

GUYDER HURLEY



SPRINGFIELD HOUSING AUTHORITY Springfield, Massachusetts

FINANCIAL STATEMENTS

March 31, 2017

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ASSURANCE // ACCOUNTING // TAX // ADVISORY

TABLE OF CONTENTS

	Page
Independent Auditors' Report	4
Management's Discussion and Analysis.....	6
Basic Financial Statements	
Statement of Net Position	
March 31, 2017.....	16
Statement of Revenues, Expenses and Changes in Fund Net Position	
For the Year Ended March 31, 2017	17
Statement of Cash Flows	
For the Year Ended March 31, 2017	18
Notes to Financial Statements	
Note 1 – Organization.....	19
Note 2 – Summary of Significant Accounting Policies.....	21
Note 3 – Net Position: Restricted	24
Note 4 – Cash and Investment Deposits.....	24
Note 5 – Restrictions on Cash, Cash Equivalents and Investments.....	25
Note 6 – Accounts Receivable.....	25
Note 7 – Capital Assets	26
Note 8 – Noncurrent Liabilities	26
Note 9 – Long Term Debt.....	26
Note 10 – Real Estate Taxes.....	28
Note 11 – Cost-Sharing Defined Benefit Pension Plan.....	28
Note 12 – Other Post-Employment Benefits	32
Note 13 – Other Retirement Plans	35
Note 14 – Risk Management	35
Note 15 – Impairment of Capital Assets.....	35
Note 16 – Economic Dependency	35
Note 17 – Restatement of Beginning Net Position.....	36
Note 18 – Blended Component Unit	36
Note 19 – Subsequent Events	36
Required Supplemental Information	
Schedule of Funding Progress	38
Schedule of the Proportionate Share of the Net Pension Liability.....	39
Schedule of Contributions	40
Notes to Required Supplemental Information	41

TABLE OF CONTENTS – (Continued)

	Page
Supplemental Information	
Supplemental Financial Data Schedule	43
Statement of Actual Modernization Costs - Uncompleted	56
Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2017.....	57
Notes to Schedule of Expenditures of Federal Awards	58
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	59
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	61
Schedule of Findings and Questioned Costs For the Year Ended March 31, 2017	63
Schedule of Prior Audit Findings.....	64

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, 2017, 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, 2017, 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 38 through 41, 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 43 through 56, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information presented on pages 43 through 56 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 43 through 56 and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated November 15, 2017 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
November 15, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

SPRINGFIELD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

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 \$4.2 million in 2017. Net position was \$21.9 million and \$17.7 million for 2016 and 2017, respectively.
- Revenues decreased \$2.6 million during 2017, and were \$49.4 million and \$46.8 million for 2016 and 2017, respectively.
- The total expenses of all Authority programs increased \$3.1 million. Total expenses were \$48.4 million and \$51.4 million for 2016 and 2017, 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, 2017

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, 2017

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, 2017

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.

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

AUTHORITY-WIDE STATEMENTS

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Current Assets	\$ 11,339,746	\$ 12,810,369	\$ (1,470,623)	-11.48%
Capital Assets	<u>54,610,023</u>	<u>55,264,335</u>	<u>(654,312)</u>	-1.18%
Total Assets	<u>65,949,769</u>	<u>68,074,704</u>	<u>(2,124,935)</u>	-3.12%
Deferred Outflows of Resources	<u>2,331,713</u>	<u>3,131,868</u>	<u>(800,155)</u>	-25.55%
Current Liabilities	3,346,945	3,289,966	56,979	1.73%
Noncurrent Liabilities	<u>45,844,373</u>	<u>45,789,377</u>	<u>54,996</u>	0.12%
Total Liabilities	<u>49,191,318</u>	<u>49,079,343</u>	<u>111,975</u>	0.23%
Deferred Inflows of Resources	<u>1,412,054</u>	<u>272,923</u>	<u>1,139,131</u>	417.38%
Net Invested in Capital Assets	51,692,847	52,021,121	(328,274)	-0.63%
Restricted	363,080	-	363,080	-
Unrestricted (Deficit)	<u>(34,377,817)</u>	<u>(30,166,815)</u>	<u>(4,211,002)</u>	13.96%
Total Net Position	<u>\$ 17,678,110</u>	<u>\$ 21,854,306</u>	<u>\$ (4,176,196)</u>	-19.11%

Major Factors Affecting the Statement of Net Position

During 2017 current assets decreased due primarily to unrestricted cash that was used to rebuild capital assets from a prior year's casualty losses. Capital assets decreased \$654,000 as a result of depreciation exceeding capital improvements.

SPRINGFIELD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2017

Current liabilities increased mainly due to an increase in accounts payable to local governments for payments in lieu of taxes. Non-current liabilities increased due to an increase in other post-employment benefit (OPEB) liabilities.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2: CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position - 3/31/2016	\$ (30,166,815)
Revenues and operating grants (excluding restricted revenue and capital)	20,449,941
Expenses (excluding depreciation and restricted expenses)	<u>(24,660,943)</u>
Unrestricted Net Position - 3/31/2017	<u>\$ (34,377,817)</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, 2017

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Revenue				
Operating Revenues	\$ 45,318,446	\$ 45,102,402	\$ 216,044	0.48%
Non-operating Revenues	<u>1,221,565</u>	<u>4,099,809</u>	<u>(2,878,244)</u>	-70.20%
Total Revenues	<u>46,540,011</u>	<u>49,202,211</u>	<u>(2,662,200)</u>	-5.41%
Expenses				
Housing assistance payments	22,837,616	20,799,713	2,037,903	9.80%
Administration	10,210,563	8,312,653	1,897,910	22.83%
Repair and maintenance	7,373,314	8,038,487	(665,173)	-8.27%
Utilities	4,260,848	3,553,470	707,378	19.91%
Depreciation expense	3,871,778	4,348,502	(476,724)	-10.96%
Other general expenses	1,150,118	1,058,582	91,536	8.65%
Insurance expense	782,647	749,722	32,925	4.39%
Protective services	622,429	606,870	15,559	2.56%
Tenant services	<u>261,024</u>	<u>796,887</u>	<u>(535,863)</u>	-67.24%
Total Expenses	<u>51,370,337</u>	<u>48,264,886</u>	<u>3,105,451</u>	6.43%
Change in Net Position	(4,830,326)	937,325	(5,767,651)	-615.33%
Net Position - Beginning of Year	<u>21,854,306</u>	<u>55,536,382</u>	<u>(33,682,076)</u>	-60.65%
Prior Period Adjustments	<u>654,130</u>	<u>(34,619,401)</u>	<u>35,273,531</u>	-101.89%
Net Position - End of Year	<u>\$ 17,678,110</u>	<u>\$ 21,854,306</u>	<u>\$ (4,176,196)</u>	-19.11%

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

Operating revenue increased slightly during 2017 due to an increase in tenant payments over both federal and state public housing as well as an increase in operating subsidies for Section 8. Non-operating Revenue decreased during the current year due primarily to a reduction in Federal Public Housing capital work.

There was an overall increase in expenses which was mainly related to an increase in Housing Assistance Payments. This was due to a large number of portable vouchers that were absorbed during the year. Cost savings in Maintenance and Tenant Services expenses helped offset some of that increase.

SPRINGFIELD HOUSING AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$54.6 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$654,000 or 1.18% from the end of 2016.

**TABLE 4: CAPITAL ASSET ANALYSIS
March 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 6,794,802	\$ 6,440,358	\$ 354,444	5.50%
Buildings	122,612,498	120,543,693	2,068,805	1.72%
Furniture and equipment	1,975,592	1,642,111	333,481	20.31%
Construction in progress	<u>4,570,378</u>	<u>4,831,144</u>	<u>(260,766)</u>	-5.40%
Total capital assets	135,953,270	133,457,306	2,495,964	1.87%
Accumulated depreciation	<u>(81,343,247)</u>	<u>(78,192,971)</u>	<u>(3,150,276)</u>	4.03%
Capital assets, net of accumulated depreciation	<u>\$ 54,610,023</u>	<u>\$ 55,264,335</u>	<u>\$ (654,312)</u>	-1.18%

As of year-end, the Authority had \$2.9 million in debt (bonds, notes, etc.) outstanding, compared to a \$3.2 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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>% Change</u>
Long term debt	<u>\$ 2,917,176</u>	<u>\$ 3,243,214</u>	<u>\$ (326,038)</u>	-10.05%

SPRINGFIELD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2017

TABLE 6: CHANGE IN CAPITAL ASSETS

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance - 3/31/2016	\$ 55,264,335
Additions and transfers:	
Building Improvements	2,760,911
Construction in Progress	(249,845)
Land Improvements	20,300
Equipment	31,971
Accumulated Depreciation Adjustment	654,129
Depreciation Expense	<u>(3,871,778)</u>
Ending Balance - 3/31/2017	<u>\$ 54,610,023</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, 2017. 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, 2017

ASSETS

Current Assets:

Cash and cash equivalents - Note 4	\$ 7,975,926
Restricted cash and cash equivalents - Notes 4 & 5	1,001,666
Accounts receivable, net - Note 6	989,483
Prepaid expenses and other current assets	<u>1,372,671</u>
Total Current Assets	<u>11,339,746</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation - Note 7	<u>54,610,023</u>
Total Noncurrent Assets	<u>54,610,023</u>

Total Assets 65,949,769

DEFERRED OUTFLOWS OF RESOURCES - Note 11 2,331,713

LIABILITIES

Current Liabilities:

Current portion of long term debt - Note 9	346,263
Accounts payable	385,012
Accounts payable, HUD	217
Accounts payable, other government	1,083,161
Accrued wages and current portion of compensated absences	199,921
Other current liabilities	170,966
Other accrued expenses	438,051
Unearned revenue	176,691
Tenant security deposits	<u>546,663</u>
Total Current Liabilities	<u>3,346,945</u>

Noncurrent Liabilities:

Long term debt, net of current portion - Note 9	2,570,913
Accrued compensated absences, net of current portion - Note 8	582,252
Accrued pension - Notes 8 & 11	35,519,151
OPEB liability - Notes 8 & 12	<u>7,172,057</u>
Total Noncurrent Liabilities	<u>45,844,373</u>

Total Liabilities 49,191,318

DEFERRED INFLOWS OF RESOURCES - Note 11 1,412,054

NET POSITION

Net investment in capital assets	51,692,847
Restricted - Note 3	363,080
Unrestricted (deficit)	<u>(34,377,817)</u>
Total Net Position	<u>\$ 17,678,110</u>

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended March 31, 2017

OPERATING REVENUES	
HUD grants and contributions	\$ 32,555,472
Tenant rental income	8,104,593
Other government grants and contributions	3,422,923
Other revenue	<u>1,235,458</u>
Total Operating Revenues	<u>45,318,446</u>
OPERATING EXPENSES	
Housing assistance payments	22,837,616
Administration	10,210,563
Repair and maintenance	7,373,314
Utilities	4,260,848
Depreciation expense	3,871,778
Other general expenses	1,150,118
Insurance expense	782,647
Protective services	622,429
Tenant services	<u>261,024</u>
Total Operating Expenses	<u>51,370,337</u>
Operating Loss	<u>(6,051,891)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	14,139
Interest expense	<u>(143,604)</u>
Total Nonoperating Revenues (Expenses)	<u>(129,465)</u>
Loss before Capital Contributions and Transfers	<u>(6,181,356)</u>
CAPITAL CONTRIBUTIONS & TRANSFERS	
Other government capital grants and contributions	1,160,532
HUD capital grants and contributions	<u>190,498</u>
Total Capital Contributions and Transfers	<u>1,351,030</u>
Change in Net Position	(4,830,326)
Net Position - Beginning of Year - As Restated - Note 17	<u>22,508,436</u>
Net Position - End of Year	<u>\$ 17,678,110</u>

SPRINGFIELD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
HUD grants	\$ 32,554,719
Other government grants	2,194,409
Receipts from tenants	8,134,995
Other operating receipts	1,146,068
Payments to employees	(11,609,642)
Payments to suppliers	<u>(32,069,236)</u>
Net cash provided by operating activities	<u>351,313</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Other government capital grants	1,159,483
HUD capital grants	150,515
Interest expense	(143,604)
Payments on long term debt	(326,038)
Acquisitions of capital assets	<u>(2,563,336)</u>
Net cash used in capital and related financing activities	<u>(1,722,980)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	<u>14,139</u>
Net cash provided by investing activities	<u>14,139</u>
Net decrease in cash and cash equivalents	(1,357,528)
Cash and cash equivalents at beginning of year	<u>10,335,120</u>
Cash and cash equivalents at end of year	<u>\$ 8,977,592</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating Loss	\$ (6,051,891)
Adjustments:	
Depreciation	3,871,778
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	6,808
(Increase) decrease in accounts receivable, other	(24,344)
(Increase) decrease in accounts receivable, HUD	(339)
(Increase) decrease in accounts receivable, other government	(450,155)
(Increase) decrease in prepaid expenses and other current assets	619,837
(Decrease) increase in accounts payable	(24,579)
(Decrease) increase in accounts payable, HUD	(414)
(Decrease) increase in accounts payable, other government	279,298
(Decrease) increase in compensated absences and accrued wages	(66,695)
(Decrease) increase in accrued pension liability	1,271,245
(Decrease) increase in OPEB liability	1,041,031
(Decrease) increase in accrued expenses and other current liabilities	(151,218)
(Decrease) increase in tenant security deposits	16,610
(Decrease) increase in unearned operating revenue	<u>14,341</u>
Net cash provided by operating activities	<u>\$ 351,313</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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, 2017

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.

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

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1 – ORGANIZATION – (Continued)

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.

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.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

A. Basis of Presentation and Accounting – (Continued)

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.

New Accounting Standard Adopted

During 2017, the Authority adopted GASB 72, *Fair Value Measurement and Application*. GASB 72 provides guidance on determining fair value measurement and the applicable disclosure requirements. This statement requires disclosures to be made about fair value measurement, the level of fair value hierarchy and valuation techniques. GASB 72 also requires donated capital assets to be measured at acquisition value.

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.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

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 acquisition 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

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, 2017 aggregated \$612,898.

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.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

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

At March 31, 2017, restrictions of \$363,080, represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

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, 2017, the Authority's cash deposits of \$8,977,592 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.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 5 – RESTRICTIONS ON CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's restricted cash and cash equivalents balance consists of funds restricted for future HAP payments, 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, 2017, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
HAP Reserves	\$ 363,080
Loan Reserves	91,923
Tenant Security Deposits	<u>546,663</u>
Total	<u>\$ 1,001,666</u>

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, 2017.

<u>Category of Receivable</u>	<u>Amount</u>
HUD	\$ 56,134
Other Government	839,129
Miscellaneous	57,779
Tenants	<u>67,955</u>
Gross Receivables	1,020,997
Allowance - Tenants	<u>(31,514)</u>
Net Receivables	<u>\$ 989,483</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 7 – CAPITAL ASSETS

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

	<u>3/31/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>3/31/2017</u>
Capital assets not being depreciated				
Land	\$ 6,774,502	\$ 20,300	\$ -	\$ 6,794,802
Construction in Progress	<u>4,820,223</u>	<u>1,221,105</u>	<u>(1,470,950)</u>	<u>4,570,378</u>
Total capital assets not being depreciated	<u>11,594,725</u>	<u>1,241,405</u>	<u>(1,470,950)</u>	<u>11,365,180</u>
Other Capital Assets				
Buildings	119,851,587	2,760,911	-	122,612,498
Furniture, equipment & machinery	<u>2,010,994</u>	<u>31,971</u>	<u>(67,373)</u>	<u>1,975,592</u>
Total other capital assets	<u>121,862,581</u>	<u>2,792,881</u>	<u>(67,372)</u>	<u>124,588,090</u>
Less accumulated depreciation				
Buildings	75,842,624	3,785,131	-	79,627,755
Furniture, equipment & machinery	<u>1,696,217</u>	<u>86,647</u>	<u>(67,372)</u>	<u>1,715,492</u>
Total accumulated depreciation	<u>77,538,841</u>	<u>3,871,778</u>	<u>(67,372)</u>	<u>81,343,247</u>
Capital Assets Net	<u>\$ 55,918,465</u>	<u>\$ 162,508</u>	<u>\$ (1,470,950)</u>	<u>\$ 54,610,023</u>
Depreciation expense was charged to:				
Low Rent		<u>\$ 3,252,742</u>		
Housing Choice Voucher		<u>\$ 3,922</u>		
State/Local		<u>\$ 497,615</u>		
COCC		<u>\$ 117,499</u>		

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended March 31, 2017 is as follows:

	<u>3/31/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>3/31/2017</u>
Compensated Absences	\$ 583,138	\$ 646,389	\$ (616,629)	\$ (30,646)	\$ 582,252
Pension Accrual	36,187,190	-	(668,039)	-	35,519,151
OPEB Liability	<u>6,131,028</u>	<u>1,558,900</u>	<u>(517,871)</u>	<u>-</u>	<u>7,172,057</u>
Total	<u>\$ 42,901,356</u>	<u>\$ 2,205,289</u>	<u>\$ (1,802,539)</u>	<u>\$ (30,646)</u>	<u>\$ 43,273,460</u>

NOTE 9 – LONG TERM DEBT

Long term debt activity for the year ended March 31, 2017 is as follows:

	<u>3/31/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount due within one year</u>	<u>3/31/2017</u>
Notes Payable	<u>\$ 3,243,214</u>	<u>\$ -</u>	<u>\$ (326,038)</u>	<u>\$ (346,263)</u>	<u>\$ 2,570,913</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 9 – LONG TERM DEBT – (Continued)

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 3/31/2017	\$ 270,924	\$ 233,475	\$ 303,201
Interest paid in fiscal year 2017	\$ 20,674	\$ 21,477	\$ 23,137

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 2022. 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 \$78,025. The principal balances at March 31, 2017 were \$1,641,624 (Note 1) and \$467,952 (Note 2).

The debt will be amortized as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2018	\$ 346,871	\$ 123,186
2019	302,212	102,493
2020	224,882	88,890
2021	237,169	76,311
2022	238,855	59,530
2023-2027	<u>1,567,187</u>	<u>36,947</u>
Total	<u>\$ 2,917,176</u>	<u>\$ 487,357</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 10 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. State funded scattered site units make payments in lieu of real estate taxes equal to ½ of the Municipality's tax rate plus \$100 multiplied by the number of available bedrooms. State funded family properties make payments in lieu of real estate taxes equal to \$3 per unit per month. The payment in lieu of taxes for the year ended March 31, 2017 aggregated \$266,290. As of March 31, 2017, the accrued and unpaid payments in lieu of taxes were \$1,068,889.

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.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

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 4.157% of the total. The Authority's required and actual contributions to SRS for the year ended March 31, 2017 were \$2,073,085. Employee contributions for the same period were \$542,400.

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

At March 31, 2017, the Authority reported a liability of \$35,519,151 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, 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, 2016, the Authority's proportion was 4.157 percent.

E. Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended March 31, 2017, the Authority recognized pension expense of \$3,050,537. At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 328,933	\$ -
Changes of assumptions	1,428,467	-
Net difference between projected and actual earnings on pension plan investments	574,313	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,412,054
Contributions subsequent to the measurement date	-	-
Total	\$ 2,331,713	\$ 1,412,054

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

E. Pension Expense and Deferred Inflows and Outflows of Resources – (Continued)

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

<u>Year</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 339,454
2019	339,454
2020	327,316
2021	(86,565)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 919,659</u>

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:

	<u>1% Decrease 6.65%</u>	<u>Current Discount 7.65%</u>	<u>1% Increase 8.65%</u>
Net pension liability (asset)	\$ 40,791,876	\$ 35,519,151	\$ 31,049,583

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

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.

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%

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

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, 2017, the Authority had no outstanding payables to SRS.

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, 2017, the Authority paid \$517,871 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, 2017

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, 2017:

Annual Required Contribution (ARC)	\$	1,419,599
Amortization of Actuarial (Gains)/Losses		234,981
Interest on Net OPEB obligation		245,241
Adjustment to ARC		<u>(340,921)</u>
Annual OPEB expense		1,558,900
Contributions made		<u>(517,871)</u>
Increase in net OPEB obligation		1,041,029
Net OPEB obligation - beginning of year		<u>6,131,028</u>
Net OPEB obligation - end of year	\$	<u><u>7,172,057</u></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, 2017

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%.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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 2017 and 2016 were \$142,789 and \$147,775, respectively. There were no employer contributions.

NOTE 14 – RISK MANAGEMENT

Litigation

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

Grants

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

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 2017.

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.

SPRINGFIELD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 17 – RESTATEMENT OF BEGINNING NET POSITION

Prior period adjustments are the net effect of changes resulting from the correction of an error. Because such amounts are the errors from a prior period, they are not properly included as part of the results of operations of the current period. Instead, such adjustments are properly reported as a direct adjustment to the Beginning Net Position to restate that amount to which it would have been had the error not occurred. The prior period adjustments for the period ending March 31, 2017 aggregated \$654,130, which represents a correction of accumulated depreciation for assets that had been over-depreciated in the prior year. The following is a summary of the adjustment to the beginning net position:

Beginning Net Position - 4/1/2016	\$	21,854,306
Decrease in accumulated depreciation		<u>654,130</u>
Beginning Net Position - Restated	\$	<u>22,508,436</u>

NOTE 18 – BLENDED COMPONENT UNIT

As disclosed in Note 1, the Authority has one component unit; Springfield Housing Associates, Inc. (the Corporation), the financial statements of which are included in the basic financial statements. Condensed financial information of the Corporation at March 31, 2017 and for the year then ended are as follows:

Assets		
Current	\$	95,665
Net Position	\$	95,665
Total Revenue	\$	52,110
Total Expenses	\$	40,682
Beginning Net Position	\$	84,237
Net Income (Loss)	\$	11,428

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 November 15, 2017 (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 Year Ended March 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAAL 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%
4/1/2016	\$ -	\$ 15,813,885	\$ 15,813,885	0%	\$ 6,458,899	244.8%

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%
2017	\$ 1,558,900	\$ 517,871	33.2%

SPRINGFIELD HOUSING AUTHORITY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Springfield Contributory Retirement System
For the Year Ended March 31, 2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Proportion of the net pension liability (asset)	4.390%	4.350%	4.157%
Proportionate share of the net pension liability (asset)	\$ 32,124,614	\$ 36,187,190	\$ 35,519,151
Covered-employee payroll	\$ 6,132,348	\$ 6,611,654	\$ 6,325,137
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	523.9%	547.3%	561.6%
Plan fiduciary net position as a percentage of the total pension liability	28.830%	25.710%	25.920%

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

SPRINGFIELD HOUSING AUTHORITY

**SCHEDULE OF CONTRIBUTIONS
Springfield Contributory Retirement System
For the Year Ended March 31, 2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,976,032	\$ 2,073,085	\$ 2,102,242
Contributions in relation to the contractually required contribution	<u>1,976,032</u>	<u>2,073,085</u>	<u>2,102,242</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,132,348	\$ 6,611,654	\$ 6,325,137
Contributions as a percentage of covered-employee payroll	32.22%	31.36%	33.24%

* 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, 2017**

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, 2017

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05	AMP 06	AMP 07
111	Cash - Unrestricted	926,807	512,240	483,244	42	456,850	267,353	195,265
113	Cash - Other Restricted	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	61,475	72,479	34,866	12,415	47,693	31,399	35,737
100	Total Cash	988,282	584,719	518,110	12,457	504,543	298,752	231,002
122	Accounts Receivable - HUD Other Projects	40,441	-	-	-	-	-	-
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	10,058	7,053	991	177	1,957	1,078	648
126	Accounts Receivable - Tenants	3,438	2,539	5,371	1,067	7,947	3,531	1,485
126.1	Allowance for Doubtful Accounts - Tenants	(1,719)	(1,269)	(2,686)	(533)	(3,973)	(1,765)	(742)
128	Fraud Recovery	1,110	1,880	-	1,771	3,995	2,274	233
128.1	Allowance for Doubtful Accounts - Fraud	(555)	(941)	-	(886)	(1,998)	(1,138)	(117)
120	Total Receivables, Net of Allowances for Doubtful Accounts	52,773	9,262	3,676	1,596	7,928	3,980	1,507
131	Investments - Unrestricted	-	12,500	-	154,326	27,311	-	538
142	Prepaid Expenses and Other Assets	42,118	27,919	19,744	10,696	29,275	18,445	22,070
143	Inventories	42,754	32,365	24,576	19,286	27,806	30,924	57,355
143.1	Allowance for Obsolete Inventories	(4,275)	(3,237)	(2,458)	(1,929)	(2,781)	(3,092)	(5,736)
144	Inter Program Due From	-	-	-	-	-	-	-
150	Total Current Assets	1,121,652	663,528	563,648	196,432	594,082	349,009	306,736
161	Land	46,787	40,700	58,060	355,251	177,700	102,349	235,950
162	Buildings	21,088,000	15,110,888	8,635,206	7,428,034	9,158,861	4,351,686	5,728,049
164	Furniture, Equipment & Machinery - Administration	364,973	255,877	36,751	57,799	339,619	14,699	56,201
166	Accumulated Depreciation	(13,848,379)	(10,531,047)	(6,250,156)	(5,194,678)	(8,184,510)	(3,607,716)	(5,146,857)
167	Construction in Progress	2,851,769	-	127,516	110,361	274,647	-	135,500
160	Total Capital Assets, Net of Accumulated Depreciation	10,503,150	4,876,418	2,607,377	2,756,767	1,766,317	861,018	1,008,843
180	Total Non-Current Assets	10,503,150	4,876,418	2,607,377	2,756,767	1,766,317	861,018	1,008,843
200	Deferred Outflow of Resources	214,641	160,563	82,991	32,782	127,242	75,706	98,859
290	Total Assets and Deferred Outflow of Resources	11,839,443	5,700,509	3,254,016	2,985,981	2,487,641	1,285,733	1,414,438
312	Accounts Payable <= 90 Days	60,011	22,695	15,866	29,944	24,324	11,340	19,523
321	Accrued Wage/Payroll Taxes Payable	12,948	10,072	5,072	1,904	6,911	4,749	5,240
322	Accrued Compensated Absences - Current Portion	2,561	2,367	1,111	533	1,918	1,116	1,204

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05	AMP 06	AMP 07
331	Accounts Payable - HUD PHA Programs	212,573	222,290	93,892	10,272	174,283	113,059	120,107
333	Accounts Payable - Other Government	61,475	72,479	34,866	12,415	47,693	31,399	35,737
341	Tenant Security Deposits	3,708	3,801	1,520	1,196	2,915	2,413	2,189
342	Unearned Revenue	-	-	-	-	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	7,341	5,652	7,978	59	6,238	3,919	11,235
345	Other Current Liabilities	46,280	51,326	26,492	18,859	41,272	33,704	26,731
346	Accrued Liabilities - Other	-	-	-	-	-	-	-
347	Inter Program - Due To	-	-	-	-	-	-	-
310	Total Current Liabilities	406,897	390,682	186,797	75,182	305,554	201,699	221,966
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	48,659	44,970	21,104	10,131	36,433	21,202	22,875
357	Accrued Pension and OPEB Liabilities	3,782,963	2,956,834	1,499,256	600,535	2,265,143	1,395,262	1,772,497
350	Total Non-Current Liabilities	3,831,622	3,001,804	1,520,360	610,666	2,301,576	1,416,464	1,795,372
300	Total Liabilities	4,238,519	3,392,486	1,707,157	685,848	2,607,130	1,618,163	2,017,338
400	Deferred Inflow of Resources	125,870	97,533	49,196	19,483	74,140	45,974	58,118
508.4	Net Investment in Capital Assets	10,503,150	4,876,418	2,607,377	2,756,767	1,766,317	861,018	1,008,843
511.4	Restricted Net Position	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	(3,028,096)	(2,665,928)	(1,109,714)	(476,117)	(1,959,946)	(1,239,422)	(1,669,861)
513	Total Equity - Net Assets / Position	7,475,054	2,210,490	1,497,663	2,280,650	(193,629)	(378,404)	(661,018)
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	11,839,443	5,700,509	3,254,016	2,985,981	2,487,641	1,285,733	1,414,438
70300	Net Tenant Rental Revenue	1,095,028	1,012,925	502,176	211,526	754,891	446,286	471,048
70500	Total Tenant Revenue	1,095,028	1,012,925	502,176	211,526	754,891	446,286	471,048
70600	HUD PHA Operating Grants	2,082,765	1,031,541	751,170	457,844	775,994	443,734	535,840
70610	Capital Grants	47,720	-	127,516	-	15,262	-	-
70800	Other Government Grants	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	107	139	33	160	3,727	30	94
71400	Fraud Recovery	-	-	-	-	-	-	-
71500	Other Revenue	51,741	38,211	124,384	1,615	58,328	3,319	4,049
70000	Total Revenue	3,277,361	2,082,816	1,505,279	671,145	1,608,202	893,369	1,011,031

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05	AMP 06	AMP 07
91100	Administrative Salaries	181,352	119,286	74,234	20,943	78,126	56,257	62,375
91200	Auditing Fees	4,480	3,898	1,926	806	3,091	1,837	2,509
91300	Management Fee	512,861	224,534	113,845	64,427	153,439	105,666	95,147
91310	Book-keeping Fee	26,232	22,233	11,223	6,424	15,009	10,443	9,288
91400	Advertising and Marketing	-	-	-	-	-	-	-
91500	Employee Benefit contributions - Administrative	293,543	212,439	114,844	41,784	155,377	100,508	120,547
91600	Office Expenses	42,023	40,657	23,718	15,652	39,343	17,636	25,642
91700	Legal Expense	23,295	15,115	20,486	36,329	32,056	8,324	16,017
91800	Travel	754	503	323	526	1,904	237	1,531
91900	Other	131,949	52,944	30,049	96,136	28,647	22,601	18,118
91000	Total Operating - Administrative	1,216,489	691,609	390,648	283,227	506,992	323,509	351,174
92000	Asset Management Fee	35,501	29,722	15,274	8,669	20,330	14,035	12,590
92400	Tenant Services - Other	49,118	4,346	70,082	43,663	2,436	12	40,787
92500	Total Tenant Services	49,118	4,346	70,082	43,663	2,436	12	40,787
93100	Water	196,541	112,005	116,585	81,000	127,364	62,377	87,219
93200	Electricity	111,738	324,925	72,022	35,936	91,778	142,134	57,481
93300	Gas	183,875	53,077	56,132	67,812	108,692	19,478	63,536
93400	Fuel	-	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-	-
93000	Total Utilities	492,154	490,007	244,739	184,748	327,834	223,989	208,236
94100	Ordinary Maintenance and Operations - Labor	351,128	320,299	152,718	71,076	254,388	150,976	203,559
94200	Ordinary Maintenance and Operations - Materials and Other	155,042	147,887	66,197	25,075	87,605	62,122	58,333
94300	Ordinary Maintenance and Operations Contracts	291,989	145,378	89,990	65,439	100,132	59,422	87,149
94500	Employee Benefit Contributions - Ordinary Maintenance	256,982	235,833	106,956	57,327	197,496	112,096	151,068
94000	Total Maintenance	1,055,141	849,397	415,861	218,917	639,621	384,616	500,109
95100	Protective Services - Labor	33,270	27,810	14,161	4,948	18,938	13,137	11,772
95200	Protective Services - Other Contract Costs	33,533	30,201	20,961	28,465	32,188	23,231	24,346
95500	Employee Benefit Contributions - Protective Services	24,350	20,476	9,918	3,991	14,702	9,753	8,736
95000	Total Protective Services	91,153	78,487	45,040	37,404	65,828	46,121	44,854
96110	Property Insurance	33,096	11,907	17,986	11,702	27,284	17,676	21,869
96120	Liability Insurance	17,565	14,763	8,298	5,141	11,056	6,986	7,183
96130	Workmen's Compensation	22,673	18,003	9,506	3,894	14,292	8,500	11,214
96140	All Other Insurance	5,779	4,971	66,419	1,726	3,418	2,351	2,040

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMP 04	AMP 05	AMP 06	AMP 07
96100	Total insurance Premiums	79,113	49,644	102,209	22,463	56,050	35,513	42,306
96200	Other General Expenses	-	-	-	-	-	-	-
96210	Compensated Absences	73,407	45,797	27,997	12,853	48,336	21,591	30,037
96300	Payments in Lieu of Taxes	60,233	52,292	25,744	2,725	42,706	22,230	26,281
96400	Bad debt - Tenant Rents	2,717	6,848	4,416	4,043	4,151	2,131	8,320
96000	Total Other General Expenses	136,357	104,937	58,157	19,621	95,193	45,952	64,638
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-
96900	Total Operating Expenses	3,155,026	2,298,149	1,342,010	818,712	1,714,284	1,073,747	1,264,694
97000	Excess of Operating Revenue over Operating Expenses	122,335	(215,333)	163,269	(147,567)	(106,082)	(180,378)	(253,663)
97100	Extraordinary Maintenance	2,400	6,626	12,550	2,414	15,331	720	840
97300	Housing Assistance Payments	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-
97400	Depreciation Expense	739,291	426,863	301,764	215,820	205,011	92,940	119,768
90000	Total Expenses	3,896,717	2,731,638	1,656,324	1,036,946	1,934,626	1,167,407	1,385,302
10010	Operating Transfer In	123,037	42,591	24,785	20,228	14,368	18,752	12,132
10020	Operating transfer Out	(123,037)	(42,591)	(24,785)	(20,228)	(14,368)	(18,752)	(12,132)
10091	Inter Project Excess Cash Transfer In	-	12,500	-	-	-	44,600	-
10092	Inter Project Excess Cash Transfer Out	(168,900)	-	-	(12,500)	(14,600)	-	-
10100	Total Other financing Sources (Uses)	(168,900)	12,500	-	(12,500)	(14,600)	44,600	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(788,256)	(636,322)	(151,045)	(378,301)	(341,024)	(229,438)	(374,271)
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-
11030	Beginning Equity	8,263,310	2,846,812	1,648,708	2,658,951	147,395	(148,966)	(286,747)
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11190	Unit Months Available	4,082	3,456	1,761	1,008	2,352	1,632	1,464
11210	Number of Unit Months Leased	4,021	3,447	1,725	996	2,315	1,619	1,440
11620	Building Purchases	47,720	-	127,516	-	15,262	-	-

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 08	AMP 09	AMP 10	Housing Choice Vouchers	N/C S/R Section 8 Programs	Single Room Occupancy
111	Cash - Unrestricted	214,959	170	311,244	837,990	-	52,961
113	Cash - Other Restricted	-	-	-	363,080	-	-
114	Cash - Tenant Security Deposits	35,390	30,915	41,412	-	-	-
100	Total Cash	250,349	31,085	352,656	1,201,070	-	52,961
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	3,562
124	Accounts Receivable - Other Government	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	356	322	465	161,626	-	24,095
126	Accounts Receivable - Tenants	978	8,673	1,942	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(489)	(4,336)	(971)	-	-	-
128	Fraud Recovery	1,063	2,136	6,622	99,402	-	-
128.1	Allowance for Doubtful Accounts - Fraud	(532)	(1,068)	(3,311)	(99,402)	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	1,376	5,727	4,747	161,626	-	27,657
131	Investments - Unrestricted	-	-	-	2,049,343	-	-
142	Prepaid Expenses and Other Assets	30,008	25,507	36,781	35,196	-	122
143	Inventories	29,650	38,355	32,301	-	-	-
143.1	Allowance for Obsolete Inventories	(2,965)	(3,835)	(3,230)	-	-	-
144	Inter Program Due From	-	-	-	-	-	-
150	Total Current Assets	308,418	96,839	423,255	3,447,235	-	80,740
161	Land	811,366	1,417,786	936,568	-	-	-
162	Buildings	9,165,158	10,730,456	8,916,868	-	-	-
164	Furniture, Equipment & Machinery - Administration	81,190	149,740	94,648	36,857	-	-
166	Accumulated Depreciation	(4,007,336)	(6,295,271)	(4,395,881)	(27,121)	-	-
167	Construction in Progress	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	6,050,378	6,002,711	5,552,203	9,736	-	-
180	Total Non-Current Assets	6,050,378	6,002,711	5,552,203	9,736	-	-
200	Deferred Outflow of Resources	105,588	79,928	115,412	351,623	-	452
290	Total Assets and Deferred Outflow of Resources	6,464,384	6,179,478	6,090,870	3,808,594	-	81,192
312	Accounts Payable <= 90 Days	19,710	12,101	23,477	19,596	-	-
321	Accrued Wage/Payroll Taxes Payable	7,058	6,264	8,540	17,433	-	11
322	Accrued Compensated Absences - Current Portion	1,032	933	1,348	2,104	-	1

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 08	AMP 09	AMP 10	Housing Choice Vouchers	N/C S/R Section 8 Programs	Single Room Occupancy
331	Accounts Payable - HUD PHA Programs	-	-	-	217	-	-
333	Accounts Payable - Other Government	16,890	11,017	33,256	-	-	-
341	Tenant Security Deposits	35,390	30,915	41,412	-	-	-
342	Unearned Revenue	1,469	1,028	1,214	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
345	Other Current Liabilities	1,345	3,763	808	172,826	-	-
346	Accrued Liabilities - Other	42,094	28,703	48,736	57,413	-	-
347	Inter Program - Due To	-	206,048	-	-	-	-
310	Total Current Liabilities	124,988	300,772	158,791	269,589	-	12
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	19,611	17,735	25,608	39,967	-	10
357	Accrued Pension and OPEB Liabilities	2,071,478	1,729,118	2,229,116	6,327,250	-	10,640
350	Total Non-Current Liabilities	2,091,089	1,746,853	2,254,724	6,367,217	-	10,650
300	Total Liabilities	2,216,077	2,047,625	2,413,515	6,636,806	-	10,662
400	Deferred Inflow of Resources	68,550	53,401	77,099	201,727	-	423
508.4	Net Investment in Capital Assets	6,050,378	6,002,711	5,552,203	9,736	-	-
511.4	Restricted Net Position	-	-	-	363,080	-	-
512.4	Unrestricted Net Position	(1,870,621)	(1,924,259)	(1,951,947)	(3,402,755)	-	70,107
513	Total Equity - Net Assets / Position	4,179,757	4,078,452	3,600,256	(3,029,939)	-	70,107
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	6,464,384	6,179,478	6,090,870	3,808,594	-	81,192
70300	Net Tenant Rental Revenue	470,809	434,181	596,853	-	-	-
70500	Total Tenant Revenue	470,809	434,181	596,853	-	-	-
70600	HUD PHA Operating Grants	747,760	629,337	810,589	24,233,114	-	43,653
70610	Capital Grants	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	791,294	-
71100	Investment Income - Unrestricted	167	165	286	7,899	-	-
71400	Fraud Recovery	-	-	-	65,046	-	-
71500	Other Revenue	3,661	50,066	4,788	464,045	-	-
70000	Total Revenue	1,222,397	1,113,749	1,412,516	24,770,104	791,294	43,653

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 08	AMP 09	AMP 10	Housing Choice Vouchers	N/C S/R Section 8 Programs	Single Room Occupancy
91100	Administrative Salaries	113,289	83,554	92,931	905,161	-	606
91200	Auditing Fees	1,747	1,568	2,285	6,406	-	-
91300	Management Fee	120,813	110,916	162,280	570,836	-	-
91310	Book-keeping Fee	11,442	10,449	14,977	250,860	-	-
91400	Advertising and Marketing	-	-	-	505	-	-
91500	Employee Benefit contributions - Administrative	169,915	125,303	159,826	1,040,080	-	998
91600	Office Expenses	21,115	23,541	28,200	206,376	-	21
91700	Legal Expense	28,318	21,174	34,702	42,625	-	-
91800	Travel	1,142	766	1,105	8,549	-	-
91900	Other	9,448	18,808	5,235	9,908	-	6
91000	Total Operating - Administrative	477,229	396,079	501,541	3,041,306	-	1,631
92000	Asset Management Fee	15,480	-	20,227	-	-	-
92400	Tenant Services - Other	2,276	1,600	44,131	-	-	-
92500	Total Tenant Services	2,276	1,600	44,131	-	-	-
93100	Water	172,846	299,707	183,358	-	-	-
93200	Electricity	53,690	54,708	50,848	-	-	-
93300	Gas	160,815	133,593	227,909	-	-	-
93400	Fuel	-	-	-	-	-	-
93800	Other Utilities Expense	-	-	-	-	-	-
93000	Total Utilities	387,351	488,008	462,115	-	-	-
94100	Ordinary Maintenance and Operations - Labor	189,212	173,671	248,517	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	64,949	50,953	73,076	3,479	-	-
94300	Ordinary Maintenance and Operations Contracts	108,497	71,489	106,669	1,505	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	137,507	118,633	163,986	-	-	-
94000	Total Maintenance	500,165	414,746	592,248	4,984	-	-
95100	Protective Services - Labor	14,502	13,137	18,938	-	-	-
95200	Protective Services - Other Contract Costs	14,759	14,103	11,902	5,326	-	-
95500	Employee Benefit Contributions - Protective Services	10,540	8,973	12,497	-	-	-
95000	Total Protective Services	39,801	36,213	43,337	5,326	-	-
96110	Property Insurance	34,562	28,844	42,824	-	-	-
96120	Liability Insurance	9,299	8,419	12,135	2,863	-	-
96130	Workmen's Compensation	12,588	10,460	14,074	24,385	-	36
96140	All Other Insurance	2,646	2,399	4,978	937	-	-

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	AMP 08	AMP 09	AMP 10	Housing Choice Vouchers	N/C S/R Section 8 Programs	Single Room Occupancy
96100	Total Insurance Premiums	59,095	50,122	74,011	28,185	-	36
96200	Other General Expenses	-	-	-	83,573	-	-
96210	Compensated Absences	30,580	24,202	40,250	137,842	-	252
96300	Payments in Lieu of Taxes	8,355	-	13,474	-	-	-
96400	Bad debt - Tenant Rents	6,155	6,535	3,591	-	-	-
96000	Total Other General Expenses	45,090	30,737	57,315	221,415	-	252
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-
96900	Total Operating Expenses	1,526,487	1,417,505	1,794,925	3,301,216	-	1,919
97000	Excess of Operating Revenue over Operating Expenses	(304,090)	(303,756)	(382,409)	21,468,888	791,294	41,734
97100	Extraordinary Maintenance	150	11,795	8,298	-	-	-
97300	Housing Assistance Payments	-	-	-	21,048,379	-	33,101
97350	HAP Portability-In	-	-	-	428,448	-	-
97400	Depreciation Expense	409,519	352,949	388,817	3,922	-	-
90000	Total Expenses	1,936,156	1,782,249	2,192,040	24,781,965	-	35,020
10010	Operating Transfer In	3,984	11,368	-	-	-	-
10020	Operating transfer Out	(3,984)	(11,368)	-	-	(791,294)	-
10091	Inter Project Excess Cash Transfer In	138,900	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10100	Total Other financing Sources (Uses)	138,900	-	-	-	(791,294)	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(574,859)	(668,500)	(779,524)	(11,861)	-	8,633
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-
11030	Beginning Equity	4,686,722	4,340,424	4,200,072	(3,018,078)	-	61,474
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	67,894	406,528	179,708	-	-	-
11170	Administrative Fee Equity	-	-	-	(3,393,019)	-	-
11180	Housing Assistance Payments Equity	-	-	-	363,080	-	-
11190	Unit Months Available	1,800	1,596	2,354	35,318	-	96
11210	Number of Unit Months Leased	1,774	1,580	2,322	33,448	-	76

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

**SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017**

FDS Line Item	Description	PIH FSS Program	State/Local	Component Unit - Blended	COCC	Eliminations	Total
111	Cash - Unrestricted	-	3,041	95,665	1,319,513	-	5,677,344
113	Cash - Other Restricted	-	-	-	91,923	-	455,003
114	Cash - Tenant Security Deposits	-	142,882	-	-	-	546,663
100	Total Cash	-	145,923	95,665	1,411,436	-	6,679,010
122	Accounts Receivable - HUD Other Projects	12,131	-	-	-	-	56,134
124	Accounts Receivable - Other Government	-	839,129	-	-	-	839,129
125	Accounts Receivable - Miscellaneous	-	8,777	-	67,472	(227,296)	57,779
126	Accounts Receivable - Tenants	-	20,446	-	-	-	57,417
126.1	Allowance for Doubtful Accounts - Tenants	-	(13,031)	-	-	-	(31,514)
128	Fraud Recovery	-	-	-	-	-	120,486
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	(109,948)
120	Total Receivables, Net of Allowances for Doubtful Accounts	12,131	855,321	-	67,472	(227,296)	989,483
131	Investments - Unrestricted	-	54,564	-	-	-	2,298,582
142	Prepaid Expenses and Other Assets	-	80,311	-	39,609	-	417,801
143	Inventories	-	79,095	-	646,500	-	1,060,967
143.1	Allowance for Obsolete Inventories	-	(7,909)	-	(64,650)	-	(106,097)
144	Inter Program Due From	-	-	-	217,779	(217,779)	-
150	Total Current Assets	12,131	1,207,305	95,665	2,318,146	(445,075)	11,339,746
161	Land	-	2,612,285	-	-	-	6,794,802
162	Buildings	-	17,599,350	-	4,699,942	-	122,612,498
164	Furniture, Equipment & Machinery - Administration	-	487,238	-	-	-	1,975,592
166	Accumulated Depreciation	-	(13,255,552)	-	(598,743)	-	(81,343,247)
167	Construction in Progress	-	1,070,585	-	-	-	4,570,378
160	Total Capital Assets, Net of Accumulated Depreciation	-	8,513,906	-	4,101,199	-	54,610,023
180	Total Non-Current Assets	-	8,513,906	-	4,101,199	-	54,610,023
200	Deferred Outflow of Resources	-	475,294	-	410,632	-	2,331,713
290	Total Assets and Deferred Outflow of Resources	12,131	10,196,505	95,665	6,829,977	(445,075)	68,281,482
312	Accounts Payable <= 90 Days	400	71,173	-	54,852	-	385,012
321	Accrued Wage/Payroll Taxes Payable	-	23,974	-	59,099	-	169,275
322	Accrued Compensated Absences - Current Portion	279	5,927	-	8,212	-	30,646

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

**SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017**

FDS Line Item	Description	PIH FSS Program	State/Local	Component Unit - Blended	COCC	Eliminations	Total
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	217
333	Accounts Payable - Other Government	-	75,522	-	-	-	1,083,161
341	Tenant Security Deposits	-	142,882	-	-	-	546,663
342	Unearned Revenue	-	155,238	-	-	-	176,691
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	245,628	-	100,635	-	346,263
345	Other Current Liabilities	-	29,892	-	91,923	(172,013)	170,966
346	Accrued Liabilities - Other	-	70,862	-	862	(55,283)	438,051
347	Inter Program - Due To	11,731	-	-	-	(217,779)	-
310	Total Current Liabilities	12,410	821,098	-	315,583	(445,075)	3,346,945
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	561,665	-	2,009,248	-	2,570,913
354	Accrued Compensated Absences - Non Current	5,293	112,617	-	156,037	-	582,252
357	Accrued Pension and OPEB Liabilities	-	8,469,414	-	7,581,702	-	42,691,208
350	Total Non-Current Liabilities	5,293	9,143,696	-	9,746,987	-	45,844,373
300	Total Liabilities	17,703	9,964,794	-	10,062,570	(445,075)	49,191,318
400	Deferred Inflow of Resources	-	294,188	-	246,352	-	1,412,054
508.4	Net Investment in Capital Assets	-	7,706,613	-	1,991,316	-	51,692,847
511.4	Restricted Net Position	-	-	-	-	-	363,080
512.4	Unrestricted Net Position	(5,572)	(7,769,090)	95,665	(5,470,261)	-	(34,377,817)
513	Total Equity - Net Assets / Position	(5,572)	(62,477)	95,665	(3,478,945)	-	17,678,110
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	12,131	10,196,505	95,665	6,829,977	(445,075)	68,281,482
70300	Net Tenant Rental Revenue	-	2,108,870	-	-	-	8,104,593
70500	Total Tenant Revenue	-	2,108,870	-	-	-	8,104,593
70600	HUD PHA Operating Grants	12,131	-	-	-	-	32,555,472
70610	Capital Grants	-	-	-	-	-	190,498
70710	Management Fee	-	-	-	2,141,624	(2,141,624)	-
70720	Asset Management Fee	-	-	-	171,828	(171,828)	-
70730	Book Keeping Fee	-	-	-	388,580	(388,580)	-
70740	Front Line Service Fee	-	-	-	117,656	(117,656)	-
70700	Total Fee Revenue	-	-	-	2,819,688	(2,819,688)	-

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017

FDS Line Item	Description	PIH FSS Program	State/Local	Component Unit - Blended	COCC	Eliminations	Total
70800	Other Government Grants	-	3,792,161	-	-	-	4,583,455
71100	Investment Income - Unrestricted	-	768	-	564	-	14,139
71400	Fraud Recovery	-	-	-	-	-	65,046
71500	Other Revenue	-	376,012	52,110	465,263	(98,732)	1,598,860
70000	Total Revenue	12,131	6,277,811	52,110	3,285,515	(2,918,420)	47,112,063
91100	Administrative Salaries	11,887	583,765	-	1,070,756	-	3,454,522
91200	Auditing Fees	-	7,795	-	6,451	-	44,799
91300	Management Fee	-	24,516	-	-	(2,259,280)	-
91310	Book-keeping Fee	-	-	-	-	(388,580)	-
91400	Advertising and Marketing	-	58	-	10,685	-	11,248
91500	Employee Benefit contributions - Administrative	5,128	751,022	-	1,264,501	-	4,555,815
91600	Office Expenses	400	89,463	-	300,623	(98,732)	775,678
91700	Legal Expense	-	85,577	-	49,648	-	413,866
91800	Travel	-	16,109	-	21,655	-	55,104
91900	Other	-	164,155	40,315	271,212	-	899,531
91000	Total Operating - Administrative	17,415	1,722,460	40,315	2,995,531	(2,746,592)	10,210,563
92000	Asset Management Fee	-	-	-	-	(171,828)	-
92400	Tenant Services - Other	-	1,072	-	1,501	-	261,024
92500	Total Tenant Services	-	1,072	-	1,501	-	261,024
93100	Water	-	214,642	-	4,269	-	1,657,913
93200	Electricity	-	260,447	-	53,286	-	1,308,993
93300	Gas	-	201,197	-	7,119	-	1,283,235
93400	Fuel	-	707	-	-	-	707
93800	Other Utilities Expense	-	10,000	-	-	-	10,000
93000	Total Utilities	-	686,993	-	64,674	-	4,260,848
94100	Ordinary Maintenance and Operations - Labor	-	619,489	-	74,309	-	2,809,342
94200	Ordinary Maintenance and Operations - Materials and Other	-	237,962	-	28,460	-	1,061,140
94300	Ordinary Maintenance and Operations Contracts	-	217,499	-	82,839	-	1,427,997
94500	Employee Benefit Contributions - Ordinary Maintenance	-	398,116	-	65,911	-	2,001,911
94000	Total Maintenance	-	1,473,066	-	251,519	-	7,300,390
95100	Protective Services - Labor	-	-	-	-	-	170,613
95200	Protective Services - Other Contract Costs	-	79,700	-	9,165	-	327,880
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	123,936

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE

March 31, 2017

FDS Line Item	Description	PIH FSS Program	State/Local	Component Unit - Blended	COCC	Eliminations	Total
95000	Total Protective Services	-	79,700	-	9,165	-	622,429
96110	Property Insurance	-	60,049	-	5,840	-	313,639
96120	Liability Insurance	-	3,853	367	3,937	-	111,865
96130	Workmen's Compensation	288	44,258	-	51,217	-	245,388
96140	All Other Insurance	-	12,013	-	2,078	-	111,755
96100	Total Insurance Premiums	288	120,173	367	63,072	-	782,647
96200	Other General Expenses	-	-	-	-	-	83,573
96210	Compensated Absences	-	111,665	-	134,275	-	739,084
96300	Payments in Lieu of Taxes	-	12,250	-	-	-	266,290
96400	Bad debt - Tenant Rents	-	12,264	-	-	-	61,171
96000	Total Other General Expenses	-	136,179	-	134,275	-	1,150,118
96720	Interest on Notes Payable (Short and Long Term)	-	65,279	-	78,325	-	143,604
96700	Total Interest Expense and Amortization Cost	-	65,279	-	78,325	-	143,604
96900	Total Operating Expenses	17,703	4,284,922	40,682	3,598,062	(2,918,420)	24,731,623
97000	Excess of Operating Revenue over Operating Expenses	(5,572)	1,992,889	11,428	(312,547)	-	22,380,440
97100	Extraordinary Maintenance	-	9,750	-	2,050	-	72,924
97300	Housing Assistance Payments	-	1,756,136	-	-	-	22,837,616
97350	HAP Portability-In	-	-	-	-	-	428,448
97400	Depreciation Expense	-	497,615	-	117,499	-	3,871,778
90000	Total Expenses	17,703	6,548,423	40,682	3,717,611	(2,918,420)	51,942,389
10010	Operating Transfer In	-	791,294	-	-	(1,062,539)	-
10020	Operating transfer Out	-	-	-	-	1,062,539	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	(196,000)	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	196,000	-
10100	Total Other financing Sources (Uses)	-	791,294	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(5,572)	520,682	11,428	(432,096)	-	(4,830,326)
11020	Required Annual Debt Principal Payments	-	229,068	-	96,969	-	326,037
11030	Beginning Equity	-	(583,159)	84,237	(3,046,849)	-	21,854,306

See Independent Auditors' Report

SPRINGFIELD HOUSING AUTHORITY

**SUPPLEMENTAL FINANCIAL DATA SCHEDULE
March 31, 2017**

FDS Line Item	Description	PIH FSS Program	State/Local	Component Unit - Blended	COCC	Eliminations	Total
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	654,130
11170	Administrative Fee Equity	-	-	-	-	-	(3,393,019)
11180	Housing Assistance Payments Equity	-	-	-	-	-	363,080
11190	Unit Months Available	-	6,372	-	-	-	63,291
11210	Number of Unit Months Leased	-	6,270	-	-	-	61,033

SPRINGFIELD HOUSING AUTHORITY

**STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED
March 31, 2017**

Project	MA06P035501-14	MA06P035501-15
Modernization Funds Approved	\$ 2,468,368	\$ 2,306,118
Modernization Funds Expended	<u>2,241,462</u>	<u>1,966,188</u>
Excess of Modernization Funds Approved	<u>\$ 226,906</u>	<u>\$ 339,930</u>
Modernization Funds Advanced	\$ 2,241,462	\$ 1,925,747
Modernization Funds Expended	<u>2,241,462</u>	<u>1,966,188</u>
Excess of Modernization Funds Advanced	<u>\$ -</u>	<u>\$ (40,441)</u>

SPRINGFIELD HOUSING AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2017**

	<u>CFDA Number</u>	<u>Major Program</u>	<u>Direct Award</u>	<u>Pass-Through Agency</u>	<u>Federal Financial Assistance Expenditures</u>
Department of Housing and Urban Development					
Low Rent Public Housing	14.850	Yes	Yes	N/A	\$ 7,748,493
Public Housing Capital Fund Program	14.872	No	Yes	N/A	708,579
PIH Family Self Sufficiency Program	14.877	No	Yes	N/A	12,131
Housing Choice Voucher Program	14.871	Yes	Yes	N/A	24,233,114
Project-based Voucher Cluster:					
N/C S/R Section 8 Programs	14.182	Yes	No	DHCD	791,294
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Yes	Yes	N/A	43,653
Total Project-based Voucher Cluster					<u>834,947</u>
Total Major Programs					<u>32,816,554</u>
Total Non-Major Programs					<u>720,710</u>
Total All Programs					<u>\$ 33,537,264</u>

SPRINGFIELD HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

March 31, 2017

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, 2017. 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, 2017, 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, 2017, 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.

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

To The Board of Commissioners
Springfield Housing Authority
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, 2017, 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 November 15, 2017.

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.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Braintree, Massachusetts
November 15, 2017

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

To The Board of Commissioners
Springfield Housing Authority
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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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.

Opinion on Each Major Federal Program

In our opinion, the Springfield Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

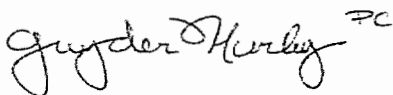
Report on Internal Control over Compliance

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.

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

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

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



Braintree, Massachusetts
November 15, 2017

SPRINGFIELD HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2017

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 not disclose any 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 - Unmodified
6. The report on internal control over major programs did not disclose any material weaknesses.
7. The report on internal control over major programs did not disclose any significant deficiencies.
8. There are no 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 \$1,006,117.
10. The following programs were tested as major programs in accordance with OMB Uniform Guidance:

CFDA Number

Low Rent Public Housing Program	14.850
Housing Choice Voucher Program	14.871
Project-based Voucher Cluster	Various

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

II. Findings related to the Financial Statements which are required to be reported in accordance with GAGAS - NONE

III. Findings and Questioned Costs for Federal Awards which shall include Audit Findings as defined in paragraph 200.516(a) - NONE

SPRINGFIELD HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
March 31, 2017

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 material weaknesses.
7. The report on internal control over major programs did not disclose any significant deficiencies.

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.

Status

We did not identify a reoccurrence of this issue in the current year and identified evidence that the Authority had taken appropriate corrective action; therefore, we consider this matter closed.

SPRINGFIELD HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
March 31, 2017

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

Status

We did not identify a reoccurrence of these issues in the current year's audit; however, as of the date of this report, HUD has yet to close out this finding with the Authority.