

**SPRINGFIELD HOUSING AUTHORITY**  
Springfield, Massachusetts

**FINANCIAL STATEMENTS**

**March 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners  
Springfield Housing Authority  
Springfield, Massachusetts

### Report on the Financial Statements

We have audited the accompanying financial statements of the Springfield Housing Authority, Springfield, MA, as of March 31, 2016, 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

The Springfield Housing Authority's 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

### 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, 2016, 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 (GAAP).

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplemental information presented on pages 39 through 42, 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 audits 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 opinions on the financial statements that collectively comprise the Springfield Housing Authority's basic financial statements. The supplemental information presented on pages 44 through 57, 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 supplemental information presented on pages 44 through 57 and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information presented on pages 44 through 57 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 12, 2016 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.



Braintree, Massachusetts  
December 12, 2016

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

## SPRINGFIELD HOUSING AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

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 decreased \$33.6 million in 2016. Net position was \$55.5 million and \$21.9 million for 2015 and 2016, respectively.
- Revenues increased \$6.1 million during 2016, and were \$43.3 million and \$49.4 million for 2015 and 2016, respectively.
- The total expenses of all Authority programs increased \$1.6 million. Total expenses were \$46.8 million and \$48.4 million for 2015 and 2016, respectively.

#### Authority-Wide 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 liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

## SPRINGFIELD HOUSING AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS March 31, 2016

#### **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.

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**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**March 31, 2016**

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.

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 AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

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.

**AUTHORITY-WIDE STATEMENTS**

**Statement of Net Position**

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: STATEMENTS OF NET POSITION**  
**March 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Current Assets	\$ 12,810,369	\$ 12,000,457	\$ 809,912	6.75%
Capital Assets	<u>55,264,335</u>	<u>56,825,200</u>	<u>(1,560,865)</u>	-2.75%
Total Assets	<u>68,074,704</u>	<u>68,825,657</u>	<u>(750,953)</u>	-1.09%
Deferred Outflows of Resources	<u>3,131,868</u>	-	<u>3,131,868</u>	-
Current Liabilities	3,289,966	4,317,949	(1,027,983)	-23.81%
Noncurrent Liabilities	<u>45,789,377</u>	<u>8,971,326</u>	<u>36,818,051</u>	410.40%
Total Liabilities	<u>49,079,343</u>	<u>13,289,275</u>	<u>35,790,068</u>	269.32%
Deferred Inflows of Resources	<u>272,923</u>	-	<u>272,923</u>	-
Net Invested in Capital Assets	52,021,121	53,274,670	(1,253,549)	-2.35%
Restricted	-	636,415	(636,415)	-100.00%
Unrestricted (Deficit)	<u>(30,166,815)</u>	<u>1,625,297</u>	<u>(31,792,112)</u>	-1956.08%
Total Net Position	<u>\$ 21,854,306</u>	<u>\$ 55,536,382</u>	<u>\$ (33,682,076)</u>	-60.65%

**Major Factors Affecting the Statement of Net Position**

During 2016 current and restricted assets increased, due primarily to unrestricted cash that included insurance funds received toward a prior year's casualty losses. Capital assets decreased \$1.6 million as a result of depreciation exceeding capital improvements. Deferred outflows increased due to the GASB 68 unfunded pension liability.

**SPRINGFIELD HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

Current liabilities decreased mainly due to a decrease in amounts owed to other governments and unearned revenues. Non-current liabilities increased due to an increase in accrued pension and other post-employment benefit (OPEB) liabilities, which included the GASB 68 unfunded pension liability.

Restricted net position was reduced to zero as restrictions were fulfilled during the year. Unrestricted net position decreased significantly due to the implementation of GASB 68. An analysis of the change in unrestricted net assets is displayed in Table 2.

Table 2 presents details on the change in Unrestricted Net Position

**TABLE 2**  
**CHANGE IN UNRESTRICTED NET POSITION**

Unrestricted Net Position - 3/31/2015	\$ 1,625,297
Revenues and operating grants (excluding restricted revenue and capital)	24,386,661
Prior Period Adjustment - Implementation of GASB 68	(32,999,615)
Expenses (excluding depreciation and restricted expenses)	<u>(23,179,158)</u>
Unrestricted Net Position - 3/31/2016	<u>\$ (30,166,815)</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, 2016**

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: STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the years ended March 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
<b>Revenue</b>				
Operating Revenues	\$ 45,102,402	\$ 41,519,547	\$ 3,582,855	8.63%
Non-operating Revenues	<u>4,260,719</u>	<u>1,759,151</u>	<u>2,501,568</u>	142.20%
Total Revenues	<u>49,363,121</u>	<u>43,278,698</u>	<u>6,084,423</u>	14.06%
<b>Expenses</b>				
Housing assistance payments	20,799,713	20,570,688	229,025	1.11%
Administration	8,312,653	7,371,415	941,238	12.77%
Repair and maintenance	8,038,487	7,253,901	784,586	10.82%
Depreciation expense	4,348,502	3,898,626	449,876	11.54%
Utilities	3,553,470	4,519,330	(965,860)	-21.37%
Other general expenses	1,060,430	1,014,570	45,860	4.52%
Tenant services	796,887	782,719	14,168	1.81%
Insurance expense	749,722	710,048	39,674	5.59%
Protective services	606,870	533,553	73,317	13.74%
Interest expense	<u>159,062</u>	<u>180,191</u>	<u>(21,129)</u>	-11.73%
Total Expenses	<u>48,425,796</u>	<u>46,835,041</u>	<u>1,590,755</u>	3.40%
Change in Net Position	937,325	(3,556,343)	4,493,668	-126.36%
Net Position - Beginning of Year	<u>55,536,382</u>	<u>63,130,734</u>	<u>(7,594,352)</u>	-12.03%
Prior Period Adjustments	<u>(34,619,401)</u>	<u>(4,038,009)</u>	<u>(30,581,392)</u>	757.34%
Net Position - End of Year	<u>\$ 21,854,306</u>	<u>\$ 55,536,382</u>	<u>\$ (33,682,076)</u>	-60.65%

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Rental revenue increased during 2016 due to an increase of leasing occupancy within Federal Public Housing and an increase in tenant payments within the State properties. Operating grants decreased slightly due to a decrease in operating subsidies for Section 8. Capital grants increased during the current year due primarily to Federal Public Housing accessible units work and boiler replacements. Other revenue increased due to funds received for the “Talk, Read, Succeed!” program.

**SPRINGFIELD HOUSING AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2016**

There was an overall increase in expenses as well. Maintenance expense increases were seen in contract costs (most notably painting and pest control), benefits (due to GASB 68), and extraordinary maintenance (mainly for State program boilers). Administration increased mostly due to salaries (from a reclassification of tenant services staff) and benefits (due to GASB 68). Depreciation expense increased due to capital improvements placed into service during the fiscal year. These increases were offset to some degree by the decrease in utilities related to the unusually warm winter weather experienced this fiscal year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$55.3 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$1.6 million or 2.75% from the end of 2015.

**TABLE 4: CAPITAL ASSET ANALYSIS  
March 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 6,440,358	\$ 6,309,107	\$ 131,251	2.08%
Buildings	120,543,693	99,925,907	20,617,786	20.63%
Furniture and equipment	1,642,111	1,642,953	(842)	-0.05%
Construction in progress	<u>4,831,144</u>	<u>22,802,052</u>	<u>(17,970,908)</u>	-78.81%
Total capital assets	133,457,306	130,680,019	2,777,287	2.13%
Accumulated depreciation	<u>(78,192,971)</u>	<u>(73,854,819)</u>	<u>(4,338,152)</u>	5.87%
Capital assets, net of accumulated depreciation	<u>\$ 55,264,335</u>	<u>\$ 56,825,200</u>	<u>\$ (1,560,865)</u>	-2.75%

As of year-end, the Authority had \$3.24 million in debt (bonds, notes, etc.) outstanding, compared to a \$3.55 million balance last year. For more detailed information on outstanding debt, please refer to the notes to the financial statements.

**TABLE 5: LONG TERM DEBT ANALYSIS  
March 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Long term debt	<u>\$ 3,243,214</u>	<u>\$ 3,550,530</u>	<u>\$ (307,316)</u>	-8.66%

**SPRINGFIELD HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2016**

**TABLE 6**  
**CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance - 3/31/2015	\$	56,825,200
Additions and transfers:		
Building Improvements		20,617,786
Construction in Progress		(17,970,908)
Land Reclassification		131,251
Equipment		15,856
Dispositions, Net of Accumulated Depreciation		(6,348)
Depreciation Expense		<u>(4,348,502)</u>
Ending Balance - 3/31/2016	\$	<u><u>55,264,335</u></u>

**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, 2016. The individual to be contacted regarding this report is JoAnn White, Finance Director, Springfield Housing Authority, at 60 Congress Street, Springfield, MA 01104.

## **BASIC FINANCIAL STATEMENTS**

**SPRINGFIELD HOUSING AUTHORITY**

**STATEMENT OF NET POSITION**

**March 31, 2016**

**ASSETS**

Current Assets:

Cash and cash equivalents - Note 4	\$ 9,386,612
Restricted cash and cash equivalents - Notes 4 & 5	948,508
Accounts receivable, net - Note 6	482,741
Prepaid expenses and other current assets	<u>1,992,508</u>
Total Current Assets	<u>12,810,369</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation - Note 7	<u>55,264,335</u>
Total Noncurrent Assets	<u>55,264,335</u>

Total Assets 68,074,704

**DEFERRED OUTFLOWS OF RESOURCES - Note 11**

3,131,868

**LIABILITIES**

Current Liabilities:

Current portion of long term debt - Note 9	326,037
Accounts payable	409,591
Accounts payable, HUD	1,902
Accounts payable, other government	804,912
Accrued wages and current portion of compensated absences	294,886
Other current liabilities	139,200
Other accrued expenses	621,035
Unearned revenue	162,350
Tenant security deposits	<u>530,053</u>
Total Current Liabilities	<u>3,289,966</u>

Noncurrent Liabilities:

Long term debt, net of current portion - Note 9	2,917,177
Accrued compensated absences, net of current portion - Note 8	553,982
Accrued pension - Notes 8 & 11	36,187,192
OPEB liability - Notes 8 & 12	<u>6,131,026</u>
Total Noncurrent Liabilities	<u>45,789,377</u>

Total Liabilities 49,079,343

**DEFERRED INFLOWS OF RESOURCES - Note 11**

272,923

**NET POSITION**

Net investment in capital assets	52,021,121
Unrestricted (deficit)	<u>(30,166,815)</u>

**Total Net Position** \$ 21,854,306



**SPRINGFIELD HOUSING AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**For the year ended March 31, 2016**

**OPERATING REVENUES**

HUD grants and contributions	\$ 30,488,563
Tenant rental income	7,713,746
Other government grants and contributions	4,013,013
Other revenue	<u>2,887,080</u>
Total Operating Revenues	<u>45,102,402</u>

**OPERATING EXPENSES**

Housing assistance payments	20,799,713
Administration	8,312,653
Repair and maintenance	8,038,487
Depreciation expense	4,348,502
Utilities	3,553,470
Other general expenses	1,058,582
Tenant services	796,887
Insurance expense	749,722
Protective services	<u>606,870</u>
Total Operating Expenses	<u>48,264,886</u>

**Operating Loss** (3,162,484)

**NONOPERATING REVENUES (EXPENSES)**

Interest and investment revenue	6,487
Loss on sale of capital assets	(1,848)
Interest expense	<u>(159,062)</u>

**Total Nonoperating Expenses** (154,423)

**Loss before Capital Contributions and Transfers** (3,316,907)

**CAPITAL CONTRIBUTIONS & TRANSFERS**

HUD capital grants and contributions	4,110,271
Other government capital grants and contributions	<u>143,961</u>

**Total Capital Contributions and Transfers** 4,254,232

**Change in Net Position** 937,325

Net Position - Beginning of Year – As Restated – Note 17 20,916,981

**Net Position - End of Year** \$ 21,854,306

**SPRINGFIELD HOUSING AUTHORITY**

**STATEMENT OF CASH FLOWS  
For the year ended March 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

HUD grants	\$ 30,472,073
Other government grants	3,770,528
Receipts from tenants	7,818,239
Other operating receipts	2,400,221
Payments to employees	(12,406,771)
Payments to suppliers	(32,925,244)
	<u>(870,954)</u>

Net cash used in operating activities (870,954)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Other government capital grants	145,010
HUD capital grants	4,109,813
Interest expense	(162,779)
Payments on long term debt	(307,316)
Acquisitions of capital assets	(4,409,271)
	<u>(624,543)</u>

Net cash used in capital and related financing activities (624,543)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and dividends received	6,487
---------------------------------	-------

Net cash provided by investing activities 6,487

**Net decrease in cash and cash equivalents** (1,489,010)

Cash and cash equivalents at beginning of year 9,971,380

**Cash and cash equivalents at end of year** \$ 8,482,370

**Reconciliation of operating loss to net cash used in operating activities:**

Operating Loss	\$ (3,162,484)
Adjustments:	
Depreciation	4,348,502
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	50,183
(Increase) decrease in accounts receivable, other	(8,909)
(Increase) decrease in accounts receivable, HUD	27,846
(Increase) decrease in accounts receivable, other government	(248,845)
(Increase) decrease in prepaid expenses and other current assets	(264,718)
(Decrease) increase in accounts payable	(6,918)
(Decrease) increase in accounts payable, HUD	(44,336)
(Decrease) increase in accounts payable, other government	(507,061)
(Decrease) increase in compensated absences and accrued wages	(11,919)
(Decrease) increase in accrued pension liability	(597,795)
(Decrease) increase in OPEB liability	85,124
(Decrease) increase in accrued expenses and other current liabilities	(166,616)
(Decrease) increase in tenant security deposits	14,953
(Decrease) increase in unearned operating revenue	(377,961)
Net cash used in operating activities	<u>\$ (870,954)</u>

## SPRINGFIELD HOUSING AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

March 31, 2016

#### 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:

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.

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.

## SPRINGFIELD HOUSING AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

March 31, 2016

#### NOTE 1 – ORGANIZATION – (Continued)

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 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

### NOTES TO FINANCIAL STATEMENTS

March 31, 2016

#### **NOTE 1 – ORGANIZATION – (Continued)**

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 18.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. 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.

The Authority's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34") and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"). GASB 34 and GASB 63 require the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. GASB 34 requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information. GASB 63 requires the Authority to report deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures 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 expenditures are recorded as a liability until earned.

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**A. Basis of Presentation and Accounting – (Continued)**

**New Accounting Standards Adopted**

During 2016, the Authority adopted GASB 68, Accounting and Financial Reporting for Pensions. GASB 68 establishes financial reporting standards for state and local governmental pension plans, defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements.

The requirements of GASB 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts that meet certain criteria and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. The requirements apply whether the government's financial statements are presented in stand-alone financial reports or are included in the financial reports of another government.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined pension plans, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employer service. Note disclosure and required supplementary information requirements about pensions are also addressed.

GASB 68 replaces the requirements of GASB 27, Accounting for Pensions by State and Local Governmental Employers, and GASB 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of GASB 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. See Note 11 for more detail on the implementation and impact of this standard.

Also during 2016, the Authority adopted GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB 68. GASB 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, GASB 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, GASB 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events. At transition to GASB 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of GASB 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. See Note 11 for more detail on the impact of the implementation of this standard.

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**B. 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.

**C. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit with financial institutions and other debt securities that are readily convertible into cash and purchased with original maturities of three months or less. Also included in cash equivalents are non-negotiable certificates of deposits, recorded at cost in accordance with GASB 31.

**D. 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.

**E. 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 estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets 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

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**F. Compensated Absences**

The Authority's policy allows union employees to earn 15 sick days per year, with an unlimited accrual. 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, 2016 aggregated \$583,138.

**G. Operating Revenues and Expenses**

GASB 34 paragraph 102 requires governments to establish a policy that defines operating revenues and expenses. The Authority uses the criteria prescribed in GASB 9 paragraphs 17 and 18 for cash flows to determine 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.

**H. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 3 – NET POSITION: RESTRICTED**

Net position is restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments. At March 31, 2016, there were no such funds subject to restriction.



**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 4 – CASH AND INVESTMENT DEPOSITS**

GASB standards require that cash and investment deposits with financial institutions be classified into one of the following four categories:

Category A – Insured

Category B – Collateralized, with securities held by the entity or by its agent in the entity’s name.

Category C – Collateralized, with securities held by the pledging financial institution’s trust department or agent in the entity’s name.

Category D – Non-collateralized (Includes any bank balance collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the entity’s name.)

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, (category A, B or C) by U.S. Government obligations that have a market 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**

In the case of cash deposits, this is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk, except ensuring that it follows the HUD regulations for federal deposits as detailed in a prior paragraph. At March 31, 2016, the Authority’s cash deposits of \$10,335,120 were fully insured or collateralized.

The Authority notes that in accordance with GASB 40, the disclosures for all types of cash deposits with a financial institution, whether categorized as cash and cash equivalents or as investments are the same and have been reported and disclosed accordingly in the previous section of the note.

**NOTE 5 – RESTRICTIONS ON CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Authority’s restricted cash and cash equivalents balance consists of funds restricted by loan agreements, as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At March 31, 2016, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
Lender Restricted	\$ 418,455
Tenant Security Deposits	<u>530,053</u>
Total	<u>\$ 948,508</u>

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2016**

**NOTE 6 – ACCOUNTS RECEIVABLE**

The following is a detail listing of receivables for the Authority including the applicable allowances for uncollectible accounts at March 31, 2016.

<u>Category of Receivable</u>	<u>Amount</u>
HUD	\$ 17,083
Other Government	388,974
Miscellaneous	33,435
Tenants	<u>120,757</u>
Gross Receivables	560,249
Allowance - Tenants	<u>(77,508)</u>
Net Receivables	<u>\$ 482,741</u>

**NOTE 7 – CAPITAL ASSETS**

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

	<u>3/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>3/31/2016</u>
Capital assets not being depreciated				
Land	\$ 6,440,358	\$ -	\$ -	\$ 6,440,358
Construction in Progress	<u>23,677,007</u>	<u>4,283,514</u>	<u>(23,129,377)</u>	<u>4,831,144</u>
Total capital assets not being depreciated	<u>30,117,365</u>	<u>4,283,514</u>	<u>(23,129,377)</u>	<u>11,271,502</u>
Other Capital Assets				
Buildings	98,935,899	21,607,794	-	120,543,693
Furniture, equipment & machinery	<u>1,626,755</u>	<u>31,918</u>	<u>(16,562)</u>	<u>1,642,111</u>
Total other capital assets	<u>100,562,654</u>	<u>21,639,712</u>	<u>(16,562)</u>	<u>122,185,804</u>
Less accumulated depreciation				
Buildings	72,102,873	4,257,471	-	76,360,344
Furniture, equipment & machinery	<u>1,751,946</u>	<u>91,031</u>	<u>(10,350)</u>	<u>1,832,627</u>
Total accumulated depreciation	<u>73,854,819</u>	<u>4,348,502</u>	<u>(10,350)</u>	<u>78,192,971</u>
Capital Assets Net	<u>\$ 56,825,200</u>	<u>\$ 21,574,724</u>	<u>\$ (23,135,589)</u>	<u>\$ 55,264,335</u>
Depreciation expense was charged to:				
Low Rent		<u>\$ 3,688,509</u>		
Housing Choice Voucher		<u>\$ 2,837</u>		
State/Local		<u>\$ 539,657</u>		
COCC		<u>\$ 117,499</u>		

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2016**

**NOTE 8 – NONCURRENT LIABILITIES**

Noncurrent liability activity for the year ended March 31, 2016 is as follows:

	<u>3/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>3/31/2016</u>
Compensated Absences	\$ 640,561	\$ 466,179	\$ (523,602)	\$ (29,156)	\$ 553,982
Pension Accrual	32,999,615	3,187,575	-	-	36,187,190
OPEB Liability	<u>5,119,579</u>	<u>1,504,765</u>	<u>(493,316)</u>	<u>-</u>	<u>6,131,028</u>
Total	<u>\$ 38,759,755</u>	<u>\$ 5,158,519</u>	<u>\$ (1,016,918)</u>	<u>\$ (29,156)</u>	<u>\$ 42,872,200</u>

**NOTE 9 – LONG TERM DEBT**

Long term debt activity for the year ended March 31, 2016 is as follows:

	<u>3/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>3/31/2016</u>
Notes Payable	<u>\$ 3,550,530</u>	<u>\$ -</u>	<u>\$ (307,316)</u>	<u>\$ (326,037)</u>	<u>\$ 2,917,177</u>

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 terms of these loans, by property, are as follows:

	<u>200-A</u>	<u>667-A</u>	<u>705-A</u>
Loan amount	\$ 875,500	\$ 2,092,000	\$ 979,800
Annual interest rate	7.00%	7.00%	7.00%
Loan period in years	40 years	40 years	40 years
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 3/31/2016	\$ 315,537	\$ 367,695	\$ 353,129
Interest paid in fiscal year 2016	\$ 23,682	\$ 27,193	\$ 26,503

**NOTE 9 – LONG TERM DEBT – (Continued)**

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

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 plus 1.8% per annum (Note 1), and LIBOR 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 2023. The notes are secured with a mortgage on the new central office building and a \$350,000 collateral reserve. Interest expense recognized during the year under the agreements was \$81,684. The principal balances at March 31, 2016 were \$1,718,920 (Note 1) and \$487,932 (Note 2).

The debt will be amortized as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2017	\$ 326,037	\$ 143,314
2018	346,871	123,186
2019	302,212	102,493
2020	224,882	88,890
2021	237,169	76,311
2022-2026	<u>1,806,043</u>	<u>96,477</u>
Total	<u>\$ 3,243,214</u>	<u>\$ 630,671</u>

**NOTE 10 – REAL ESTATE TAXES**

Property owned by the Authority and constructed with funding provided HUD and DHCD 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 family properties make payments in lieu of real estate taxes equal to \$3 per unit per month. The Authority also pays real estate taxes to the City of Springfield for the central office property. The real estate taxes and payment in lieu of taxes for the year ended March 31, 2016 aggregated \$294,606. As of March 31, 2016, the accrued and unpaid payments in lieu of taxes were \$802,600.

## SPRINGFIELD HOUSING AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

March 31, 2016

#### **NOTE 11 – COST-SHARING DEFINED BENEFIT PENSION PLAN**

##### **A. Plan Description and Membership**

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 the 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 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.

##### **B. 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. 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.

##### **C. 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 4.35% of the total. The Authority's required and actual contributions to SRS for the year ended March 31, 2016 were \$2,073,085. Employee contributions for the same period were \$567,135.

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

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

**D. Pension Liabilities, Pension Expense and Deferred Inflows and Outflows of Resources**

At March 31, 2016, the Authority reported a liability of \$36,187,190 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on 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. At December 31, 2015, the Authority’s proportion was 4.35 percent.

**E. Pension Expense and Deferred Inflows and Outflows of Resources**

For the year ended March 31, 2016, the Authority recognized pension expense of \$3,328,038. At March 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 442,034	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	770,051	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,919,783	272,923
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 3,131,868</u>	<u>\$ 272,923</u>

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

<b><u>Year</u></b>	<b><u>Deferred Outflows / (Inflows) of Resources</u></b>
2017	\$ 657,768
2018	657,768
2019	657,768
2020	646,145
2021	239,496
Thereafter	<u>-</u>
Total	<u>\$ 2,858,945</u>

## SPRINGFIELD HOUSING AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

##### **F. Discount Rate**

The discount rate used to measure the total pension liability was 7.650 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.

##### **G. 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 7.650 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-percentagepoint lower (6.650 percent) or 1-percentage-point higher (8.650 percent) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b><u>6.650%</u></b>	<b><u>7.650%</u></b>	<b><u>8.650%</u></b>
Net pension liability (asset)	\$ 41,408,863	\$ 36,187,190	\$ 31,749,854

##### **H. Actuarial Methods & Assumptions**

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2016
Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	7.650%
Discount rate	7.650%
Inflation	Not explicitly assumed.
Salary increases	4.25% per year
Cost of living adjustments	3.0% 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.

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

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

**H. Actuarial Methods & Assumptions – (Continued)**

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study that was performed for the period ended January 1, 2014. The study examined the assumptions used for expected investment rate, inflation rate, retirement, mortality, termination, disability, salary increases, payroll growth, and other assumptions.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Large Cap Equities	14.50%	7.50%
Small/Mid Cap Equities	3.50%	7.75%
International Equities (unhedged)	16.00%	8.00%
Emerging International Equities	6.00%	9.50%
High-Yield Bonds	1.50%	5.75%
Bank Loans	1.50%	6.00%
EMD (External)	1.00%	6.00%
EMD (Local Currency)	2.00%	6.50%
TIPS	3.00%	4.00%
Long Treasuries	10.00%	3.50%
Private Equity	10.00%	9.50%
Private Debt	4.00%	8.00%
Real Estate (Core)	10.00%	6.50%
Hedge Funds	9.00%	6.50%
Timber/Natural Resources	4.00%	7.07%
Portfolio Completion	4.00%	6.18%

**I. Pension Plan Fiduciary Net Position**

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

**J. Payables to the Pension Plan**

As of March 31, 2016, the Authority had no outstanding payables to SRS.



**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS**

**A. Plan Description**

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.

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 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 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.

Currently, there are 131 active employees and 87 retired employees enrolled in the plan.

**B. Funding Policy**

The Authority is not required by law or contractual agreement to provide funding for the Plan other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the year ended March 31, 2016, the Authority paid \$493,316 on behalf of the Plan.

**C. Annual OPEB Cost and Net OPEB Obligation**

The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45). Under this method, the normal cost and actuarial accrued liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit time the ratio of past service to total service. Under this method, the Actuarial Gains (losses), are calculated each year and amortized over the minimum and maximum periods allowed by law from the year of such gains or losses. All employees who are plan participants on a valuation date are included in the actuarial valuation.

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS – (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation – (Continued)**

The following table shows the elements of the Authority’s annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the Authority’s net OPEB obligation to the Plan for the year ended March 31, 2016:

Annual Required Contribution (ARC)	\$ 1,405,921
Amortization of Actuarial (Gains)/Losses	178,740
Interest on Net OPEB obligation	204,784
Adjustment to ARC	<u>(284,680)</u>
Annual OPEB expense	1,504,765
Contributions made	<u>(493,316)</u>
Increase in net OPEB obligation	1,011,449
Net OPEB obligation - beginning of year	<u>5,119,579</u>
Net OPEB obligation - end of year	<u>\$ 6,131,028</u>

**D. Funding Status and Funding Progress**

As of April 1, 2015, the most recent actuarial valuation date, the Plan was 0.0% funded. The actuarial accrued liability for benefits was \$15,059,687 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,059,687. The covered payroll (annual payroll of active employees covered by the Plan) was \$6,843,156, and the ratio of the UAAL to the covered payroll was 220.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of April 1, 2009 and multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

*Valuation Date:* April 1, 2015

*Discount Rate:* 4.0% per annum (assuming no prefunding)

*Mortality Rates:* RP-2000 Combined Healthy Mortality Table

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS – (Continued)**

**E. 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, from 15.0% at 1 year of service to 0% at 30 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 2% for those aged 55 years, to 100% for those aged 70 years. Females are expected to retire at a rate of 5.5% for those aged 55 years, to 100% for those aged 70 years.

*General Inflation Assumption:* 2.5% per annum

*Annual Compensation Increases:* 3.0% per annum

*Actuarial Value of Assets:* Market Value

*Amortization of UAAL:* Amortized as level dollar amount over 30 years at transition.

*Remaining Amortization Period:* 23 years at April 1, 2015

*Health Care Cost Trend Rate:* 5.0% per annum

**F. Effect of Changes in Assumptions**

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to \$18,369,130 or by 22.0% and the corresponding Normal Cost would increase to \$878,310 or by 37.4%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Actuarial Accrued Liability would decrease to \$12,462,133 or by 17.2% and the corresponding Normal Cost would decrease to \$466,684 or by 27.0%.

**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 2016 and 2015 were \$147,775 and \$171,096, respectively. There were no employer contributions.

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**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.

**NOTE 15 – IMPAIRMENT OF CAPITAL ASSETS**

Government 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 of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2016.

**NOTE 16 – 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.

**NOTE 17 – RESTATEMENT OF BEGINNING NET POSITION**

Prior period adjustments are the net effect of changes resulting from the adoption of a new accounting standard – GASB 68, Accounting and Financial Reporting for Pensions and the correction of an error in the accounting for capital assets. The prior period adjustments for the period ending March 31, 2016 aggregated \$34,619,401, which is accounted for as a restatement of beginning net position. The following is a summary of the adjustment to the beginning net position:

Beginning Net Position - 4/1/2015	\$	55,536,382
Increase in pension accrual		(32,999,615)
Decrease in capital assets		<u>(1,619,786)</u>
Beginning Net Position - Restated	\$	<u>20,916,981</u>

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2016**

**NOTE 18 – BLENDED COMPONENT UNIT**

As disclosed in Note 1, the Authority has one component unit; Springfield Housing Associates, Incorporated (the Corporation), the financial statements of which are included in the basic financial statements. Condensed financial information of the Corporation at March 31, 2016 and for the year then ended are as follows:

<b>Assets</b>		
Current	\$	89,552
<b>Liabilities</b>		
Current	\$	5,315
<b>Net Position</b>	\$	84,237
<b>Total Revenue</b>	\$	24,231
<b>Total Expenses</b>	\$	27,758
<b>Beginning Net Position</b>	\$	87,764
<b>Net Income (Loss)</b>	\$	(3,527)

**NOTE 19 – SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through December 12, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION**

**SPRINGFIELD HOUSING AUTHORITY**

**SCHEDULE OF FUNDING PROGRESS**

**For the period ended March 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) - Projected Unit Credit ( b )	Unfunded AAL (UAAL) ( b ) - ( a )	Funded Ratio ( a ) / ( b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll [( b ) - ( a ) ] / ( c )
4/1/2009	\$ -	\$ 14,215,378	\$ 14,215,378	0%	\$ 4,780,000	297.4%
4/1/2010	\$ -	\$ 12,699,885	\$ 12,699,885	0%	\$ 6,145,696	206.6%
4/1/2011	\$ -	\$ 13,132,905	\$ 13,132,905	0%	\$ 6,330,000	207.5%
4/1/2012	\$ -	\$ 11,513,380	\$ 11,513,380	0%	\$ 6,578,481	175.0%
4/1/2013	\$ -	\$ 12,036,027	\$ 12,036,027	0%	\$ 6,775,835	177.6%
4/1/2014	\$ -	\$ 12,568,795	\$ 12,568,795	0%	\$ 6,724,896	186.9%
4/1/2015	\$ -	\$ 15,059,687	\$ 15,059,687	0%	\$ 6,843,156	220.1%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of ARC Contributed
2010	\$ 1,153,122	\$ 512,714	44.5%
2011	\$ 1,170,121	\$ 495,586	42.4%
2012	\$ 1,174,494	\$ 513,617	43.7%
2013	\$ 1,218,357	\$ 403,664	33.1%
2014	\$ 1,265,642	\$ 428,730	33.9%
2015	\$ 1,306,872	\$ 455,926	34.9%
2016	\$ 1,405,921	\$ 493,316	35.1%

**SPRINGFIELD HOUSING AUTHORITY**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Springfield Retirement System  
Last 10 Fiscal Years**

	<u>2014</u>	<u>2015</u>
Proportion of the net pension liability (asset)	4.39%	4.35%
Proportionate share of the net pension liability (asset)	\$ 32,124,614	\$ 36,187,190
Covered-employee payroll	\$ 6,132,348	\$ 6,611,654
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	523.9%	547.3%
Plan fiduciary net position as a percentage of the total pension liability	28.83%	25.710%

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



**SPRINGFIELD HOUSING AUTHORITY**

**SCHEDULE OF CONTRIBUTIONS  
Springfield Retirement System  
Last 10 Fiscal Years**

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 1,976,032	\$ 2,073,085
Contributions in relation to the contractually required contribution	<u>1,976,032</u>	<u>2,073,085</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,132,348	\$ 6,611,654
Contributions as a percentage of covered-employee payroll	32.22%	31.36%

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

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
For the Year Ended March 31, 2016**

**NOTE 1 – CHANGES OF BENEFIT TERMS**

No changes of benefit terms.

**NOTE 2 – CHANGES OF ASSUMPTIONS**

No changes of assumptions.

**SUPPLEMENTAL INFORMATION**

**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 01</b>	<b>AMP 02</b>	<b>AMP 03</b>	<b>AMP 04</b>	<b>AMP 05</b>	<b>AMP 06</b>
111	Cash - Unrestricted	788,396	528,088	402,516	1,582,323	466,995	280,737
113	Cash - Other Restricted	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	58,433	72,347	34,234	12,234	48,689	31,170
100	Total Cash	846,829	600,435	436,750	1,594,557	515,684	311,907
122	Accounts Receivable - HUD Other Projects	-	-	-	-	3,000	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	4,489	5,203	-	-	2,334	-
126	Accounts Receivable - Tenants	4,712	7,895	7,095	14,513	15,671	6,398
126.1	Allowance for Doubtful Accounts -Tenants	(2,315)	(2,825)	(5,552)	(7,922)	(10,565)	(3,894)
128	Fraud Recovery	-	-	-	1,559	10,290	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	(1,559)	(10,290)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	6,886	10,273	1,543	6,591	10,440	2,504
131	Investments - Unrestricted	-	-	-	1,200	-	-
142	Prepaid Expenses and Other Assets	88,378	64,250	39,903	17,902	56,582	34,996
143	Inventories	27,698	31,120	19,470	17,712	29,071	29,967
143.1	Allowance for Obsolete Inventories	(2,770)	(3,112)	(1,947)	(1,771)	(2,907)	(2,997)
150	Total Current Assets	967,021	702,966	495,719	1,636,191	608,870	376,377
161	Land	46,788	40,700	58,060	355,251	177,700	102,349
162	Buildings	20,096,181	15,206,687	8,652,454	5,923,720	9,308,548	4,250,310
164	Furniture, Equipment & Machinery - Administration	181,489	160,077	19,504	4,405	194,103	116,074
166	Accumulated Depreciation	(13,145,752)	(10,104,184)	(5,948,392)	(4,978,858)	(7,988,716)	(3,514,776)
167	Construction in Progress	4,016,014	-	-	333,236	259,385	-
160	Total Capital Assets, Net of Accumulated Depreciation	11,194,720	5,303,280	2,781,626	1,637,754	1,951,020	953,957
180	Total Non-Current Assets	11,194,720	5,303,280	2,781,626	1,637,754	1,951,020	953,957
200	Deferred Outflow of Resources	279,173	216,323	109,114	43,212	164,440	101,967
290	Total Assets and Deferred Outflow of Resources	12,440,914	6,222,569	3,386,459	3,317,157	2,724,330	1,432,301
312	Accounts Payable <= 90 Days	37,155	28,813	18,765	21,922	23,578	9,408
321	Accrued Wage/Payroll Taxes Payable	23,801	16,661	10,049	3,647	13,891	7,855
322	Accrued Compensated Absences - Current Portion	2,413	2,056	995	465	1,775	969
331	Accounts Payable - HUD PHA Programs	-	-	-	-	1,271	-
333	Accounts Payable - Other Government	152,340	169,998	68,148	7,547	131,577	90,830
341	Tenant Security Deposits	58,433	72,347	34,234	12,234	48,689	31,170
342	Unearned Revenue	5,454	3,096	128	-	1,698	1,494

See Independent Auditors' Report

**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 01</b>	<b>AMP 02</b>	<b>AMP 03</b>	<b>AMP 04</b>	<b>AMP 05</b>	<b>AMP 06</b>
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
345	Other Current Liabilities	5,972	5,977	7,462	7	5,904	3,927
346	Accrued Liabilities - Other	33,318	86,541	73,368	13,418	69,400	25,966
310	<b>Total Current Liabilities</b>	<b>318,886</b>	<b>385,489</b>	<b>213,149</b>	<b>59,240</b>	<b>297,783</b>	<b>171,619</b>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	45,847	39,066	18,911	8,838	33,729	18,417
357	Accrued Pension and OPEB Liabilities	3,788,543	2,932,350	1,496,182	586,362	2,231,093	1,382,345
350	<b>Total Non-Current Liabilities</b>	<b>3,834,390</b>	<b>2,971,416</b>	<b>1,515,093</b>	<b>595,200</b>	<b>2,264,822</b>	<b>1,400,762</b>
300	<b>Total Liabilities</b>	<b>4,153,276</b>	<b>3,356,905</b>	<b>1,728,242</b>	<b>654,440</b>	<b>2,562,605</b>	<b>1,572,381</b>
400	Deferred Inflow of Resources	24,328	18,852	9,509	3,766	14,330	8,886
508.4	Net Investment in Capital Assets	11,194,720	5,303,280	2,781,626	1,637,754	1,951,020	953,957
512.4	Unrestricted Net Position	(2,931,410)	(2,456,468)	(1,132,918)	1,021,197	(1,803,625)	(1,102,923)
513	<b>Total Equity - Net Assets / Position</b>	<b>8,263,310</b>	<b>2,846,812</b>	<b>1,648,708</b>	<b>2,658,951</b>	<b>147,395</b>	<b>(148,966)</b>
600	<b>Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position</b>	<b>12,440,914</b>	<b>6,222,569</b>	<b>3,386,459</b>	<b>3,317,157</b>	<b>2,724,330</b>	<b>1,432,301</b>
70300	Net Tenant Rental Revenue	982,658	991,011	470,472	224,857	713,471	440,304
70500	<b>Total Tenant Revenue</b>	<b>982,658</b>	<b>991,011</b>	<b>470,472</b>	<b>224,857</b>	<b>713,471</b>	<b>440,304</b>
70600	HUD PHA Operating Grants	1,865,523	940,807	809,382	678,561	934,224	507,189
70610	Capital Grants	3,610,484	-	-	104,901	259,385	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70700	<b>Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - Unrestricted	53	83	41	23	54	25
71400	Fraud Recovery	-	-	-	-	-	-
71500	Other Revenue	24,562	22,416	48,686	1,511,268	8,514	2,844
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
70000	<b>Total Revenue</b>	<b>6,483,280</b>	<b>1,954,317</b>	<b>1,328,581</b>	<b>2,519,610</b>	<b>1,915,648</b>	<b>950,362</b>
91100	Administrative Salaries	183,455	124,048	74,628	22,090	83,831	58,424
91200	Auditing Fees	4,480	3,898	1,926	806	3,091	1,837
91300	Management Fee	243,234	203,823	102,802	238,235	137,762	95,679

See Independent Auditors' Report

**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 01</b>	<b>AMP 02</b>	<b>AMP 03</b>	<b>AMP 04</b>	<b>AMP 05</b>	<b>AMP 06</b>
91310	Book-keeping Fee	25,817	21,634	10,912	6,250	14,622	10,156
91400	Advertising and Marketing	-	-	-	-	-	-
91500	Employee Benefit contributions - Administrative	162,241	114,371	57,077	17,854	67,234	53,947
91600	Office Expenses	50,691	38,908	21,568	9,055	43,888	15,262
91700	Legal Expense	15,808	20,262	21,527	30,892	39,657	17,484
91800	Travel	1,409	552	605	490	1,868	175
91900	Other	67,085	5,879	2,611	119,158	63,539	10,915
91000	Total Operating - Administrative	754,220	533,375	293,656	444,830	455,492	263,879
92000	Asset Management Fee	34,675	29,030	14,918	8,467	19,858	13,709
92100	Tenant Services - Salaries	11,193	3,339	3,933	599	2,279	1,577
92200	Relocation Costs	692	4,262	4,209	-	7,892	2,161
92300	Employee Benefit Contributions - Tenant Services	9,139	2,819	2,751	432	1,628	1,333
92400	Tenant Services - Other	72,047	47,373	103,499	42,062	86,831	10,890
92500	Total Tenant Services	93,071	57,793	114,392	43,093	98,630	15,961
93100	Water	159,218	106,399	111,163	66,446	97,634	41,860
93200	Electricity	114,208	295,289	44,006	31,453	27,420	104,154
93300	Gas	129,306	49,847	49,428	52,963	76,265	18,704
93600	Sewer	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-
93000	Total Utilities	402,732	451,535	204,597	150,862	201,319	164,718
94100	Ordinary Maintenance and Operations - Labor	344,222	284,316	149,726	56,735	216,043	134,036
94200	Ordinary Maintenance and Operations - Materials and Other	135,589	139,857	59,201	27,149	85,265	42,371
94300	Ordinary Maintenance and Operations Contracts	442,916	237,870	147,977	109,908	179,633	100,748
94500	Employee Benefit Contributions - Ordinary Maintenance	281,045	240,015	104,746	40,903	154,362	113,328
94000	Total Maintenance	1,203,772	902,058	461,650	234,695	635,303	390,483
95100	Protective Services - Labor	34,364	28,725	14,627	5,111	19,561	13,570
95200	Protective Services - Other Contract Costs	24,269	42,768	21,699	16,490	26,823	25,144
95500	Employee Benefit Contributions - Protective Services	28,057	24,249	10,233	3,685	13,977	11,473
95000	Total Protective Services	86,690	95,742	46,559	25,286	60,361	50,187
96110	Property Insurance	32,990	12,310	17,800	11,646	26,897	17,501
96120	Liability Insurance	16,617	13,961	7,836	4,837	10,441	6,606
96130	Workmen's Compensation	26,582	20,562	11,121	4,073	15,509	9,693
96140	All Other Insurance	6,166	5,295	2,684	2,808	4,599	2,504
96100	Total insurance Premiums	82,355	52,128	39,441	23,364	57,446	36,304
96200	Other General Expenses	-	-	-	-	-	-

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**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 01</b>	<b>AMP 02</b>	<b>AMP 03</b>	<b>AMP 04</b>	<b>AMP 05</b>	<b>AMP 06</b>
96210	Compensated Absences	56,886	45,331	21,382	12,393	47,283	21,365
96300	Payments in Lieu of Taxes	57,993	53,948	26,587	7,399	51,215	27,559
96400	Bad debt - Tenant Rents	1,326	2,609	4,724	7,293	14,904	2,319
96000	Total Other General Expenses	116,205	101,888	52,693	27,085	113,402	51,243
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-
96900	Total Operating Expenses	2,773,720	2,223,549	1,227,906	957,682	1,641,811	986,484
97000	Excess of Operating Revenue over Operating Expenses	3,709,560	(269,232)	100,675	1,561,928	273,837	(36,122)
97100	Extraordinary Maintenance	33,307	5,299	42,366	7,314	46,928	1,285
97300	Housing Assistance Payments	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-
97400	Depreciation Expense	750,305	426,044	312,157	253,258	206,527	92,938
90000	Total Expenses	3,557,332	2,654,892	1,582,429	1,218,254	1,895,266	1,080,707
10010	Operating Transfer In	56,500	-	-	265	49,401	-
10020	Operating transfer Out	(56,500)	-	-	(265)	(49,401)	-
10091	Inter Project Excess Cash Transfer In	-	80,000	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	(40,000)	-	-	-	(110,000)	-
10100	Total Other financing Sources (Uses)	(40,000)	80,000	-	-	(110,000)	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	2,885,948	(620,575)	(253,848)	1,301,356	(89,618)	(130,345)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-
11030	Beginning Equity	8,324,977	5,751,397	3,054,613	1,813,851	1,973,224	1,057,986
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(2,947,615)	(2,284,010)	(1,152,057)	(456,256)	(1,736,211)	(1,076,607)
11170	Administrative Fee Equity	-	-	-	-	-	-
11190	Unit Months Available	3,873	3,456	1,764	1,008	2,347	1,632
11210	Number of Unit Months Leased	3,843	3,434	1,720	992	2,294	1,612
11620	Building Purchases	3,610,484	-	-	104,901	259,385	-

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**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 07</b>	<b>AMP 08</b>	<b>AMP 09</b>	<b>AMP 10</b>	<b>Housing Choice Vouchers</b>	<b>N/C S/R Section 8 Programs</b>
111	Cash - Unrestricted	299,778	225,834	23,275	548,333	1,101,100	-
113	Cash - Other Restricted	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	32,837	35,137	31,641	40,615	-	-
100	Total Cash	332,615	260,971	54,916	588,948	1,101,100	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	13,808	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	147,739	-
126	Accounts Receivable - Tenants	8,147	7,765	13,638	6,210	-	-
126.1	Allowance for Doubtful Accounts -Tenants	(7,146)	(4,484)	(6,898)	(2,213)	-	-
128	Fraud Recovery	321	815	2,977	6,837	134,903	-
128.1	Allowance for Doubtful Accounts - Fraud	(321)	(815)	(2,977)	(6,837)	(134,903)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	1,001	3,281	6,740	3,997	161,547	-
131	Investments - Unrestricted	-	-	-	-	1,741,226	-
142	Prepaid Expenses and Other Assets	42,146	52,919	40,702	58,796	71,150	-
143	Inventories	59,734	33,297	35,055	26,554	-	-
143.1	Allowance for Obsolete Inventories	(5,973)	(3,330)	(3,506)	(2,655)	-	-
150	Total Current Assets	429,523	347,138	133,907	675,640	3,075,023	-
161	Land	148,350	811,366	1,417,786	936,568	-	-
162	Buildings	5,849,932	9,071,641	10,617,389	8,804,488	-	-
164	Furniture, Equipment & Machinery - Administration	18,798	170,856	259,321	202,007	29,261	-
166	Accumulated Depreciation	(5,027,089)	(3,665,711)	(6,348,850)	(4,186,773)	(23,199)	-
167	Construction in Progress	135,501	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	1,125,492	6,388,152	5,945,646	5,756,290	6,062	-
180	Total Non-Current Assets	1,125,492	6,388,152	5,945,646	5,756,290	6,062	-
200	Deferred Outflow of Resources	128,904	152,043	118,441	171,002	447,421	-
290	Total Assets and Deferred Outflow of Resources	1,683,919	6,887,333	6,197,994	6,602,932	3,528,506	-
312	Accounts Payable <= 90 Days	17,711	18,149	20,158	30,655	9,759	-
321	Accrued Wage/Payroll Taxes Payable	10,908	10,583	8,897	11,651	33,656	-
322	Accrued Compensated Absences - Current Portion	1,103	1,032	804	1,160	3,376	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	631	-
333	Accounts Payable - Other Government	93,826	8,535	11,017	19,782	-	-
341	Tenant Security Deposits	32,837	35,137	31,641	40,615	-	-
342	Unearned Revenue	-	802	427	153	-	-

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**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 07</b>	<b>AMP 08</b>	<b>AMP 09</b>	<b>AMP 10</b>	<b>Housing Choice Vouchers</b>	<b>N/C S/R Section 8 Programs</b>
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
345	Other Current Liabilities	10,135	1,193	1,059	1,312	177,083	-
346	Accrued Liabilities - Other	21,333	38,196	50,407	36,434	10,000	-
310	Total Current Liabilities	187,853	113,627	124,410	141,762	234,505	-
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	20,956	19,599	15,268	22,049	64,151	-
357	Accrued Pension and OPEB Liabilities	1,750,625	2,054,136	1,707,571	2,224,147	6,208,938	-
350	Total Non-Current Liabilities	1,771,581	2,073,735	1,722,839	2,246,196	6,273,089	-
300	Total Liabilities	1,959,434	2,187,362	1,847,249	2,387,958	6,507,594	-
400	Deferred Inflow of Resources	11,232	13,249	10,321	14,902	38,990	-
508.4	Net Investment in Capital Assets	1,125,492	6,388,152	5,945,646	5,756,290	6,062	-
512.4	Unrestricted Net Position	(1,412,239)	(1,701,430)	(1,605,222)	(1,556,218)	(3,024,140)	-
513	Total Equity - Net Assets / Position	(286,747)	4,686,722	4,340,424	4,200,072	(3,018,078)	-
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	1,683,919	6,887,333	6,197,994	6,602,932	3,528,506	-
70300	Net Tenant Rental Revenue	463,514	405,090	400,023	574,801	-	-
70500	Total Tenant Revenue	463,514	405,090	400,023	574,801	-	-
70600	HUD PHA Operating Grants	594,543	850,116	695,680	1,393,629	21,180,334	-
70610	Capital Grants	135,501	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	780,028
71100	Investment Income - Unrestricted	59	69	66	143	3,768	-
71400	Fraud Recovery	-	-	-	-	71,726	-
71500	Other Revenue	2,522	3,260	5,057	4,258	1,266,124	-
71600	Gain or Loss on Sale of Capital Assets	(1,848)	-	-	-	-	-
70000	Total Revenue	1,194,291	1,258,535	1,100,826	1,972,831	22,521,952	780,028
91100	Administrative Salaries	68,684	97,292	67,395	74,927	827,859	-
91200	Auditing Fees	2,509	1,747	1,568	2,285	6,406	-

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**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>AMP 07</b>	<b>AMP 08</b>	<b>AMP 09</b>	<b>AMP 10</b>	<b>Housing Choice Vouchers</b>	<b>N/C S/R Section 8 Programs</b>
91300	Management Fee	84,758	105,651	96,154	138,533	529,729	-
91310	Book-keeping Fee	8,996	11,214	10,206	14,704	238,440	-
91400	Advertising and Marketing	-	-	-	-	841	-
91500	Employee Benefit contributions - Administrative	66,190	85,121	84,166	46,384	815,848	-
91600	Office Expenses	22,970	24,826	25,609	28,959	259,336	-
91700	Legal Expense	20,689	31,414	39,794	40,070	12,376	-
91800	Travel	1,493	1,575	684	988	10,961	-
91900	Other	11,507	3,623	15,826	59,786	14,533	-
91000	Total Operating - Administrative	287,796	362,463	341,402	406,636	2,716,329	-
92000	Asset Management Fee	12,298	15,120	13,709	19,757	-	-
92100	Tenant Services - Salaries	1,402	1,740	1,577	2,273	-	-
92200	Relocation Costs	4,786	6,277	9,373	6,504	-	-
92300	Employee Benefit Contributions - Tenant Services	1,234	1,401	1,846	1,176	-	-
92400	Tenant Services - Other	50,640	12,022	11,490	56,977	10,000	-
92500	Total Tenant Services	58,062	21,440	24,286	66,930	10,000	-
93100	Water	71,845	139,402	275,827	161,230	-	-
93200	Electricity	49,367	46,671	43,114	53,083	-	-
93300	Gas	48,928	133,668	92,303	162,670	-	-
93600	Sewer	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-
93000	Total Utilities	170,140	319,741	411,244	376,983	-	-
94100	Ordinary Maintenance and Operations - Labor	179,301	178,576	163,137	235,496	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	51,695	51,654	49,984	70,402	1,222	-
94300	Ordinary Maintenance and Operations Contracts	129,843	228,055	164,383	219,666	927	-
94500	Employee Benefit Contributions - Ordinary Maintenance	157,778	143,784	190,942	121,803	-	-
94000	Total Maintenance	518,617	602,069	568,446	647,367	2,149	-
95100	Protective Services - Labor	12,160	14,979	13,569	19,561	-	-
95200	Protective Services - Other Contract Costs	31,757	9,892	9,510	10,184	9,172	-
95500	Employee Benefit Contributions - Protective Services	10,700	12,060	15,882	10,116	-	-
95000	Total Protective Services	54,617	36,931	38,961	39,861	9,172	-
96110	Property Insurance	21,317	33,725	27,194	40,132	-	-
96120	Liability Insurance	6,784	8,648	7,899	11,445	2,653	-
96130	Workmen's Compensation	12,159	13,942	11,675	15,940	36,014	-
96140	All Other Insurance	2,259	5,583	5,053	5,633	937	-
96100	Total insurance Premiums	42,519	61,898	51,821	73,150	39,604	-

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**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

FDS Line Item	Description	AMP 07	AMP 08	AMP 09	AMP 10	Housing Choice Vouchers	N/C S/R Section 8 Programs
96200	Other General Expenses	-	-	-	-	-	-
96210	Compensated Absences	29,665	29,807	23,294	33,631	104,467	-
96300	Payments in Lieu of Taxes	29,338	8,535	-	19,782	-	-
96400	Bad debt - Tenant Rents	6,108	3,917	2,821	-	-	-
96000	Total Other General Expenses	65,111	42,259	26,115	53,413	104,467	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-
96900	Total Operating Expenses	1,209,160	1,461,921	1,475,984	1,684,097	2,881,721	-
97000	Excess of Operating Revenue over Operating Expenses	(14,869)	(203,386)	(375,158)	288,734	19,640,231	780,028
97100	Extraordinary Maintenance	8,197	3,279	6,429	22,331	-	-
97300	Housing Assistance Payments	-	-	-	-	19,203,966	-
97350	HAP Portability-In	-	-	-	-	1,206,946	-
97400	Depreciation Expense	152,603	448,772	558,363	487,542	2,837	-
90000	Total Expenses	1,369,960	1,913,972	2,040,776	2,193,970	23,295,470	-
10010	Operating Transfer In	5,724	-	-	-	-	-
10020	Operating transfer Out	(5,724)	-	-	-	-	(780,028)
10091	Inter Project Excess Cash Transfer In	-	140,000	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	(70,000)	-	-
10100	Total Other financing Sources (Uses)	-	140,000	-	(70,000)	-	(780,028)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(175,669)	(515,437)	(939,950)	(291,139)	(773,518)	-
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-
11030	Beginning Equity	1,249,956	783,247	1,244,064	1,009,856	2,479,467	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(1,361,034)	4,418,912	4,036,310	3,481,355	(4,724,027)	-
11170	Administrative Fee Equity	-	-	-	-	(3,018,078)	-
11190	Unit Months Available	1,464	1,800	1,596	2,352	31,792	-
11210	Number of Unit Months Leased	1,428	1,780	1,584	2,334	31,792	-
11620	Building Purchases	135,501	-	-	-	-	-

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**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>Single Room Occupancy</b>	<b>State/Local</b>	<b>Component Unit - Blended</b>	<b>COCC</b>	<b>Eliminations</b>	<b>Total</b>
111	Cash - Unrestricted	47,039	302,527	89,552	847,369	-	7,533,862
113	Cash - Other Restricted	-	-	-	418,455	-	418,455
114	Cash - Tenant Security Deposits	-	132,716	-	-	-	530,053
100	Total Cash	47,039	435,243	89,552	1,265,824	-	8,482,370
122	Accounts Receivable - HUD Other Projects	275	-	-	-	-	17,083
124	Accounts Receivable - Other Government	-	335,852	-	53,122	-	388,974
125	Accounts Receivable - Miscellaneous	172,013	4,182	-	17,074	(319,599)	33,435
126	Accounts Receivable - Tenants	-	28,713	-	-	-	120,757
126.1	Allowance for Doubtful Accounts -Tenants	-	(23,694)	-	-	-	(77,508)
128	Fraud Recovery	-	-	-	-	-	157,702
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	(157,702)
120	Total Receivables, Net of Allowances for Doubtful Accounts	172,288	345,053	-	70,196	(319,599)	482,741
131	Investments - Unrestricted	-	110,324	-	-	-	1,852,750
142	Prepaid Expenses and Other Assets	187	214,522	-	287,219	-	1,069,652
143	Inventories	-	55,413	-	660,305	-	1,025,396
143.1	Allowance for Obsolete Inventories	-	(5,541)	-	(66,031)	-	(102,540)
150	Total Current Assets	219,514	1,155,014	89,552	2,217,513	(319,599)	12,810,369
161	Land	-	2,345,440	-	-	-	6,440,358
162	Buildings	-	18,062,401	-	4,699,942	-	120,543,693
164	Furniture, Equipment & Machinery - Administration	-	286,216	-	-	-	1,642,111
166	Accumulated Depreciation	-	(12,779,427)	-	(481,244)	-	(78,192,971)
167	Construction in Progress	-	87,008	-	-	-	4,831,144
160	Total Capital Assets, Net of Accumulated Depreciation	-	8,001,638	-	4,218,698	-	55,264,335
180	Total Non-Current Assets	-	8,001,638	-	4,218,698	-	55,264,335
200	Deferred Outflow of Resources	937	652,496	-	546,395	-	3,131,868
290	Total Assets and Deferred Outflow of Resources	220,451	9,809,148	89,552	6,982,606	(319,599)	71,206,572
312	Accounts Payable <= 90 Days	-	111,750	315	61,453	-	409,591
321	Accrued Wage/Payroll Taxes Payable	51	40,480	-	73,600	-	265,730
322	Accrued Compensated Absences - Current Portion	3	5,183	-	7,822	-	29,156
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	1,902
333	Accounts Payable - Other Government	-	51,312	-	-	-	804,912
341	Tenant Security Deposits	-	132,716	-	-	-	530,053
342	Unearned Revenue	-	144,098	5,000	-	-	162,350

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**SPRINGFIELD HOUSING AUTHORITY**  
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<b>FDS Line Item</b>	<b>Description</b>	<b>Single Room Occupancy</b>	<b>State/Local</b>	<b>Component Unit - Blended</b>	<b>COCC</b>	<b>Eliminations</b>	<b>Total</b>
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	229,068	-	96,969	-	326,037
345	Other Current Liabilities	147,947	28,531	-	62,290	(319,599)	139,200
346	Accrued Liabilities - Other	-	162,654	-	-	-	621,035
310	Total Current Liabilities	148,001	905,792	5,315	302,134	(319,599)	3,289,966
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	807,294	-	2,109,883	-	2,917,177
354	Accrued Compensated Absences - Non Current	54	98,477	-	148,620	-	553,982
357	Accrued Pension and OPEB Liabilities	10,840	8,523,883	-	7,421,203	-	42,318,218
350	Total Non-Current Liabilities	10,894	9,429,654	-	9,679,706	-	45,789,377
300	Total Liabilities	158,895	10,335,446	5,315	9,981,840	(319,599)	49,079,343
400	Deferred Inflow of Resources	82	56,861	-	47,615	-	272,923
508.4	Net Investment in Capital Assets	-	6,965,276	-	2,011,846	-	52,021,121
512.4	Unrestricted Net Position	61,474	(7,548,435)	84,237	(5,058,695)	-	(30,166,815)
513	Total Equity - Net Assets / Position	61,474	(583,159)	84,237	(3,046,849)	-	21,854,306
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	220,451	9,809,148	89,552	6,982,606	(319,599)	71,206,572
70300	Net Tenant Rental Revenue	-	2,047,545	-	-	-	7,713,746
70500	Total Tenant Revenue	-	2,047,545	-	-	-	7,713,746
70600	HUD PHA Operating Grants	38,575	-	-	-	-	30,488,563
70610	Capital Grants	-	-	-	-	-	4,110,271
70710	Management Fee	-	-	-	1,976,359	(1,976,359)	-
70720	Asset Management Fee	-	-	-	181,541	(181,541)	-
70730	Book Keeping Fee	-	-	-	372,951	(372,951)	-
70740	Front Line Service Fee	-	-	-	336,630	(336,630)	-
70700	Total Fee Revenue	-	-	-	2,867,481	(2,867,481)	-
70800	Other Government Grants	-	3,060,575	-	316,371	-	4,156,974
71100	Investment Income - Unrestricted	-	325	2	1,776	-	6,487
71400	Fraud Recovery	-	-	-	-	-	71,726
71500	Other Revenue	-	728,785	24,229	369,775	-	4,022,300
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	(1,848)
70000	Total Revenue	38,575	5,837,230	24,231	3,555,403	(2,867,481)	50,568,219
91100	Administrative Salaries	1,391	596,709	-	987,510	-	3,268,243
91200	Auditing Fees	-	7,795	-	6,451	-	44,799
91300	Management Fee	-	-	-	-	(1,976,360)	-

See Independent Auditors' Report

**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>Single Room Occupancy</b>	<b>State/Local</b>	<b>Component Unit - Blended</b>	<b>COCC</b>	<b>Eliminations</b>	<b>Total</b>
91310	Book-keeping Fee	-	-	-	-	(372,951)	-
91400	Advertising and Marketing	-	298	-	8,257	-	9,396
91500	Employee Benefit contributions - Administrative	888	518,874	-	765,868	-	2,856,063
91600	Office Expenses	25	75,848	-	205,949	-	822,894
91700	Legal Expense	-	42,398	-	73,099	-	405,470
91800	Travel	-	16,823	-	20,973	-	58,596
91900	Other	7	75,508	27,394	369,821	-	847,192
91000	Total Operating - Administrative	2,311	1,334,253	27,394	2,437,928	(2,349,311)	8,312,653
92000	Asset Management Fee	-	-	-	-	(181,541)	-
92100	Tenant Services - Salaries	-	27,867	-	10,000	-	67,779
92200	Relocation Costs	-	-	-	-	-	46,156
92300	Employee Benefit Contributions - Tenant Services	-	22,872	-	7,509	-	54,140
92400	Tenant Services - Other	-	102,768	-	22,213	-	628,812
92500	Total Tenant Services	-	153,507	-	39,722	-	796,887
93100	Water	-	175,372	-	4,523	-	1,410,919
93200	Electricity	-	270,914	-	63,460	-	1,143,139
93300	Gas	-	173,183	-	4,079	-	991,344
93600	Sewer	-	568	-	-	-	568
93800	Other Utilities Expense	-	7,500	-	-	-	7,500
93000	Total Utilities	-	627,537	-	72,062	-	3,553,470
94100	Ordinary Maintenance and Operations - Labor	-	479,749	-	141,487	-	2,562,824
94200	Ordinary Maintenance and Operations - Materials and Other	-	229,227	-	31,162	-	974,778
94300	Ordinary Maintenance and Operations Contracts	-	397,162	-	84,184	(336,629)	2,106,643
94500	Employee Benefit Contributions - Ordinary Maintenance	-	393,760	-	106,237	-	2,048,703
94000	Total Maintenance	-	1,499,898	-	363,070	(336,629)	7,692,948
95100	Protective Services - Labor	-	-	-	-	-	176,227
95200	Protective Services - Other Contract Costs	-	60,327	-	2,176	-	290,211
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	140,432
95000	Total Protective Services	-	60,327	-	2,176	-	606,870
96110	Property Insurance	-	57,498	-	6,279	-	305,289
96120	Liability Insurance	-	3,571	364	4,371	-	106,033
96130	Workmen's Compensation	55	50,613	-	50,752	-	278,690
96140	All Other Insurance	-	14,118	-	2,071	-	59,710
96100	Total insurance Premiums	55	125,800	364	63,473	-	749,722
96200	Other General Expenses	-	-	-	1,000	-	1,000

See Independent Auditors' Report

**SPRINGFIELD HOUSING AUTHORITY**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULE**  
**March 31, 2016**

<b>FDS Line Item</b>	<b>Description</b>	<b>Single Room Occupancy</b>	<b>State/Local</b>	<b>Component Unit - Blended</b>	<b>COCC</b>	<b>Eliminations</b>	<b>Total</b>
96210	Compensated Absences	195	130,008	-	152,063	-	707,770
96300	Payments in Lieu of Taxes	-	12,250	-	-	-	294,606
96400	Bad debt - Tenant Rents	-	9,185	-	-	-	55,206
96000	Total Other General Expenses	195	151,443	-	153,063	-	1,058,582
96720	Interest on Notes Payable (Short and Long Term)	-	80,806	-	78,256	-	159,062
96700	Total Interest Expense and Amortization Cost	-	80,806	-	78,256	-	159,062
96900	Total Operating Expenses	2,561	4,033,571	27,758	3,209,750	(2,867,481)	22,930,194
97000	Excess of Operating Revenue over Operating Expenses	36,014	1,803,659	(3,527)	345,653	-	27,638,025
97100	Extraordinary Maintenance	-	163,610	-	5,194	-	345,539
97300	Housing Assistance Payments	28,365	1,567,382	-	-	-	20,799,713
97350	HAP Portability-In	-	-	-	-	-	1,206,946
97400	Depreciation Expense	-	539,657	-	117,499	-	4,348,502
90000	Total Expenses	30,926	6,304,220	27,758	3,332,443	(2,867,481)	49,630,894
10010	Operating Transfer In	-	780,028	-	-	(891,918)	-
10020	Operating transfer Out	-	-	-	-	891,918	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	(220,000)	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	220,000	-
10100	Total Other financing Sources (Uses)	-	780,028	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	7,649	313,038	(3,527)	222,960	-	937,325
11020	Required Annual Debt Principal Payments	-	-	-	93,887	-	93,887
11030	Beginning Equity	63,730	24,143,026	87,764	2,499,224	-	55,536,382
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(9,905)	(25,039,223)	-	(5,769,033)	-	(34,619,401)
11170	Administrative Fee Equity	-	-	-	-	-	(3,018,078)
11190	Unit Months Available	96	6,369	-	-	-	59,549
11210	Number of Unit Months Leased	79	6,249	-	-	-	59,141
11620	Building Purchases	-	-	-	-	-	4,110,271

See Independent Auditors' Report

**SPRINGFIELD HOUSING AUTHORITY**

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
For the year ended March 31, 2016**

**Project: MA06P035501-13**

Modernization Funds Approved	\$ 1,793,550
Modernization Funds Expended	<u>1,793,550</u>
Excess of Modernization Funds Approved	<u>\$ -</u>
Modernization Funds Advanced	\$ 1,793,550
Modernization Funds Expended	<u>1,793,550</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.



**SPRINGFIELD HOUSING AUTHORITY**

**STATEMENT OF ACTUAL MODERNIZATION COSTS - UNCOMPLETED**  
**For the year ended March 31, 2016**

<b>Project: MA06P035-</b>	<b>501-14</b>	<b>501-15</b>
Modernization Funds Approved	\$ 2,468,368	\$ 2,306,118
Modernization Funds Expended	<u>1,808,932</u>	<u>1,693,363</u>
Excess of Modernization Funds Approved	<u>\$ 659,436</u>	<u>\$ 612,755</u>
Modernization Funds Advanced	\$ 1,808,932	\$ 1,694,634
Modernization Funds Expended	<u>1,808,932</u>	<u>1,693,363</u>
Excess of Modernization Funds Advanced	<u>\$ -</u>	<u>\$ 1,271</u>

**SPRINGFIELD HOUSING AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended March 31, 2016**

	<u>CFDA Number</u>	<u>Major Program</u>	<u>Research &amp; Development</u>	<u>Direct Award</u>	<u>Pass-Through Agency</u>	<u>Federal Financial Assistance Received</u>	<u>Federal Financial Assistance Expenditures</u>
Department of Housing and Urban Development							
Low Rent Public Housing	14.850	No	N/A	Yes	N/A	\$ 8,978,409	\$ 8,978,409
Public Housing Capital Fund Program	14.872	No	N/A	Yes	N/A	4,401,516	4,401,516
Housing Choice Voucher Program	14.871	Yes	N/A	Yes	N/A	21,180,334	21,180,334
Project-based Voucher Cluster:							
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Yes	N/A	Yes	N/A	38,575	38,575
N/C S/R Section 8 Programs	14.182	Yes	N/A	No	DHCD	<u>780,028</u>	<u>780,028</u>
Total Project-based Voucher Cluster						<u>818,603</u>	<u>818,603</u>
<b>Total Major Programs</b>						<u>21,998,937</u>	<u>21,998,937</u>
<b>Total Non-Major Programs</b>						<u>13,379,925</u>	<u>13,379,925</u>
<b>Total All Programs</b>						<u>\$ 35,378,862</u>	<u>\$ 35,378,862</u>

**SPRINGFIELD HOUSING AUTHORITY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
March 31, 2016**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Springfield Housing Authority under programs of the federal government for the year ended March 31, 2016. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Springfield Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Springfield Housing Authority.

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

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

**NOTE 3 – INDIRECT COST RATE**

For the year ended March 31, 2016, the Springfield Housing Authority did not elect to use the 10% de minimis indirect cost rate allowed in the Uniform Guidance, section 414.

**NOTE 4 – OTHER ASSISTANCE**

For the year ended March 31, 2016, the Springfield Housing Authority did not receive or expend federal awards in the form of non-cash assistance, insurance, or loans or loan guarantees, nor were there any loans or loan guarantees outstanding at year end.

**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**

**INDEPENDENT AUDITORS' REPORT**

To The Board of Commissioners  
Springfield Housing Authority  
Springfield, Massachusetts

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, 2016, 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 12, 2016.

**Internal Control over Financial Reporting**

Management of the Springfield Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Springfield Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Springfield Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Springfield Housing Authority's internal control over financial reporting.

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2016-001 to be a material weakness.

### **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*.

### **The Springfield Housing Authority's Response to Findings**

The Springfield Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Springfield Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

A handwritten signature in cursive script that reads "Guyden Herby" followed by "PC" in a smaller font.

Braintree, Massachusetts  
December 12, 2016

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

**INDEPENDENT AUDITORS' REPORT**

To The Board of Commissioners  
Springfield Housing Authority  
Springfield, Massachusetts

**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 U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Springfield Housing Authority's major federal programs for the year ended March 31, 2016. The Springfield Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Springfield Housing Authority's major federal programs 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 (CFR) 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 each major federal program. However, our audit does not provide a legal determination of the Springfield Housing Authority's compliance.

### **Basis for Qualified Opinion on the Housing Choice Voucher Program and the Project-Based Voucher Cluster**

As described in the accompanying schedule of findings and questioned costs, the Springfield Housing Authority did not comply with requirements regarding CFDA 14.871 Housing Choice Voucher Program, CFDA 14.182 N/C S/R Section 8 Program and CFDA 14.249 Section 8 Moderate Rehabilitation Program Single Room Occupancy as described in Finding 2016-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the Springfield Housing Authority to comply with the requirements applicable to that program.

### **Qualified Opinion on the Housing Choice Voucher Program and the Project-Based Voucher Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Housing Choice Voucher Program and the Project-Based Voucher Cluster for the year ended March 31, 2016.

### **Other Matters**

The Springfield Housing Authority's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Springfield Housing Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 each 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 each 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-002 to be a material weakness.

The Springfield Housing Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Springfield Housing Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

A handwritten signature in cursive script that reads "Guyden Hurley" followed by "PC" in a smaller font.

Braintree, Massachusetts  
December 12, 2016



**SPRINGFIELD HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
March 31, 2016**

**I. Summary of Audit Results**

**Financial Statements**

1. Type of report issued on the financial statements - Unmodified
2. The report on internal control over financial reporting did disclose material weaknesses.
3. The report on internal control over financial reporting did not disclose any significant deficiencies.
4. The report on compliance did not disclose instances of non-compliance material to the financial statements.

**Federal Programs**

5. Type of report issued on compliance for major programs - Qualified
6. The report on internal control over major programs did disclose any material weaknesses.
7. The report on internal control over major programs did not disclose any significant deficiencies.
8. There are audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a).
9. Major federal assistance programs are identified in the Schedule of Expenditures of Federal Awards. The dollar threshold to distinguish type A and type B programs was \$1,061,365.
10. The following programs were tested as major programs in accordance with OMB Uniform Guidance:

	<b><u>CFDA Number</u></b>
Housing Choice Voucher Program	14.871
Project-based Voucher Cluster	Various

11. The auditee did not qualify as a low-risk auditee.

**SPRINGFIELD HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**March 31, 2016**

**II. Findings related to the Financial Statements which are required to be reported in accordance with GAGAS**

**Finding 2016-001 – Internal Controls over Financial Reporting**

**Criteria**

Regulations require that management design, maintain and monitor a system of internal control that reduces the risk that financial statements will be materially misstated to acceptable levels.

**Condition and Context**

The financial statements presented for audit contained misstatements that were not previously detected by management and required material adjustments.

**Effect or Potential Effect**

Material misstatements could occur in financial statements prepared by management and not be detected by the Authority's controls.

**Cause**

The Authority erroneously capitalized soft cost expenditures in the State Modernization Program over a period of several years.

**Recommendation**

We recommend that the Authority account for soft cost expenditures as expenses in the period incurred.

**Auditee's Response and Planned Corrective Action**

The Finance Director will discuss the appropriate method for recording State Modernization Program costs with the relevant staff. Periodic reviews of the program will be done as well as a year-end reconciliation to ensure that costs are properly recorded.

**Planned Implementation Date of Corrective Action:** March 31, 2017

**Person Responsible for Corrective Action:** JoAnn White, Finance Director – 413-785-4598

## SPRINGFIELD HOUSING AUTHORITY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2016

#### III. Findings and Questioned Costs for Federal Awards which shall include Audit Findings as defined in paragraph 200.516(a)

##### **Finding 2016-002 – Eligibility: Rent Calculation**

##### **Federal Program**

CFDA #: 14.871 – Housing Choice Voucher Program

CFDA #: 14.249 – Section 8 Moderate Rehabilitation Single Room Occupancy

CFDA #: 14.182 – N/C S/R Section 8 Programs

##### **Criteria**

The PHA must obtain and document in the family file third party verification of the following factors, or must document in the file why third party verification was not available: reported family annual income; the value of assets; expenses related to deductions from annual income; and other factors that affect the determination of adjusted income or income-based rent (24 CFR 5.659 (d)).

Processing entities must use HUD's Enterprise Income Verification (EIV) system in its entirety as a third party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with 24 CFR 5.236, and administrative guidance issued by HUD (24 CFR 5.233).

With these income verifications, the PHA will then begin to determine the family's portion of rent, which is the total tenant payment minus any utility allowance (24 CFR 5.634).

##### **Condition**

The Firm examined a sample of tenant files for the Housing Choice Voucher and Project-Based Voucher Program participants and tested for various program compliance requirements, including eligibility and other special tests and provisions. Of the files tested, we documented the following exceptions:

- Twelve (12) instance where the Authority did not conduct Enterprise Income Verification (EIV) reports.
- Ten (10) instances where income or expenses derived from third party verification was either calculated incorrectly or with insufficient supporting documentation (In instances where income was incorrectly calculated, the effect on tenant rent was not significant).
- Two (2) instances of untimely annual re-examinations.
- Three (3) instances of miscalculation of utility allowances

##### **Questioned Costs**

None identified.

## SPRINGFIELD HOUSING AUTHORITY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2016

#### III. Findings and Questioned Costs for Federal Awards which shall include Audit Findings as defined in paragraph 200.516(a) – (Continued)

##### **Finding 2016-002 – Eligibility: Rent Calculation – (Continued)**

###### **Context**

The Authority administers approximately 2,800 tenant-based and project-based housing vouchers. From this voucher population, we selected a random sample of 41 vouchers.

###### **Effect or Potential Effect**

By not properly verifying and calculating annual income, the Authority could miscalculate tenant rent.

###### **Cause**

The Authority's program staff was not sufficiently diligent in obtaining proper verifications of income.

###### **Repeat Finding**

This finding is a repeat of finding 2015-003 from the prior year.

###### **Recommendation**

The Authority should review its processes and procedures to ensure that re-examinations are conducted in a timely manner, that all necessary income and expense documentation is obtained and that annual income is properly computed.

###### **Auditee's Response and Planned Corrective Action**

The Director of Rental Assistance believes that additional training will assist staff in better understanding and discharging their duties. She has arranged for a five-day Housing Choice Voucher Program Specialist training that began on December 12 and ended on December 16. This training, provided by Nan McKay features a certification exam. The Division Director will review the results of the exam and design additional training for any areas of weakness that the exam identifies with particular staff members.

Beginning in January 2017, the Rental Assistance Division Internal File Auditor will conduct a random audit of 30% of each program specialist's re-certifications each month. If errors are found, corrections will be made and staff will receive additional training and guidance to prevent future errors. In order to ensure that re-certifications conducted during the period of 4/1/16 - 12/31/16 are correct, the Division Director, Assistant Director and Internal File Auditor will review all files.

**Planned Implementation Date of Corrective Action:** March 31, 2017

**Person Responsible for Corrective Action:** Blanca Berrios, Director of Rental Assistance – 413-785-4547

**SPRINGFIELD HOUSING AUTHORITY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**March 31, 2016**

**Summary of Audit Results**

1. Type of report issued on the financial statements - Unmodified
2. The report on internal control over financial reporting did disclose material weaknesses.
3. The report on internal control over financial reporting did not disclose any significant deficiencies.
4. The report on compliance did not disclose instances of non-compliance material to the financial statements.
5. Type of report issued on compliance for major programs:
  - Public Housing Capital Fund Program - Unmodified
  - Housing Choice Voucher Program - Unmodified
  - Project-Based Voucher Cluster - Qualified
6. The report on internal control over major programs did disclose material weaknesses.
7. The report on internal control over major programs did not disclose any significant deficiencies.

***Finding 2015-001 – Internal Controls over Financial Reporting***

**Criteria**

Regulations require that management design, maintain and monitor a system of internal control that reduces the risk that financial statements will be materially misstated to acceptable levels. There are five components of internal control that collectively provide an entity with assurance that financial statements are fairly stated and they are:

- Control environment
- Risk assessment
- Information and communication
- Control activities
- Monitoring

Management and those charged with governance have a responsibility to understand the five components of internal control and design either formal or informal systems that address each component sufficiently relative to the size and complexity of the organization in such a way that reduces the risk that financial statements will be materially misstated or that laws and the risk of noncompliance with regulations relating to the administration of government programs and grants to a relatively low level.

**SPRINGFIELD HOUSING AUTHORITY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**March 31, 2016**

*Finding 2015-001 – Internal Controls over Financial Reporting – (Continued)*

**Condition**

During our audit, we made the following observations of matters that were indicative of weaknesses in internal control:

- The Authority did not record mortgage notes payable to DHCD in prior years, requiring a material audit adjustment to beginning net position.
- The Authority did not properly record accrued interest payable, requiring an audit adjustment to beginning net position.
- The Authority is not properly utilizing certain accounts payable accounts in the general ledger, resulting in erroneous debit balances in accounts that should have credit balances, and requiring adjustment.
- Several items on the Authority's depreciation schedules are over-depreciated and require adjustment.
- The Authority has a system for tracking materials inventory; however, higher risk inventory items such as appliances and air conditioning units are not tracked in this system, reducing safeguards over theft and error.
- The Authority does not have proper safeguards over materials inventory stored at the central warehouse, which lacks electronic surveillance.
- In computing the compensated absences liability, the Authority did not consistently apply the parameters of the various leave policies, requiring adjustment.

**Status**

See Finding 2016-001.

*Finding 2015-002 – Internal Controls over Compliance - Reporting*

**Federal Programs**

Housing Choice Voucher Program, Capital Fund Program, Project-Based Voucher Cluster

**Criteria**

See Finding 2015-001.

**Condition**

See Finding 2015-001.

**Status**

See Finding 2016-001.

**SPRINGFIELD HOUSING AUTHORITY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**March 31, 2016**

*Finding 2015-003 – Eligibility: Rent Calculation*

**Federal Programs**

Project-Based Voucher Cluster

**Criteria**

The PHA must obtain and document in the family file third party verification of the following factors, or must document in the file why third party verification was not available: reported family annual income; the value of assets; expenses related to deductions from annual income; and other factors that affect the determination of adjusted income or income-based rent (24 CFR 5.659 (d)).

Processing entities must use HUD's Enterprise Income Verification (EIV) system in its entirety as a third party source to verify tenant employment and income information during mandatory reexaminations or recertifications of family composition and income, in accordance with 24 CFR 5.236, and administrative guidance issued by HUD (24 CFR 5.233).

With these income verifications, the PHA will then begin to determine the family's portion of rent, which is the total tenant payment minus any utility allowance (24 CFR 5.634).

**Condition**

The Firm examined a sample of tenant files for the Project-Based Voucher Program participants and tested for various program compliance requirements, including eligibility and other special tests and provisions. Of the files tested, we documented the following exceptions:

- The Authority does not conduct Enterprise Income Verification (EIV) reports for this program.
- Six (6) instances where income derived from third party verification was either calculated incorrectly or with insufficient supporting documentation (In instances where income was incorrectly calculated, the effect on tenant rent was not significant).

**Status**

See Finding 2016-002.