boston, Massachusetts
December 17, 2019

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

March 31, 2019

The Springfield Housing Authority’s (“the Authority”) Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s net position increased approximately \$679,000 in 2019. Net position was \$4.1 million and \$4.7 million for 2018 and 2019, respectively.
- Revenues increased \$4.6 million during 2019, and were \$48.2 million and \$53.0 million for 2018 and 2019, respectively.
- The total expenses of all Authority programs increased approximately \$673,000. Total expenses were \$51.6 million and \$52.3 million for 2018 and 2019, respectively.

FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where total assets and deferred outflows of resources equal total liabilities, deferred inflows of resources and “net position”, formerly known as net assets. Assets and liabilities are presented in order of liquidity.

The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to represent the net available assets and deferred outflows less liabilities and deferred inflows, for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

March 31, 2019

Statement of Net Position (Continued)

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At March 31, 2019, restrictions of \$241,702, represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted Net Position is designed to represent the net available (non-capital) assets, for the entire Authority.

Statement of Revenues, Expenses, and Changes in Net Position

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income and operating grants, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and gain on the disposition of capital assets.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, capital and related financing activities and investing activities.

THE AUTHORITY’S PROGRAMS

The Authority maintains its accounting records by program and operates the following programs:

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2019

THE AUTHORITY'S PROGRAMS (CONTINUED)

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher and the Family Self Sufficiency Program (FSS) – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

Section 8 Moderate Rehabilitation – The moderate rehabilitation program provides project-based rental assistance for low income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and the Authority. Under the contract, the owner receives a subsidy equal to the difference between an approved contract rent and the tenant's share of the rent determined under HUD Section 8 regulations.

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly property management and bookkeeping fee. The State Housing Programs of the Authority are excluded from this method of cost allocation; therefore, overhead *expenses* are allocated directly to these programs.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2019

THE AUTHORITY'S PROGRAMS (CONTINUED)

State and Local Programs – The Authority operates the following state and local programs:

State Consolidated and State Chapter 705 Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Department of Housing & Community Development (DHCD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by DHCD via operating grants.

State Chapter 689 Housing – Under this program, the Authority owns operates and maintains rental housing acquired with grants from DHCD. The building is generally rented to a non-profit corporation who provides health and human resource needs to mentally disabled individuals.

Massachusetts Rental Voucher Program (MRVP) – DHCD provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a contract amount.

State Modernization Program – DHCD provides grant funds to authorities with State Consolidated units based on the Authority's application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

Authority-Owned Section 8 Substantial Rehab/New Construction – DHCD provides a direct mortgage to the Authority as owners of three affordable housing developments. As a condition of the mortgages on the buildings, the Authority has entered into long-term contract to rent some or all of the dwelling units to low income individuals or families and receives project based Section 8 rental assistance from DHCD through a contract between DHCD and HUD. Under the contract, the Authority receives a subsidy equal to the difference between an approved contract rent and the tenant's share of the rent determined under HUD Section 8 regulations.

Springfield Housing Associates, Incorporated (the Corporation) – The Corporation is a related not-for-profit Massachusetts corporation, which was created as an instrumentality of the Authority for the purpose of providing low-moderate income families and individuals with housing opportunities in the Springfield community. The Corporation's Board of Directors consists of the Board of Commissioners of the Authority.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

March 31, 2019

THE AUTHORITY’S PROGRAMS (CONTINUED)

Talk, Read, Succeed! (TRS) Program – This local initiative aims to ensure that all children are able to read at grade level by fourth grade. The Authority partners with grant providers, schools, and service agencies to fund and implement TRS programming in targeted Public Housing developments owned by the Authority.

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1: SUMMARY OF NET POSITION
March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Current Assets	\$ 17,201,391	\$ 13,885,024	\$ 3,316,367	23.88%
Capital Assets	<u>50,555,610</u>	<u>52,695,983</u>	<u>(2,140,373)</u>	-4.06%
Total Assets	<u>67,757,001</u>	<u>66,581,007</u>	<u>1,175,994</u>	1.77%
Deferred Outflows of Resources	<u>2,689,178</u>	<u>4,329,076</u>	<u>(1,639,898)</u>	-37.88%
Current Liabilities	3,653,603	3,559,378	94,225	2.65%
Noncurrent Liabilities	<u>56,472,217</u>	<u>57,170,938</u>	<u>(698,721)</u>	-1.22%
Total Liabilities	<u>60,125,820</u>	<u>60,730,316</u>	<u>(604,496)</u>	-1.00%
Deferred Inflows of Resources	<u>5,585,883</u>	<u>6,124,269</u>	<u>(538,386)</u>	-8.79%
Net Invested in Capital Assets	48,286,596	50,125,069	(1,838,473)	-3.67%
Restricted	241,702	139,043	102,659	73.83%
Unrestricted (Deficit)	<u>(43,793,822)</u>	<u>(46,208,614)</u>	<u>2,414,792</u>	-5.23%
Total Net Position	<u>\$ 4,734,476</u>	<u>\$ 4,055,498</u>	<u>\$ 678,978</u>	16.74%

Major Factors Affecting the Summary of Net Position

During 2019 current assets increased \$3.3 million due primarily to an increase in cash. A large part of this increase was attributed to an increase in HUD operating grants. Capital assets decreased \$2.1 million as a result of depreciation exceeding capital improvements and the sale of a building.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2019

TABLE 2: CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position - 3/31/2018	\$ (46,208,613)
Revenues and operating grants (excluding restricted revenue and capital)	22,427,458
Expenses (excluding depreciation and restricted expenses)	<u>(24,842,249)</u>
Unrestricted Net Position - 3/31/2019	<u>\$ (43,793,822)</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2019

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

TABLE 3: SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Revenue				
Operating Revenues	\$ 50,822,434	\$ 46,523,444	\$ 4,298,990	9.24%
Non-operating Revenues	<u>2,142,986</u>	<u>1,707,203</u>	<u>435,783</u>	25.53%
Total Revenues	<u>52,965,420</u>	<u>48,230,647</u>	<u>4,734,773</u>	9.82%
Expenses				
Housing assistance payments	25,194,316	23,781,461	1,412,855	5.94%
Administration	7,868,383	10,137,476	(2,269,093)	-22.38%
Repair and maintenance	7,750,103	6,684,154	1,065,949	15.95%
Depreciation expense	3,818,239	3,730,106	88,133	2.36%
Utilities	4,746,901	4,345,023	401,878	9.25%
Tenant services	248,619	287,344	(38,725)	-13.48%
Insurance expense	828,536	732,360	96,176	13.13%
Other general expenses	1,211,467	1,159,436	52,031	4.49%
Protective services	504,070	632,822	(128,752)	-20.35%
Interest expense	<u>115,808</u>	<u>123,490</u>	<u>(7,682)</u>	-6.22%
Total Expenses	<u>52,286,442</u>	<u>51,613,672</u>	<u>672,770</u>	1.30%
Change in Net Position	678,978	(3,383,025)	4,062,003	-120.07%
Net Position - Beginning of Year	<u>4,055,498</u>	<u>17,678,110</u>	<u>(13,622,612)</u>	-77.06%
Prior Period Adjustments	<u>--</u>	<u>(10,239,587)</u>	<u>10,239,587</u>	-100.00%
Net Position - End of Year	<u>\$ 4,734,476</u>	<u>\$ 4,055,498</u>	<u>\$ 678,978</u>	16.74%

Major Factors Affecting the Summary of Revenues, Expenses and Changes in Net Position

Operating revenue increased \$4.3 million during 2019 due to an increase in operating subsidies for HUD programs. Non-operating Revenue increased during the current year due primarily to the sale of a building.

There was a slight increase in expenses of about \$700,000 which was mainly related to an increase in Housing Assistance Payments. This was due to an increase in per unit cost. Cost savings in Administration expenses helped offset that increase. The major factor contributing to this decrease was the recognition of the adoption of GASB 75 in 2018.

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2019

CAPITAL ASSETS

As of year-end, the Authority had \$50.6 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$2.1 million or 4.06% from the end of 2018.

TABLE 4: CAPITAL ASSET ANALYSIS
March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 6,745,802	\$ 6,794,802	\$ (49,000)	-0.72%
Buildings	123,147,249	123,866,867	(719,618)	--
Furniture and equipment	2,091,286	1,974,344	116,942	--
Construction in progress	<u>4,999,791</u>	<u>5,125,797</u>	<u>(126,006)</u>	-2.46%
Total capital assets	136,984,128	137,761,810	(777,682)	-0.56%
Accumulated depreciation	<u>(86,428,518)</u>	<u>(85,065,827)</u>	<u>(1,362,691)</u>	1.60%
Capital assets, net of accumulated depreciation	<u>\$ 50,555,610</u>	<u>\$ 52,695,983</u>	<u>\$ (2,140,373)</u>	-4.06%

The following reconciliation summarizes the change in Capital Assets.

TABLE 5: CHANGE IN CAPITAL ASSETS

Beginning Balance - 3/31/2017	\$ 52,695,981
Additions, transfers, and disposals:	
Building Improvements	(719,618)
Construction in Progress	(126,006)
Equipment	116,942
Land	(49,000)
Depreciation Expense	<u>(1,362,689)</u>
Ending Balance - 3/31/2018	<u>\$ 50,555,610</u>

SPRINGFIELD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

MARCH 31, 2019

DEBT ADMINISTRATION

As of year-end, the Authority had \$2.3 million in debt (bonds, notes, etc.) outstanding, compared to a \$2.6 million balance last year. For more detailed information on outstanding debt, please refer to the notes to the financial statements.

TABLE 6: LONG TERM DEBT ANALYSIS
March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Long term debt	\$ <u>2,269,014</u>	\$ <u>2,570,914</u>	\$ <u>(301,900)</u>	-11.74%

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

FINANCIAL CONTACT

This financial report is designed to provide our residents, the citizens of Springfield, and federal and state regulatory bodies with a general overview of the Springfield Housing Authority's finances as of March 31, 2019. The individual to be contacted regarding this report is JoAnn White, Finance Director, Springfield Housing Authority, at 60 Congress Street, Springfield, MA 01104.

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF NET POSITION

MARCH 31, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 14,282,753
Restricted cash	367,837
Accounts receivable, net	1,285,410
Current portion of notes receivable	23,324
Prepaid expenses and other current assets	<u>1,242,067</u>
Total Current Assets	<u>17,201,391</u>

Noncurrent Assets

Capital assets, net of accumulated depreciation	<u>50,555,610</u>
Total Noncurrent Assets	<u>50,555,610</u>

TOTAL ASSETS

67,757,001

DEFERRED OUTFLOWS OF RESOURCES

2,689,178

LIABILITIES

Current Liabilities

Current portion of long term debt	224,882
Accounts payable	356,559
Accounts payable, HUD	61,512
Accounts payable, other government	1,585,081
Accrued wages and current portion of compensated absences	191,224
Other current liabilities	364,800
Other accrued expenses	668,546
Unearned revenue	<u>200,999</u>
Total Current Liabilities	<u>3,653,603</u>

Noncurrent Liabilities

Long term debt, net of current portion	2,044,132
Accrued compensated absences, net of current portion	625,503
Net pension liability	35,967,327
Total OPEB liability	<u>17,835,255</u>
Total Noncurrent Liabilities	<u>56,472,217</u>

TOTAL LIABILITIES

60,125,820

DEFERRED INFLOWS OF RESOURCES

5,585,883

NET POSITION

Net investment in capital assets	48,286,596
Restricted:	
Housing assistance payments	241,702
Unrestricted (deficit)	<u>(43,793,822)</u>

TOTAL NET POSITION

\$ 4,734,476

The accompanying notes are an integral part of these financial statements

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED MARCH 31, 2019

OPERATING REVENUES	
HUD grants	\$ 36,477,060
Tenant rental income	8,223,779
Other government grants	4,715,067
Other revenue	<u>1,406,528</u>
Total Operating Revenues	<u>50,822,434</u>
OPERATING EXPENSES	
Housing assistance payments	25,194,316
Administration	7,868,383
Repair and maintenance	7,750,103
Utilities	4,746,901
Depreciation expense	3,818,239
Other general expenses	1,211,467
Insurance expense	828,536
Protective services	504,070
Tenant services	<u>248,619</u>
Total Operating Expenses	<u>52,170,634</u>
Operating Loss	<u>(1,348,200)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	131,869
Interest expense	<u>(115,808)</u>
Total Nonoperating Revenues (Expenses)	<u>16,061</u>
Loss before Capital Grants	(1,332,139)
CAPITAL GRANTS	
HUD capital grants	1,618,286
Other government capital grants	<u>392,831</u>
Total Capital Grants	<u>2,011,117</u>
Change in Net Position	678,978
Net Position, Beginning of Year	<u>4,055,498</u>
Net Position, End of Year	<u>\$ 4,734,476</u>

The accompanying notes are an integral part of these financial statements

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 36,476,328
Other government grants	4,023,802
Receipts from tenants	8,195,937
Other operating receipts	1,361,085
Payments to employees	(11,295,736)
Payments to suppliers	<u>(36,124,464)</u>
Net cash provided by operating activities	<u>2,636,952</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Other government capital grants	400,984
HUD capital grants	1,638,837
Interest expense	(115,808)
Payments on long term debt	(301,900)
Acquisitions of capital assets	<u>(1,677,866)</u>
Net cash used in capital and related financing activities	<u>(55,753)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	131,869
Proceeds from the sale of investments	(820,562)
Proceeds from the collection on notes receivable	<u>(10,718)</u>
Net cash used in investing activities	<u>(699,411)</u>

Net increase in cash and cash equivalents 1,881,788

Cash and cash equivalents, beginning of year 7,387,672

Cash and cash equivalents, end of year \$ 9,269,460

The accompanying notes are an integral part of these financial statements

SPRINGFIELD HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2019

Reconciliation of operating loss to net cash provided by operating activities:	
Operating Loss	\$ (1,348,200)
Adjustments:	
Depreciation	3,818,239
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	5,194
(Increase) decrease in accounts receivable, other	9,261
(Increase) decrease in accounts receivable, HUD	(50,434)
(Increase) decrease in accounts receivable, other government	(595,967)
(Increase) decrease in prepaid expenses and other current assets	(57)
(Decrease) increase in accounts payable	(128,661)
(Decrease) increase in accounts payable, HUD	49,702
(Decrease) increase in accounts payable, other government	247,319
(Decrease) increase in compensated absences and accrued wages	41,560
(Decrease) increase in net pension, OPEB liabilities and deferred inflow/outflows of resources	552,474
(Decrease) increase in accrued expenses and other current liabilities	109,855
(Decrease) increase in unearned operating revenue	(73,333)
Net cash provided by operating activities	<u>\$ 2,636,952</u>
 Cash and restricted cash per Statement of Net Position:	
Cash and cash equivalents	\$ 8,901,623
Restricted cash - current	<u>367,837</u>
Total cash and restricted cash per Statement of Net Position	<u>\$ 9,269,460</u>

The accompanying notes are an integral part of these financial statements

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 1 – ORGANIZATION

The Springfield Housing Authority (the Authority) was incorporated under the laws of the Commonwealth of Massachusetts. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher and the Family Self Sufficiency Program (FSS) – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 1 – ORGANIZATION (CONTINUED)

Section 8 Moderate Rehabilitation – The moderate rehabilitation program provides project-based rental assistance for low income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and the Authority. Under the contract, the owner receives a subsidy equal to the difference between an approved contract rent and the tenant’s share of the rent determined under HUD Section 8 regulations.

State/Local and Other Programs

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly property management and bookkeeping fee. The State Housing Programs of the Authority are excluded from this method of cost allocation; therefore, overhead *expenses* are allocated directly to these programs.

State Consolidated and State Chapter 705 Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Department of Housing & Community Development (DHCD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by DHCD via operating grants.

State Chapter 689 Housing – Under this program, the Authority owns operates and maintains rental housing acquired with grants from DHCD. The building is generally rented to a non-profit corporation who provides health and human resource needs to mentally disabled individuals.

Massachusetts Rental Voucher Program (MRVP) – DHCD provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant’s share of the rent not to exceed a contract amount.

State Modernization Program – DHCD provides grant funds to authorities with State Consolidated units based on the Authority’s application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 1 – ORGANIZATION (CONTINUED)

Authority-Owned Section 8 Substantial Rehab/New Construction – DHCD provides a direct mortgage to the Authority as owners of three affordable housing developments. As a condition of the mortgages on the buildings, the Authority has entered into long-term contract to rent some or all of the dwelling units to low income individuals or families and receives project based Section 8 rental assistance from DHCD through a contract between DHCD and HUD. Under the contract, the Authority receives a subsidy equal to the difference between an approved contract rent and the tenant's share of the rent determined under HUD Section 8 regulations.

Talk, Read, Succeed! (TRS) Program – This local initiative aims to ensure that all children are able to read at grade level by fourth grade. The Authority partners with grant providers, schools, and service agencies to fund and implement TRS programming in targeted Public Housing developments owned by the Authority.

Springfield Housing Associates, Incorporated (the Corporation) – The Corporation is a related not-for-profit Massachusetts corporation, which was created as an instrumentality of the Authority for the purpose of providing low-moderate income families and individuals with housing opportunities in the Springfield community. The Corporation's Board of Directors consists of the Board of Commissioners of the Authority.

FINANCIAL REPORTING ENTITY

The Authority's financial statements include the accounts of all of the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria and because of the nature and significance of its operational and financial relationship with the Authority, the Corporation is included in the Authority's reporting entity as a blended component unit. Separate financial information for the Corporation is presented in Note 15.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

New Accounting Standards Adopted

During 2019, the Authority adopted the following accounting standards that did not impact the Authority's financial statements.

GASB

Statement Number	Name
81	Irrevocable Split-Interest Agreements
82	Pension Issues
85	Omnibus 2017
86	Certain Debt Extinguishment Issues

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	15-40 years
Furniture, Equipment and Machinery	5-15 years

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures regarding impairments to operations or capital assets. The Authority did not recognize any impairments to operations or capital assets in fiscal year 2019.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

The Authority's policy allows union employees to earn 15 sick days per year, which may accrue up to a maximum of 1,000 depending on hire date. Upon retirement or death, employees shall be compensated 20% of the value of unused sick leave. Employees may earn a maximum of 25 vacation days per year, commensurate on experience, and may carry over a maximum of 10 days of accrued time. Non-union employees earn all-purpose Paid Time Off (PTO), which may be used for vacation, illness or injury and personal business. PTO may be earned at a maximum of 35 days per year, commensurate on experience, and may be carried over at a maximum of 5 days. Total accrued compensated absences at March 31, 2019 aggregated \$658,424.

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants and contributions provided by HUD and the Commonwealth of Massachusetts, donations of capital assets, and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from DHCD and HUD, respectively. These programs operate at a loss prior to receiving these grants and contributions.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSIONS

The fiduciary net position of the retirement system has been determined using the flow of economic resources measurement focus and full accrual basis of accounting as reported by the retirement system. The same basis was applied for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and additions to/deductions from the retirement system's fiduciary net position.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the Authority that is applicable to a future reporting period. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are either related to pension (See Note 11) or related to OPEB (See Note 12). The following is a summary of deferred outflows and inflows of resources at March 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 2,185,412	\$ 2,627,982
Related to OPEB	<u>503,766</u>	<u>2,957,901</u>
Total	<u>\$ 2,689,178</u>	<u>\$ 5,585,883</u>

APPLICATION OF RESOURCES

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of March 31, 2019 have been incorporated into these financial statements.

NOTE 3 – NET POSITION

Net position represents the cumulative effect of revenue and expenses. It is also the difference between the sum of assets and deferred outflows less the sum of liabilities and deferred inflows. Net position is reported in three broad categories:

Net Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At March 31, 2019, \$241,702 represents the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD's Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

At times, the Authority's balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institutions. Management believes that no significant risk exists with respect to cash balances as of March 31, 2019.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance consists of funds restricted for future HAP payments as well as funds designated for major repairs as part of a loan agreement. These amounts support either a corresponding liability or restricted net position. At March 31, 2019, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
Housing assistance payments	\$ 241,702
Loan Reserves	<u>126,135</u>
Total	<u>\$ 367,837</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at March 31, 2019. The balance in Other Government consists of receivables due from the Massachusetts Department of Housing and Community Development.

<u>Category of Receivable</u>	<u>Amount</u>
HUD	\$ 73,970
Other Government	1,000,007
PHA Projects	14,189
Miscellaneous	139,609
Tenants	<u>185,004</u>
Gross Receivables	1,412,779
Allowance - Tenants	<u>(127,369)</u>
Net Receivables	<u>\$ 1,285,410</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	April 01, 2018	Increases	Decreases	March 31, 2019
Capital assets not being depreciated				
Land	\$ 6,794,802	\$ --	\$ (49,000)	\$ 6,745,802
Construction in Progress	<u>5,125,797</u>	<u>1,953,338</u>	<u>(2,079,344)</u>	<u>4,999,791</u>
Total capital assets not being depreciated	<u>11,920,599</u>	<u>1,953,338</u>	<u>(2,128,344)</u>	<u>11,745,593</u>
Capital assets being depreciated				
Buildings	123,866,867	2,079,344	(2,798,962)	123,147,249
Furniture, equipment & machinery	<u>1,974,344</u>	<u>116,942</u>	<u>--</u>	<u>2,091,286</u>
Total capital assets being depreciated	<u>125,841,211</u>	<u>2,196,286</u>	<u>(2,798,962)</u>	<u>125,238,535</u>
Less accumulated depreciation				
Buildings	83,257,819	3,747,265	(2,455,550)	84,549,534
Furniture, equipment & machinery	<u>1,808,010</u>	<u>70,974</u>	<u>--</u>	<u>1,878,984</u>
Total accumulated depreciation	<u>85,065,829</u>	<u>3,818,239</u>	<u>(2,455,550)</u>	<u>86,428,518</u>
Capital Assets Net	<u>\$ 52,695,981</u>	<u>\$ 331,382</u>	<u>\$ (2,471,753)</u>	<u>\$ 50,555,610</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 3,216,667</u>		
Housing Choice Voucher		<u>\$ 1,085</u>		
State/Local Programs		<u>\$ 482,092</u>		
COCC		<u>\$ 118,395</u>		

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended March 31, 2019 is as follows:

	4/1/2018	Additions	Reductions	3/31/2019	Amount due within one year
Compensated Absences	\$ 579,269	\$ 600,000	\$ (520,845)	\$ 625,503	\$ 32,921
Net Pension Liability	37,259,562	--	(1,292,235)	35,967,327	--
Total OPEB Liability	<u>17,092,058</u>	<u>743,197</u>	<u>--</u>	<u>17,835,255</u>	<u>--</u>
Total	<u>\$ 54,930,889</u>	<u>\$ 1,343,197</u>	<u>\$ (1,813,080)</u>	<u>\$ 54,428,085</u>	<u>\$ 32,921</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 9 – LONG TERM DEBT

Long term debt activity for the year ended March 31, 2019 is as follows:

	<u>3/31/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>3/31/2019</u>	<u>Amount due within one year</u>
Notes Payable	\$ 2,570,914	\$ --	\$ (301,900)	\$ 2,269,014	\$ 224,882

The Authority constructed and/or redeveloped three affordable housing developments in 1978 and 1982. Funds to develop the projects were provided by the Commonwealth of Massachusetts through a State bond issue, the proceeds of which were loaned to the Authority. The projects are backed by Federal Section 8 housing assistance payments contracts held by the Commonwealth. Under the terms of this contract, the Authority receives a housing assistance payment, such that the total rent received for each unit is equivalent to a published fair market rent. The Authority is making payments to the Commonwealth each month from the housing assistance payment that it receives. The note for 667-A was paid in full in 2019. The terms of these loans, by property, are as follows:

	<u>200-A</u>	<u>667-A</u>	<u>705-A</u>
Loan amounts	\$ 875,500	\$ 2,092,000	\$ 979,800
Annual interest rate	7%	7%	7%
Loan period in years	40	40	40
Start date of loan	3/1/1982	11/1/1978	3/1/1982
Maturity date	3/1/2022	11/1/2018	3/1/2022
Monthly payment	\$ 5,440	\$ 13,000	\$ 6,089
Principal balance at 3/31/2019	\$ 171,790	\$ --	\$ 192,256
Interest paid in fiscal year 2019	\$ 13,983	\$ 15,084	\$ 15,659

In December of 2012 the Authority obtained two mortgage loans in the amounts of \$1,953,000 and \$547,000, with TD Bank, NA to finance the purchase of its new central office building. The mortgage notes bear interest at 75% of LIBOR (2.60%) plus 1.8% per annum (Note 1), and LIBOR (2.60%) plus 2.4% per annum (Note 2). Variable monthly principal and interest payments are payable through fiscal year 2023, with balloon payments due in December of 2022. The notes are secured with a mortgage on the central office building. Interest expense recognized during the year under the agreements was \$71,082. The principal balances at March 31, 2019 were \$1,479,678 (Note 1) and \$425,290 (Note 2).

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2020	\$ 224,882	\$ 88,890	\$ 313,772
2021	237,169	76,311	313,480
2022	238,855	59,530	298,385
2023	<u>1,568,108</u>	<u>36,947</u>	<u>1,605,055</u>
Total	<u>\$ 2,269,014</u>	<u>\$ 261,678</u>	<u>\$ 2,530,692</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 10 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. State funded scattered site units make payments in lieu of real estate taxes equal to ½ of the Municipality's tax rate plus \$100 multiplied by the number of available bedrooms. State funded family properties make payments in lieu of real estate taxes equal to \$3 per unit per month. The payment in lieu of taxes for the year ended March 31, 2019 aggregated \$238,538. As of March 31, 2019, total accrued PILOT owed to the City of Springfield aggregated \$1,576,299.

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority provides pension benefits to certain employees through the Springfield Retirement System (SRS), a cost-sharing, multiple-employer public employee retirement system regulated by Public Employee Retirement Administration Commission (PERAC). The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of the net pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. The SRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to SRS, 70 Tapley Street, Springfield, MA 01104 or by calling (413) 787-6090.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

State law establishes benefit provisions and contribution requirements of the SRS. Employees who have at least 10 years of longevity and have attained 55 years of age are eligible to receive retirement benefits. Retired employees receive an allowance based upon the average of their three highest consecutive salary years of service multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 65, this percentage is 2.5%, which is reduced for individuals who retire prior to age 65 to reflect the longer payout period. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 with 10 years of eligible service. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN MEMBERSHIP

At March 31, 2019, there are 122 active employees enrolled in the plan.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS (CONTINUED)

The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of creditable service, and whether or not the disability is work-related. In addition, certain death benefits exist for beneficiaries of employees who die in active service.

FUNDING POLICY

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments (COLAs) granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 3.977% of the total. The Authority's required and actual contributions to SRS for the year ended March 31, 2019 were \$2,608,220. Employee contributions for the same period were \$602,635.

PENSION LIABILITIES

At March 31, 2019, the Authority reported a liability of \$35,967,327 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, 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 a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended March 31, 2019, the Authority recognized pension expense of \$3,167,783. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,569	\$ 275,726
Changes of assumptions	1,464,111	--
Net difference between projected and actual earnings on pension plan investments	586,732	--
Changes in proportion and differences between contributions and proportionate share of contributions	--	2,352,256
Total	\$ 2,185,412	\$ 2,627,982

These amounts will be recognized as expense, or as a reduction of expense, as follows:

Year	Deferred Outflows (Inflows) of Resources
2020	\$ 318,655
2021	(88,146)
2022	(279,171)
2023	60,730
2024	(454,638)
Total	\$ (442,570)

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the December 31, 2018 SRS financial statements was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	7.40%
Discount rate	7.40%
Inflation	Not explicitly assumed.
Salary increases	4.25% for Group 1
Cost of living adjustments	3.00% of the first \$13,000 of retirement income.
Mortality rates	Based on the RP-2000 Combined Mortality Tables, with adjustments for improvements based on Scale BB.

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

Asset Class	Target Allocation	Expected Rate of Return
Domestic equities	17.50%	7.62%
International equities	15.50%	7.80%
Emerging international equities	6.00%	9.31%
Core fixed income	12.00%	4.07%
Value added fixed income	10.00%	7.58%
Private equity	12.00%	11.15%
Real estate	10.00%	6.59%
Timberland	4.00%	7.00%
Hedge fund and portfolio completion	13.00%	6.83%

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.40 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate:

	1% Decrease 6.40%	Current Discount 7.40%	1% Increase 8.40%
Net pension liability (asset)	<u>\$ 41,211,795</u>	<u>\$ 35,967,327</u>	<u>\$ 31,363,231</u>

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued SRS financial report.

PAYABLES TO THE PENSION PLAN

As of March 31, 2019, the Authority had no outstanding payables to SRS.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION AND BENEFITS PROVIDED

The Authority's defined benefit OPEB plan provides OPEB for all permanent full-time employees of the Authority. The OPEB plan is a single employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The Authority provides comprehensive medical insurance, both with and without Medicare coordination, and life insurance to its employees who meet certain eligibility requirements. Employees are eligible for postretirement benefits if he/she has reached the age of 55 as an active employee and completed 10 years of service, or completed 20 years of service regardless of age.

All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits. The duration of these benefits is for the employee's lifetime. Under this cost sharing plan, these benefits cover 80% of premiums for Medical for those who retire on or after 10/1/2009 (85% for those who retired after 7/1/1994 but before 10/1/2009, and 90% for all others) for both individuals and family members (percentages represent the employees' portion).

The face value of each life insurance policy is \$5,000. Life insurance benefits do not apply to family members, this benefit covers 20% of premiums for Medical for those who retire on or after 10/1/2009 (15% for those who retired after 7/1/1994 but before 10/1/2009, and 10% for all others) for individuals.

PLAN MEMBERSHIP

At March 31, 2019, there are 125 active employees and 88 retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$17,835,255 was measured as of March 31, 2019 and was determined by an actuarial valuation as of April 1, 2017.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of April 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date: Actuarially Determined Contribution was calculated as of April 1, 2017.

Actuarial Cost Method: Individual Entry Age Normal

Investment Rate of Return: 6.50%, net of OPEB plan investment, including inflation

Municipal Bond Rate: 3.13% as of April 1, 2017 (Source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Discount Rate: 3.75%, net of OPEB plan investment expense, including inflation.

Inflation: 2.75 % as of April 1, 2017 and for future periods

Salary Increase: 3.00% annually as of April 1, 2017 and for future periods

Cost of Living Adjustment: Not Applicable

Pre-Retirement Mortality: RP 2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Post-Retirement Mortality: RP 2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Disabled Mortality: RP 2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.

Mortality Experience Study: The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Healthcare Trend: It is assumed that healthcare costs will increase at a rate of 5.0% per annum

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Withdrawal Rates: Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service and age, from 27.0% at age 20 and 0-4 years of service to 3.50% at age 60 and 10+ years of service.

Retirement Rates: Plan participants are expected to retire at an increasing rate based on age and gender. Males are expected to retire at a rate of 1% for those aged 50 years, to 100% for those aged 70 years. Females are expected to retire at a rate of 1.5% for those aged 50 years, to 100% for those aged 70 years.

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$ 17,092,058
Changes for the year:	
Service cost	637,995
Interest	611,255
Benefit payments	(506,053)
Net Changes	743,197
Balance at end of year	\$ 17,835,255

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Plan’s total OPEB liability, calculated using the discount rate of 3.75% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.75%) or 1 percentage-point higher (4.75%) than the current rate.

	1% Decrease 2.75%	Current Discount 3.75%	1% Increase 4.75%
Total OPEB liability	\$ 21,595,929	\$ 17,835,255	\$ 15,098,803

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease 4.00%	Current Trend 5.00%	1% Increase 6.00%
Total OPEB liability	<u>\$ 14,194,591</u>	<u>\$ 17,835,255</u>	<u>\$ 22,696,012</u>

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended March 31, 2019, the Authority recognized OPEB expenses of \$121,944. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. At March 31, 2019, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 2,957,901
Contributions subsequent to the measurement date	<u>503,766</u>	<u>--</u>
Total	<u>\$ 503,766</u>	<u>\$ 2,957,901</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

<u>Year</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ (210,703)
2021	(714,469)
2022	(714,469)
2023	(714,469)
2024	<u>(100,025)</u>
Total	<u>\$ (2,454,135)</u>

NOTE 13 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2019 were \$125,363. There were no employer contributions.

NOTE 14 – RISK MANAGEMENT

Litigation

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

Grants

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 15 – BLENDED COMPONENT UNIT

As disclosed in Note 1, the Authority has one component unit; Springfield Housing Associates, Inc. (the Corporation), the financial statements of which are included in the basic financial statements. Condensed financial information of the Corporation at March 31, 2019 and for the year then ended are as follows:

Condensed Summary of Net Position

Assets	
Current	\$ <u>36,058</u>
Total Assets	<u>36,058</u>
Liabilities	
Current	<u>4</u>
Total Liabilities	<u>4</u>
Net Position	
Unrestricted	<u>36,054</u>
Total Net Position	<u>\$ 36,054</u>

Condensed Summary of Revenues, Expenses and Changes in Net Position

Operating Revenues	
Other Revenue	\$ <u>880</u>
Total Operating Revenues	<u>880</u>
Operating Expenses	
Other Operating	<u>42,200</u>
Total Operating Expenses	<u>42,200</u>
Operating Income (Loss)	<u>(41,320)</u>
Change in Net Position	(41,320)
Beginning Net Position	<u>77,374</u>
Ending Net Position	<u>\$ 36,054</u>
Condensed Summary of Cash Flows	
Net Cash Used In:	
Operating Activities	\$ <u>(47,403)</u>
Net Change in Cash	(47,403)
Cash and cash equivalents at beginning of year	<u>83,461</u>
Cash and cash equivalents at end of year	<u>\$ 36,058</u>

SPRINGFIELD HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TWO FISCAL YEARS

	2019	2018
Total OPEB Liability		
Service cost	\$ 637,995	\$ 829,002
Interest	611,255	780,025
Changes of benefit terms	--	--
Difference between expected and actual experience	--	(3,090,664)
Changes of Assumptions	--	--
Benefit payments	(506,053)	(517,871)
Net Change in Total Pension Liability	743,197	(1,999,508)
Total OPEB Liability - Beginning	17,092,058	19,091,566
Total OPEB Liability - Ending (a)	<u>\$ 17,835,255</u>	<u>\$ 17,092,058</u>
Covered Payroll	\$ 7,336,487	\$ 7,122,803
Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	243.10%	239.96%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

SPRINGFIELD HOUSING AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SPRINGFIELD RETIREMENT SYSTEM

LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	3.977%	4.297%	4.157%	4.350%	4.390%
Proportionate share of the net pension liability (asset)	\$ 35,967,327	\$ 37,259,562	\$ 35,519,151	\$ 36,187,190	\$ 32,124,614
Covered payroll	\$ 6,130,069	\$ 6,637,763	\$ 6,325,137	\$ 6,611,654	\$ 6,132,348
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	586.7%	561.3%	561.6%	547.3%	523.9%
Plan fiduciary net position as a percentage of the total pension liability	27.200%	28.360%	25.920%	25.710%	28.830%

* The amounts presented for each fiscal year were determined as of 12/31.

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

SPRINGFIELD HOUSING AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS SPRINGFIELD RETIREMENT SYSTEM

LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,608,220	\$ 2,477,398	\$ 2,102,242	\$ 2,073,085	\$ 1,976,032
Contributions in relation to the contractually required contribution	<u>2,608,220</u>	<u>2,477,398</u>	<u>2,102,242</u>	<u>2,073,085</u>	<u>1,976,032</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$ 6,130,069	\$ 6,637,763	\$ 6,325,137	\$ 6,611,654	\$ 6,132,348
Contributions as a percentage of covered payroll	42.55%	37.32%	33.24%	31.36%	32.22%

* The amounts presented for each fiscal year were determined as of 12/31.

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

SPRINGFIELD HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MARCH 31, 2019

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN ASSUMPTIONS

There were no changes in assumptions

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement report.

NOTE 2 – PENSION PLAN SCHEDULES

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Authority's share of the Net Pension Liability and related ratios.

The Schedule of Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the pension plan.

10-YEAR TREND INFORMATION

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement report.

SPRINGFIELD HOUSING AUTHORITY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2019**

NOTE 2 – PENSION PLAN SCHEDULES

CHANGES IN ASSUMPTIONS

No changes in assumptions.

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

MARCH 31, 2019

FDS Line Item	Description	AMPs	Housing Choice Vouchers	Mainstream Vouchers	Section 8 Moderate Rehabilitation Program	PIH Family Self Sufficiency Program
111	Cash - Unrestricted	3,835,690	1,233,818	62,669	90,012	-
113	Cash - Other Restricted	-	241,702	-	-	-
100	Total Cash	3,835,690	1,475,520	62,669	90,012	-
121	Accounts Receivable - PHA Projects	-	14,189	-	-	-
122	Accounts Receivable - HUD Other Projects	10,239	-	-	8,756	54,975
124	Accounts Receivable - Other Government	-	-	1	-	1
125	Accounts Receivable - Miscellaneous	49,403	13,742	-	11	-
126	Accounts Receivable - Tenants	34,685	-	-	-	-
126.1	Allowance for Doubtful Accounts -Tenants	(17,258)	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	23,202	-	-	-	-
128	Fraud Recovery	59,183	64,037	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	(29,717)	(64,037)	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	129,737	27,931	1	8,767	54,976
131	Investments - Unrestricted	1,377,382	2,708,975	-	-	-
142	Prepaid Expenses and Other Assets	315,071	24,406	-	44	-
143	Inventories	331,369	-	-	-	-
143.1	Allowance for Obsolete Inventories	(33,136)	-	-	-	-
144	Inter Program Due From	9,836	-	-	-	-
150	Total Current Assets	5,965,949	4,236,832	62,670	98,823	54,976
161	Land	4,133,517	-	-	-	-
162	Buildings	99,705,053	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	1,517,777	36,887	-	-	-
166	Accumulated Depreciation	(71,336,287)	(32,517)	-	-	-
167	Construction in Progress	4,655,641	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	38,675,701	4,370	-	-	-
180	Total Non-Current Assets	38,675,701	4,370	-	-	-
200	Deferred Outflow of Resources	1,376,986	334,767	2,428	652	-
290	Total Assets and Deferred Outflow of Resources	46,018,636	4,575,969	65,098	99,475	54,976

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	AMPs	Housing Choice Vouchers	Mainstream Vouchers	Section 8 Moderate Rehabilitation Program	PIH Family Self Sufficiency Program
312	Accounts Payable <= 90 Days	255,842	17,901	13	-	-
321	Accrued Wage/Payroll Taxes Payable	67,970	15,460	120	37	1,652
322	Accrued Compensated Absences - Current Portion	17,280	1,758	10	7	-
331	Accounts Payable - HUD PHA Programs	-	-	61,512	-	-
333	Accounts Payable - Other Government	1,491,148	-	-	-	-
342	Unearned Revenue	52,204	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-
345	Other Current Liabilities	67,391	-	-	-	-
346	Accrued Liabilities - Other	416,980	57,694	25	45	-
347	Inter Program - Due To	102,563	-	-	-	61,486
310	Total Current Liabilities	2,471,378	92,813	61,680	89	63,138
354	Accrued Compensated Absences - Non Current	328,314	33,395	191	140	-
357	Accrued Pension and OPEB Liabilities	27,549,344	6,697,751	48,571	12,996	-
350	Total Non-Current Liabilities	27,877,658	6,731,146	48,762	13,136	-
300	Total Liabilities	30,349,036	6,823,959	110,442	13,225	63,138
400	Deferred Inflow of Resources	2,860,275	695,358	5,047	1,399	-
508.4	Net Investment in Capital Assets	38,675,701	4,370	-	-	-
511.4	Restricted Net Position	-	241,702	-	-	-
512.4	Unrestricted Net Position	(25,866,376)	(3,189,420)	(50,391)	84,851	(8,162)
513	Total Equity - Net Assets / Position	12,809,325	(2,943,348)	(50,391)	84,851	(8,162)
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	46,018,636	4,575,969	65,098	99,475	54,976
70300	Net Tenant Rental Revenue	6,107,182	-	-	-	-
70500	Total Tenant Revenue	6,107,182	-	-	-	-
70600	HUD PHA Operating Grants	9,714,457	26,519,298	34,776	49,481	159,048
70610	Capital Grants	1,618,286	-	-	-	-
70800	Other Government Grants	2,335	-	-	-	-
71100	Investment Income - Unrestricted	43,262	43,665	-	-	-
71400	Fraud Recovery	-	54,704	-	-	-
71500	Other Revenue	147,105	180,107	-	13	-
71600	Gain or Loss on Sale of Capital Assets	313,240	-	-	-	-

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	AMPs	Housing Choice Vouchers	Mainstream Vouchers	Section 8 Moderate Rehabilitation Program	PIH Family Self Sufficiency Program
70000	Total Revenue	17,945,867	26,797,774	34,776	49,494	159,048
91100	Administrative Salaries	922,067	671,032	1,016	1,217	74,551
91200	Auditing Fees	16,751	5,663	-	-	-
91300	Management Fee	1,500,010	607,064	-	-	-
91310	Book-keeping Fee	131,216	252,728	-	-	-
91400	Advertising and Marketing	700	-	-	-	-
91500	Employee Benefit contributions - Administrative	562,803	533,862	572	779	58,884
91600	Office Expenses	308,623	289,480	145	395	3,184
91700	Legal Expense	223,607	48,473	-	4	-
91800	Travel	15,406	1,500	-	-	2,242
91900	Other	239,269	7,053	-	27	55
91000	Total Operating - Administrative	3,920,452	2,416,855	1,733	2,422	138,916
92000	Asset Management Fee	94,860	-	-	-	-
92400	Tenant Services - Other	227,007	-	-	-	-
92500	Total Tenant Services	227,007	-	-	-	-
93100	Water	1,316,837	-	-	-	-
93200	Electricity	1,301,028	-	-	-	-
93300	Gas	1,220,449	-	-	-	-
93400	Fuel	-	-	-	-	-
93000	Total Utilities	3,838,314	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	2,170,372	1,969	-	13	-
94200	Ordinary Maintenance and Operations - Materials and Other	937,138	5,726	-	5	-
94300	Ordinary Maintenance and Operations Contracts	1,207,992	13,845	-	23	-
94500	Employee Benefit Contributions - Ordinary Maintenance	1,723,044	1,688	-	-	-
94000	Total Maintenance	6,038,546	23,228	-	41	-
95100	Protective Services - Labor	106,893	-	-	-	-
95200	Protective Services - Other Contract Costs	220,895	18,567	-	-	-
95500	Employee Benefit Contributions - Protective Services	84,670	-	-	-	-
95000	Total Protective Services	412,458	18,567	-	-	-
96110	Property Insurance	318,228	-	-	-	-
96120	Liability Insurance	127,092	24,820	6	21	-
96130	Workmen's Compensation	105,554	21,042	-	31	3,020

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	AMPs	Housing Choice Vouchers	Mainstream Vouchers	Section 8 Moderate Rehabilitation Program	PIH Family Self Sufficiency Program
96140	All Other Insurance	63,157	871	2	-	-
96100	Total insurance Premiums	614,031	46,733	8	52	3,020
96200	Other General Expenses	-	67,559	-	101	-
96210	Compensated Absences	371,468	73,516	629	169	17,112
96300	Payments in Lieu of Taxes	226,888	-	-	-	-
96400	Bad debt - Tenant Rents	94,142	-	-	-	-
96000	Total Other General Expenses	692,498	141,075	629	270	17,112
96900	Total Operating Expenses	15,838,166	2,646,458	2,370	2,785	159,048
97000	Excess of Operating Revenue over Operating Expenses	2,107,701	24,151,316	32,406	46,709	-
97100	Extraordinary Maintenance	86,852	14,185	-	-	-
97300	Housing Assistance Payments	-	23,408,673	32,105	38,476	-
97350	HAP Portability-In	-	152,151	-	-	-
97400	Depreciation Expense	3,216,667	1,085	-	-	-
90000	Total Expenses	19,141,685	26,222,552	34,475	41,261	159,048
10010	Operating Transfer In	281,461	-	-	-	-
10020	Operating transfer Out	(281,461)	-	-	-	-
10091	Inter Project Excess Cash Transfer In	600,000	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	(600,000)	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(1,195,818)	575,222	301	8,233	-
11030	Beginning Equity	15,930,381	(5,158,809)	-	79,420	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(1,925,238)	1,640,239	(50,692)	(2,802)	(8,162)
11170	Administrative Fee Equity	-	(3,185,050)	-	-	-
11180	Housing Assistance Payments Equity	-	241,702	-	-	-
11190	Unit Months Available	21,021	34,038	-	-	-
11210	Number of Unit Months Leased	20,416	33,697	-	-	-
11620	Building Purchases	1,618,286	-	-	-	-

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
111	Cash - Unrestricted	2,152,054	36,057	1,491,323	-	8,901,623
113	Cash - Other Restricted	-	-	126,135	-	367,837
100	Total Cash	2,152,054	36,057	1,617,458	-	9,269,460
121	Accounts Receivable - PHA Projects	-	-	-	-	14,189
122	Accounts Receivable - HUD Other Projects	-	-	-	-	73,970
124	Accounts Receivable - Other Government	1,000,004	1	-	-	1,000,007
125	Accounts Receivable - Miscellaneous	18,463	-	57,990	-	139,609
126	Accounts Receivable - Tenants	27,099	-	-	-	61,784
126.1	Allowance for Doubtful Accounts -Tenants	(16,357)	-	-	-	(33,615)
127	Notes, Loans, & Mortgages Receivable - Current	122	-	-	-	23,324
128	Fraud Recovery	-	-	-	-	123,220
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	(93,754)
120	Total Receivables, Net of Allowances for Doubtful Accounts	1,029,331	1	57,990	-	1,308,734
131	Investments - Unrestricted	1,294,773	-	-	-	5,381,130
142	Prepaid Expenses and Other Assets	80,223	-	42,116	-	461,860
143	Inventories	81,480	-	454,047	-	866,896
143.1	Allowance for Obsolete Inventories	(8,148)	-	(45,405)	-	(86,689)
144	Inter Program Due From	-	-	154,213	(164,049)	-
150	Total Current Assets	4,629,713	36,058	2,280,419	(164,049)	17,201,391
161	Land	2,612,285	-	-	-	6,745,802
162	Buildings	18,742,254	-	4,699,942	-	123,147,249
164	Furniture, Equipment & Machinery - Administration	489,122	-	47,500	-	2,091,286
166	Accumulated Depreciation	(14,224,863)	-	(834,851)	-	(86,428,518)
167	Construction in Progress	344,150	-	-	-	4,999,791
160	Total Capital Assets, Net of Accumulated Depreciation	7,962,948	-	3,912,591	-	50,555,610
180	Total Non-Current Assets	7,962,948	-	3,912,591	-	50,555,610
200	Deferred Outflow of Resources	401,668	-	572,677	-	2,689,178
290	Total Assets and Deferred Outflow of Resources	12,994,329	36,058	6,765,687	(164,049)	70,446,179
312	Accounts Payable <= 90 Days	59,835	5	22,963	-	356,559
321	Accrued Wage/Payroll Taxes Payable	23,571	-	49,493	-	158,303
322	Accrued Compensated Absences - Current Portion	6,306	-	7,560	-	32,921

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
331	Accounts Payable - HUD PHA Programs	-	-	-	-	61,512
333	Accounts Payable - Other Government	93,933	-	-	-	1,585,081
342	Unearned Revenue	148,795	-	-	-	200,999
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	116,870	-	108,012	-	224,882
345	Other Current Liabilities	171,274	-	126,135	-	364,800
346	Accrued Liabilities - Other	114,686	-	79,116	-	668,546
347	Inter Program - Due To	-	-	-	(164,049)	-
310	Total Current Liabilities	735,270	5	393,279	(164,049)	3,653,603
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	247,176	-	1,796,956	-	2,044,132
354	Accrued Compensated Absences - Non Current	119,820	-	143,643	-	625,503
357	Accrued Pension and OPEB Liabilities	8,036,258	-	11,457,662	-	53,802,582
350	Total Non-Current Liabilities	8,403,254	-	13,398,261	-	56,472,217
300	Total Liabilities	9,138,524	5	13,791,540	(164,049)	60,125,820
400	Deferred Inflow of Resources	834,299	-	1,189,505	-	5,585,883
508.4	Net Investment in Capital Assets	7,598,902	-	2,007,623	-	48,286,596
511.4	Restricted Net Position	-	-	-	-	241,702
512.4	Unrestricted Net Position	(4,577,396)	36,053	(10,222,981)	-	(43,793,822)
513	Total Equity - Net Assets / Position	3,021,506	36,053	(8,215,358)	-	4,734,476
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	12,994,329	36,058	6,765,687	(164,049)	70,446,179
70300	Net Tenant Rental Revenue	2,116,597	-	-	-	8,223,779
70500	Total Tenant Revenue	2,116,597	-	-	-	8,223,779
70600	HUD PHA Operating Grants	-	-	-	-	36,477,060
70610	Capital Grants	-	-	-	-	1,618,286
70710	Management Fee	-	-	2,107,074	(2,107,074)	-
70720	Asset Management Fee	-	-	94,860	(94,860)	-
70730	Book Keeping Fee	-	-	383,944	(383,944)	-
70740	Front Line Service Fee	-	-	88,704	(88,704)	-
70700	Total Fee Revenue	-	-	2,674,582	(2,674,582)	-
70800	Other Government Grants	5,105,563	-	-	-	5,107,898
71100	Investment Income - Unrestricted	31,319	330	10,565	-	129,141
71400	Fraud Recovery	-	-	-	-	54,704

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
71500	Other Revenue	315,449	550	547,511	-	1,190,735
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	313,240
72000	Investment Income - Restricted	2,728	-	-	-	2,728
70000	Total Revenue	7,571,656	880	3,232,658	(2,674,582)	53,117,571
91100	Administrative Salaries	603,945	-	1,139,837	-	3,413,665
91200	Auditing Fees	9,314	-	12,672	-	44,400
91300	Management Fee	-	-	-	(2,107,074)	-
91310	Book-keeping Fee	-	-	-	(383,944)	-
91400	Advertising and Marketing	-	-	8,794	-	9,494
91500	Employee Benefit contributions - Administrative	405,657	-	892,680	-	2,455,237
91600	Office Expenses	100,087	1,413	323,973	-	1,027,300
91700	Legal Expense	28,949	-	52,323	-	353,356
91800	Travel	8,754	-	20,211	-	48,113
91900	Other	114,034	25,755	130,625	-	516,818
91000	Total Operating - Administrative	1,270,740	27,168	2,581,115	(2,491,018)	7,868,383
92000	Asset Management Fee	-	-	-	(94,860)	-
92400	Tenant Services - Other	20,612	-	1,000	-	248,619
92500	Total Tenant Services	20,612	-	1,000	-	248,619
93100	Water	233,999	-	5,590	-	1,556,426
93200	Electricity	355,791	-	71,034	-	1,727,853
93300	Gas	229,037	-	11,816	-	1,461,302
93400	Fuel	1,320	-	-	-	1,320
93000	Total Utilities	820,147	-	88,440	-	4,746,901
94100	Ordinary Maintenance and Operations - Labor	551,484	-	54,416	-	2,778,254
94200	Ordinary Maintenance and Operations - Materials and Other	220,810	-	10,171	-	1,173,850
94300	Ordinary Maintenance and Operations Contracts	209,088	-	62,269	(88,704)	1,404,513
94500	Employee Benefit Contributions - Ordinary Maintenance	498,689	-	46,703	-	2,270,124
94000	Total Maintenance	1,480,071	-	173,559	(88,704)	7,626,741
95100	Protective Services - Labor	-	-	-	-	106,893
95200	Protective Services - Other Contract Costs	73,045	-	-	-	312,507
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	84,670
95000	Total Protective Services	73,045	-	-	-	504,070
96110	Property Insurance	60,220	-	5,942	-	384,390

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

MARCH 31, 2019

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
96120	Liability Insurance	3,853	396	6,376	-	162,564
96130	Workmen's Compensation	38,821	-	38,784	-	207,252
96140	All Other Insurance	8,659	-	1,641	-	74,330
96100	Total insurance Premiums	111,553	396	52,743	-	828,536
96200	Other General Expenses	-	14,637	-	-	82,297
96210	Compensated Absences	181,166	-	136,867	-	780,927
96300	Payments in Lieu of Taxes	11,650	-	-	-	238,538
96400	Bad debt - Tenant Rents	15,563	-	-	-	109,705
96000	Total Other General Expenses	208,379	14,637	136,867	-	1,211,467
96710	Interest of Mortgage (or Bonds) Payable	-	-	71,081	-	71,081
96720	Interest on Notes Payable (Short and Long Term)	44,727	-	-	-	44,727
96700	Total Interest Expense and Amortization Cost	44,727	-	71,081	-	115,808
96900	Total Operating Expenses	4,029,274	42,201	3,104,805	(2,674,582)	23,150,525
97000	Excess of Operating Revenue over Operating Expenses	3,542,382	(41,321)	127,853	-	29,967,046
97100	Extraordinary Maintenance	10,224	-	12,101	-	123,362
97300	Housing Assistance Payments	1,715,062	-	-	-	25,194,316
97350	HAP Portability-In	-	-	-	-	152,151
97400	Depreciation Expense	482,092	-	118,395	-	3,818,239
90000	Total Expenses	6,236,652	42,201	3,235,301	(2,674,582)	52,438,593
10010	Operating Transfer In	-	-	-	(281,461)	-
10020	Operating transfer Out	-	-	-	281,461	-
10091	Inter Project Excess Cash Transfer In	-	-	-	(600,000)	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	600,000	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	1,335,004	(41,321)	(2,643)	-	678,978
11020	Required Annual Debt Principal Payments	-	-	108,012	-	108,012
11030	Beginning Equity	(428,412)	77,374	(6,444,456)	-	4,055,498
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	2,114,914	-	(1,768,259)	-	-
11170	Administrative Fee Equity	-	-	-	-	(3,185,050)
11180	Housing Assistance Payments Equity	-	-	-	-	241,702
11190	Unit Months Available	1,992	-	-	-	57,051
11210	Number of Unit Months Leased	1,961	-	-	-	56,074
11620	Building Purchases	-	-	-	-	1,618,286

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS

FOR THE YEAR ENDED MARCH 31, 2019

Project:	MA06P035501-15
Modernization Funds Approved	\$ 2,306,118
Modernization Funds Expended	<u>2,306,118</u>
Excess of Modernization Funds Approved	<u>\$ --</u>
Modernization Funds Advanced	\$ 2,306,118
Modernization Funds Expended	<u>2,306,118</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>

Based on our review of the completed projects:

- 1) All work in connection with the projects is complete.
- 2) All liabilities have been incurred and discharged through payment.

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED

FOR THE YEAR ENDED MARCH 31, 2019

Project:	MA01P035501-16	MA01P035501-17	MA06P035501-18
Modernization Funds Approved	\$ 2,385,209	\$ 2,470,702	\$ 3,836,796
Modernization Funds Expended	<u>2,239,582</u>	<u>1,132,630</u>	<u>403,434</u>
Excess of Modernization Funds Approved	<u>\$ 145,627</u>	<u>\$ 1,338,072</u>	<u>\$ 3,433,362</u>
Modernization Funds Advanced	\$ 2,239,582	\$ 1,132,631	\$ 393,195
Modernization Funds Expended	<u>2,239,582</u>	<u>1,132,630</u>	<u>403,434</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>	<u>\$ 1</u>	<u>\$ (10,239)</u>

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED

FOR THE YEAR ENDED MARCH 31, 2019

Grant:	ROSS171026
Grant Funds Approved	\$ 482,094
Grant Funds Expended	<u>279,238</u>
Excess of Grant Funds Approved	<u>\$ 202,856</u>
Grant Funds Advanced	\$ 279,238
Grant Funds Expended	<u>279,238</u>
Excess of Grant Funds Advanced	<u>\$ --</u>

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 2019

	<u>CFDA Number</u>	<u>Pass- Through Award Number</u>	<u>Provided to Sub-recipients</u>	<u>Total Federal Expenditures</u>
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	--	\$ --	\$ 26,069,316
Mainstream Vouchers	14.879	--	--	34,475
Total Housing Voucher Cluster			--	26,103,791
Section 8 Project-Based Cluster				
Passed through by the Commonwealth of Massachusetts Department of Housing and Community Development				
Section 8 New Construction and Substantial Rehabilitation	14.182	MA06H- 052016	--	780,314
Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation	14.856	--	--	49,481
Total Section 8 Project-Based Cluster			--	829,795
Public and Indian Housing	14.850	--	--	8,983,517
Public Housing Capital Fund (CFP)	14.872	--	--	2,349,226
PIH Family Self Sufficiency Program	14.896	--	--	159,048
Total Department of Housing & Urban Development			--	38,425,377
Total Expenditures of Federal Awards			\$ --	\$ 38,425,377

See Notes to the Schedule of Expenditures of Federal Awards

SPRINGFIELD HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Springfield Housing Authority, under programs of the federal government for the year ended March 31, 2019. The information in the schedule is presented in accordance with the requirements of the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Springfield Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Springfield Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

The Springfield Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To The Board of Commissioners
Springfield Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Springfield Housing Authority as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Springfield Housing Authority's basic financial statements, and have issued our report thereon dated December 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Springfield Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Springfield Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Springfield Housing 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 entity'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.

Our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Springfield Housing Authority's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Boston, Massachusetts
December 17, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To The Board of Commissioners
Springfield Housing Authority

Report on Compliance for Each Major Federal Program

We have audited the Springfield Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Springfield Housing Authority's major federal program for the year ended March 31, 2019. The Springfield Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Springfield Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Springfield Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Springfield Housing Authority's compliance.



Opinion on Each Major Federal Program

In our opinion, the Springfield Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019

Report on Internal Control over Compliance

Management of the Springfield Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Springfield Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Springfield Housing Authority's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Marcum LLP

Boston, Massachusetts
December 17, 2019

SPRINGFIELD HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED MARCH 31, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over the major federal program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditors' report issued on compliance for the major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of the major federal program:

CFDA #	Name of Federal Program or Cluster
---------------	---

14.871 - 14.879	Housing Voucher Cluster
-----------------	-------------------------

Dollar threshold used to distinguish between Type A and Type B programs: \$1,152,761

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SPRINGFIELD HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2019

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2018-001 – Allowable Costs/Cost Principles

U.S. Department of Housing and Urban Development
CFDA #: 14.871 – 14.879 – Housing Voucher Cluster

CONDITION

Prior to audit adjustments, the Authority's cost allocation plan under-allocated costs to the Massachusetts Rental Voucher Program and as a result, over-allocated costs to the Housing Choice Voucher Program (HCV).

STATUS - CLOSED

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To The Board of Commissioners
Springfield Housing Authority

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Springfield Housing Authority (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column in the agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended March 31, 2019 and have issued our reports thereon dated December 17, 2019. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's supplementary information dated December 17, 2019, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Boston, Massachusetts
December 17, 2019