

# **Springfield Metropolitan Housing Authority**

Financial Statements

September 30, 2011





# Dave Yost • Auditor of State

Board of Commissioners  
Springfield Metropolitan Housing Authority  
101 West High Street  
Springfield, Ohio 45502

We have reviewed the *Independent Auditors' Report* of the Springfield Metropolitan Housing Authority, Clark County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period October 1, 2010 through September 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 6, 2012

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## Independent Auditors' Report

Board of Commissioners  
Springfield Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Springfield Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2011, which collectively comprise the Authority basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Springfield Metropolitan Housing Authority, Ohio's, management. My responsibility is to express an opinion on these basic financial statements based on my audit. I did not audit the financial statements of the component units of Springfield Metropolitan Housing Authority (see Note 1 for a description), which the statements reflect total assets constituting 52% of the total assets at September 30, 2011, and total operating revenues constituting 4.0% of total operating revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of such other auditors.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of other auditors provide a reasonable basis for my opinion.

In my opinion, based on my audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely component units of the Springfield Metropolitan Housing Authority, Ohio, as of September 30, 2011, and the respective change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 29, 2012, on my consideration of the Springfield Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 read in conjunction with this report in considering the result of my audit.

American Institute of Certified Public Accountant  
Ohio Society of Certified Public Accountant

Accounting principles generally accepted in the United States of America requires that the Management's Discussion and Analysis on page 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Springfield Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the Basic Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me and other auditors. In my opinion, the information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

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Salvatore Consiglio, CPA, Inc.  
March 29, 2012



Springfield Metropolitan Housing Authority  
Management's Discussion And Analysis  
Year Ended September 30, 2011

Unaudited

As management of the Springfield Metropolitan Housing Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

**Overview of the Financial Statements**

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

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

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Net assets are reported in three broad categories (as applicable):

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted Net Assets: This component of net assets consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of related debt" or "Restricted Net Assets."

The *Statement of Revenues, Expenses and Changes in Net Assets* includes all of the revenues and expenses of the Authority regardless of when the cash is received or paid.

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

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

Springfield Metropolitan Housing Authority  
Management's Discussion And Analysis  
Year Ended September 30, 2011

Unaudited

Significant programs consist of the following:

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

Section 8 Choice Voucher Program – Under the Section 8 Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market. The Authority earns a fixed percentage administrative fee from HUD to cover the program's operating costs.

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

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

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

Component Units – Lincoln Park Housing Partnership LP owns and operates 40 units of low-income housing tax credit apartments at Lincoln Park in Springfield, Ohio. Lincoln Park Housing Partnership II LP owns and operates 68 units of low-income housing tax credit apartments at Lincoln Park in Springfield, Ohio. Lincoln Park Housing Partnership III LP owns and operates 24 units of low-income housing tax credit housing at Lincoln Park in Springfield, Ohio. The component units have fiscal year-ends of December 31, 2011.

### **Financial Highlights**

During the fiscal year ending September 30, 2011:

- Total assets decreased by approximately \$495,000 and capital assets decreased by approximately \$764,000, net of current year accumulated depreciation of approximately \$1,035,000. Current assets increased by approximately \$274,000, which was mostly due to an increase in restricted cash and investments, net of a corresponding decrease in HUD accounts receivable.

Springfield Metropolitan Housing Authority  
Management's Discussion And Analysis  
Year Ended September 30, 2011

Unaudited

- Total liabilities decreased by approximately \$163,000 of which current liabilities decreased by approximately \$156,000.
- Total revenues decreased by approximately \$2,522,000. Program operating grants and subsidies (including Section 8 and Hope VI) decreased by approximately \$1,037,000 and capital grants decreased by approximately \$1,621,000. HOPE VI funding, which is included in both categories of revenue above, decreased by approximately \$2,177,000.
- Total expenses before depreciation decreased by approximately \$587,000. Administrative expenses decreased by approximately \$410,000.

**Notes to the Financial Statements**

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basis financial statements. Notes to the basis financial statements can be found on pages 12 through 26 of this report.

**Financial Analysis of the Authority**

**Statement of Net Assets**

The following table represents a condensed statement of net assets.

	<u>2011</u>	<u>2010</u>
Assets		
Current assets	\$ 2,304,645	2,030,738
Capital assets	13,446,069	14,210,567
Other non-current assets	<u>6,678,242</u>	<u>6,683,171</u>
Total assets	\$ <u>22,428,956</u>	<u>22,924,476</u>
Liabilities		
Current liabilities	\$ 594,384	750,579
Long-term liabilities	<u>1,206,775</u>	<u>1,213,966</u>
Total liabilities	<u>1,801,159</u>	<u>1,964,545</u>
Net Assets		
Invested in capital assets	13,446,069	14,210,567
Restricted net assets	1,500,946	697,630
Unrestricted	<u>5,680,782</u>	<u>6,051,734</u>
Total net assets	<u>20,627,797</u>	<u>20,959,931</u>
Total liabilities and net assets	\$ <u>22,428,956</u>	<u>22,924,476</u>

Springfield Metropolitan Housing Authority  
Management's Discussion And Analysis  
Year Ended September 30, 2011

Unaudited

The largest portion of the Authority's net assets (65 percent) reflects its investments in capital assets. The Authority uses these capital assets (land, building, furniture and equipment) to provide housing services to residents and is not readily available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

**Statement of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses and Changes in Net Assets present the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's statements of revenue, expenses and changes in net assets follows:

	<u>2011</u>	<u>2010</u>
Revenues		
Tenant rental income	\$ 1,129,881	1,114,267
Operating subsidy and grants	3,096,999	4,658,392
Subsidy for housing assistance payment	7,067,254	6,542,864
Capital grants	234,245	1,855,152
Other income	<u>430,154</u>	<u>309,682</u>
Total revenues	<u>11,958,533</u>	<u>14,480,357</u>
Expenses		
Administrative	2,104,765	2,515,107
Tenant services	187,074	274,726
Utilities	731,976	833,409
Maintenance	1,259,627	1,442,755
Protective services	21,085	63,256
General	614,407	583,217
Bad debts	73,083	42,943
Grant expense - pass-through to component units	1,498	254,249
Housing assistance payment	<u>6,262,091</u>	<u>5,832,995</u>
Total expenses before depreciation	<u>11,255,606</u>	<u>11,842,657</u>
Change in net assets before depreciation	702,927	2,637,700
Depreciation	<u>1,035,061</u>	<u>1,059,419</u>
Change in net assets	<u>\$ (332,134)</u>	<u>1,578,281</u>

Springfield Metropolitan Housing Authority  
Management's Discussion And Analysis  
Year Ended September 30, 2011

Unaudited

**Capital Assets**

The following reconciliation summarizes the changes in capital assets (see Note 4 for additional information):

	Beginning <u>Balance</u>	Additions/ <u>Reclassifications</u>	Deletions/ <u>Corrections</u>	Ending <u>Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,228,770	-	-	<u>2,228,770</u>
Capital assets being depreciated				
Buildings	25,806,895	-	(2,294,113)	23,512,782
Furniture and equipment	1,672,734	54,263	(120,388)	1,606,609
Leasehold improvements	<u>2,336,936</u>	<u>229,577</u>	<u>2,294,113</u>	<u>4,860,626</u>
	<u>29,816,565</u>	<u>283,840</u>	<u>(120,388)</u>	<u>29,980,017</u>
Accumulated depreciation				
Buildings	16,624,328	707,946	-	17,332,274
Furniture and equipment	820,950	170,991	(107,111)	884,830
Leasehold improvements	<u>389,490</u>	<u>156,124</u>	<u>-</u>	<u>545,614</u>
	<u>17,834,768</u>	<u>1,035,061</u>	<u>(107,111)</u>	<u>18,762,718</u>
Capital assets, net	\$ <u>14,210,567</u>	<u>(751,221)</u>	<u>(13,277)</u>	<u>13,446,069</u>

**Debt Outstanding**

The Authority has \$1,000,000 of debt outstanding at December 31, 2011, which represents amounts borrowed from the City of Springfield under the HOME Investment Partnership Program. The proceeds from this long-term note were used to make HOME loans to two of the component units. There was no change in the debt balance from prior year. (See Note 5 for additional information)

**Economic Factors and Planned Events**

Significant economic factors affecting the Authority are as follows:

- ✓ Federal funding is at the discretion of the U.S. Department of Housing and Urban Development (HUD) and the Authority received a funding proration of 100% for low income public housing for the year ending September 30, 2011.
- ✓ The slow economy has an impact on low-income households' ability to pay rent and 2011 modernization activity reduced availability for leases and rental income.
- ✓ Projected continued increases in health insurance, property insurance and utility rates will affect the cost of operating the programs. In 2011, HUD did not fund excess utility expenses.

Springfield Metropolitan Housing Authority  
Management's Discussion And Analysis  
Year Ended September 30, 2011

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- ✓ The HOPE VI Revitalization Plan for the Authority's Lincoln Park Project included the demolition of all 210 existing units and redevelopment of 132 units on site, an on-site community center and park, and loan assistance to low-income households to purchase new housing to be developed in the revitalization area. The on-site component consists of 108 public/low-income housing tax credit units, and 24 lease-to-purchase units. The off-site component consists of loans assistance for affordable homeownership units.

**Contact Information**

Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Mr. Arlin J. Tolliver, Sr., Executive Director, Springfield Metropolitan Housing Authority, 101 West High Street, Springfield, Ohio 45502, or call (937) 325-7331, extension 202.

**Springfield Metropolitan Housing Authority  
Statements of Net Assets**

	September 30, 2011	December 31, 2011			Total Component Units	Memorandum Total
		Component Units				
Assets	Housing Authority	Lincoln Park Housing Partnership LP	Lincoln Park Housing Partnership II LP	Lincoln Park Housing Partnership III LP		
<b>Current assets:</b>						
Cash and cash equivalents	\$ 85,915	2,641	12,985	49,502	65,128	151,043
Restricted cash and cash equivalents	1,306,201	258,195	478,195	202,001	938,391	2,244,592
Accounts receivable, net:						
Tenants	74,523	5	4	-	9	74,532
HUD	19,029	-	-	-	-	19,029
Other receivables	152,066	-	-	156	156	152,222
Investments - restricted	470,912	-	-	-	-	470,912
Inventory, net of allowance for obsolete of \$35,892	101,662	-	-	-	-	101,662
Prepaid expenses	94,337	5,857	9,602	4,068	19,527	113,864
	<u>2,304,645</u>	<u>266,698</u>	<u>500,786</u>	<u>255,727</u>	<u>1,023,211</u>	<u>3,327,856</u>
<b>Non-current assets:</b>						
Land	2,228,770	-	-	-	-	2,228,770
Property and equipment, net of accumulated depreciation	11,217,299	6,165,891	10,789,425	5,511,580	22,466,896	33,684,195
Notes receivable	6,678,242	-	-	-	-	6,678,242
Other assets	-	228,859	195,949	248,846	673,654	673,654
	<u>20,124,311</u>	<u>6,394,750</u>	<u>10,985,374</u>	<u>5,760,426</u>	<u>23,140,550</u>	<u>43,264,861</u>
	<u>\$ 22,428,956</u>	<u>6,661,448</u>	<u>11,486,160</u>	<u>6,016,153</u>	<u>24,163,761</u>	<u>46,592,717</u>
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Bank overdraft	\$ 106,132	-	-	-	-	106,132
Accounts payable						
Trade	164,765	41,585	17,586	8,025	67,196	231,961
HUD	171	-	-	-	-	171
Accrued wages and benefits	100,618	-	-	-	-	100,618
Accrued compensated absences	43,053	-	-	-	-	43,053
Tenant security deposits, payable from restricted assets	61,436	8,167	12,950	3,564	24,681	86,117
Unearned revenues	3,842	108	104	66	278	4,120
Other current liabilities	114,367	71,823	59,054	18,686	149,563	263,930
	<u>594,384</u>	<u>121,683</u>	<u>89,694</u>	<u>30,341</u>	<u>241,718</u>	<u>836,102</u>
<b>Long-term liabilities:</b>						
Accrued compensated absences, non-current portion	129,158	-	-	-	-	129,158
Long-term debt	1,000,000	1,648,787	1,700,000	4,230,823	7,579,610	8,579,610
Other long-term liabilities	77,617	-	20,084	25,000	45,084	122,701
	<u>1,206,775</u>	<u>1,648,787</u>	<u>1,720,084</u>	<u>4,255,823</u>	<u>7,624,694</u>	<u>8,831,469</u>
	<u>1,801,159</u>	<u>1,770,470</u>	<u>1,809,778</u>	<u>4,286,164</u>	<u>7,866,412</u>	<u>9,667,571</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	13,446,069	4,517,104	9,089,425	1,280,757	14,887,286	28,333,355
Restricted net assets	1,500,946	-	-	-	-	1,500,946
Unrestricted net assets	5,680,782	373,874	586,957	449,232	1,410,063	7,090,845
Total net assets	<u>20,627,797</u>	<u>4,890,978</u>	<u>9,676,382</u>	<u>1,729,989</u>	<u>16,297,349</u>	<u>36,925,146</u>
Total liabilities and net assets	\$ <u>22,428,956</u>	<u>6,661,448</u>	<u>11,486,160</u>	<u>6,016,153</u>	<u>24,163,761</u>	<u>46,592,717</u>

See accompanying notes to the financial statements.

**Springfield Metropolitan Housing Authority**  
**Statements of Revenues, Expenses and Changes in Net Assets**

	Year Ended	Year Ended December 31, 2011				Memorandum Total
	September 30,	Component Units			Total Component Units	
	2011	Lincoln Park Housing Partnership LP	Lincoln Park Housing Partnership II LP	Lincoln Park Housing Partnership III LP		
Operating revenue:						
Dwelling rent	\$ 1,033,023	152,926	223,914	106,479	483,319	1,516,342
Non-dwelling rental	96,858	-	-	-	-	96,858
Total rental revenue	1,129,881	152,926	223,914	106,479	483,319	1,613,200
Program operating grants/subsidies	10,164,253	-	-	-	-	10,164,253
Other grants	38,228	-	-	-	-	38,228
Other income	345,039	1,772	3,607	22,221	27,600	372,639
Total operating revenue	11,677,401	154,698	227,521	128,700	510,919	12,188,320
Operating expenses:						
Administrative	2,104,765	70,128	103,897	52,860	226,885	2,331,650
Tenant services	187,074	8,263	10,296	4,769	23,328	210,402
Utilities	731,976	43,873	41,994	19,051	104,918	836,894
Maintenance	1,259,627	59,265	72,101	29,387	160,753	1,420,380
Protective services	21,085	-	-	-	-	21,085
General	614,407	46,382	44,226	18,943	109,551	723,958
Bad debts	73,083	1,577	1,990	366	3,933	77,016
Grant expense - pass-through to component units	1,498	-	-	-	-	1,498
Housing assistance payments	6,262,091	-	-	-	-	6,262,091
Depreciation and amortization	1,035,061	201,022	349,500	167,639	718,161	1,753,222
Total operating expenses	12,290,667	430,510	624,004	293,015	1,347,529	13,638,196
Operating loss	(613,266)	(275,812)	(396,483)	(164,315)	(836,610)	(1,449,876)
Non-operating revenue:						
Interest income	46,887	201	268	-	469	47,356
Total non-operating revenue	46,887	201	268	-	469	47,356
Change in net assets before capital grants and contributions	(566,379)	(275,611)	(396,215)	(164,315)	(836,141)	(1,402,520)
Capital grants	234,245	-	-	-	-	234,245
Capital contributions	-	111,294	41,630	138,496	291,420	291,420
Change in net assets	(332,134)	(164,317)	(354,585)	(25,819)	(544,721)	(876,855)
Net assets, beginning of the period	20,959,931	5,055,295	10,030,967	1,755,808	16,842,070	37,802,001
Net assets, end of the period	\$ 20,627,797	4,890,978	9,676,382	1,729,989	16,297,349	36,925,146

See accompanying notes to the financial statements.



**Springfield Metropolitan Housing Authority**  
**Statements of Cash Flows**

	Year Ended September 30, 2011 Housing Authority	Year Ended December 31, 2011 Component Units			Total Component Units	Memorandum Total
		Lincoln Park Housing Partnership LP	Lincoln Park Housing Partnership II LP	Lincoln Park Housing Partnership III LP		
<b>Cash flows from operating activities:</b>						
Cash received from HUD	\$ 10,485,573	-	-	-	-	10,485,573
Cash received from other governments	38,228	-	-	-	-	38,228
Cash received from tenants	1,130,623	152,427	223,613	120,756	496,796	1,627,419
Cash received from other income	300,456	1,772	3,607	22,221	27,600	328,056
Cash payments for housing assistance payments	(6,262,091)	-	-	-	-	(6,262,091)
Cash passed-through to component units	(433,350)	-	-	-	-	(433,350)
Cash payments for administrative	(1,841,159)	(92,025)	(133,551)	(53,170)	(278,746)	(2,119,905)
Cash payments for other operating expenses	(2,896,215)	(143,797)	(151,786)	(78,928)	(374,511)	(3,270,726)
Net cash provided by (used in) operating activities	522,065	(81,623)	(58,117)	10,879	(128,861)	393,204
<b>Cash flows from investing activities:</b>						
Investment income	51,816	201	268	-	469	52,285
<b>Cash flows from capital and related financing activities:</b>						
Capital acquisitions	(283,840)	-	-	-	-	(283,840)
Payments on construction payables	-	-	-	(21,250)	(21,250)	(21,250)
Developer fee paid	-	-	-	(280,706)	(280,706)	(280,706)
Proceeds from disposal of property and equipment	13,277	-	-	-	-	13,277
Payments on long-term debt	-	(93,120)	-	-	(93,120)	(93,120)
Purchase of investments	(470,912)	-	-	-	-	(470,912)
Capital contributions	-	111,294	41,630	138,496	291,420	291,420
Capital grant funds received	234,245	-	-	-	-	234,245
Net cash (used in) provided by financing activities	(507,230)	18,174	41,630	(163,460)	(103,656)	(610,886)
Increase (decrease) in cash and cash equivalents	66,651	(63,248)	(16,219)	(152,581)	(232,048)	(165,397)
Cash and cash equivalents, beginning	1,325,465	324,084	507,399	404,084	1,235,567	2,561,032
Cash and cash equivalents, ending	\$ 1,392,116	260,836	491,180	251,503	1,003,519	2,395,635
<b>Reconciliation of operating income to net cash provided by operating activities:</b>						
Operating loss	\$ (613,266)	(275,812)	(396,483)	(164,315)	(836,610)	(1,449,876)
<b>Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:</b>						
Depreciation and amortization	1,035,061	201,022	349,500	167,639	718,161	1,753,222
<b>(Increase) decrease in:</b>						
Receivables - net of allowance	274,573	1,078	1,689	5,054	7,821	282,394
Inventory	(11,326)	-	-	-	-	(11,326)
Prepaid expenses and other assets	409	(4,927)	(8,103)	(310)	(13,340)	(12,931)
<b>Increase (decrease) in:</b>						
Accounts payable	(289,526)	(16,970)	(21,551)	(6,778)	(45,299)	(334,825)
Accrued wages and compensated absences	(1,391)	-	-	-	-	(1,391)
Tenant security deposits	1,954	(1,007)	(417)	(1,023)	(2,447)	(493)
Deferred credits and other liabilities	125,577	14,993	17,248	10,612	42,853	168,430
Net cash provided by (used in) operating activities	\$ 522,065	(81,623)	(58,117)	10,879	(128,861)	393,204
<b>Composition of cash and cash equivalents:</b>						
Cash and cash equivalents	\$ 85,915	2,641	12,985	49,502	65,128	151,043
Restricted cash and cash equivalents	1,306,201	258,195	478,195	202,001	938,391	2,244,592
	\$ 1,392,116	260,836	491,180	251,503	1,003,519	2,395,635

See accompanying notes to the financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

### **Reporting Entity**

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

The accompanying financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

### **Discretely Presented Component Units**

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can

otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves their budget, the issuance of their debt or the levying of their taxes. Based upon the application of these criteria, the Authority has three component units as follows: Lincoln Park Housing Partnership LP, Lincoln Park Housing Partnership II LP, and Lincoln Park Housing Partnership III LP. These partnerships are fiscally dependent on the loans and capital contributions received from the Authority and also lease land from the Authority for their operations. Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

***Lincoln Park Housing Partnership LP (LPHPLP)***

The Authority executed a Limited Partnership Agreement with Penrose GP LLC and the Ohio Equity Fund for Housing Limited Partnership XVI to form the Lincoln Park Housing Partnership LP on March 27, 2007. The Authority is a Special Limited Partner with a .001% ownership interest in this organization which developed, owns and operates 40 units of Low-Income Housing tax Credit housing at Lincoln Park. Under the terms of the Limited Partnership Agreement, no Limited Partner shall be personally liable for any loss or liability of the Partnership beyond the amount of such Limited Partner's agreed-upon Capital Contributions and no Limited Partner shall participate in the operation, management or control of the Partnership's business, transact any business in the Partnership's name or have any power to sign documents for or otherwise bind the Partnership. The Authority made Capital Contributions to the Partnership totaling \$1,032,500 through September 30, 2011 in HOPE VI funds for the development of 40 rental units. Lincoln Park Housing Partnership LP has executed a long-term Ground Lease, a HOPE VI Loan Agreement (see note 3), a Regulatory and Operating Agreement and various other documents with the Authority for the purpose of financing, owning and operating the rental development commonly known as Lincoln Park Phase IA.

***Lincoln Park Housing Limited Partnership II LP (LPHPIILP)***

The Authority executed an Amended and Restated Limited Partnership Agreement with Penrose GP LLC and the Ohio Equity Fund for Housing Limited Partnership XVI to form the Lincoln Park Housing Partnership II LP on March 27, 2007. The Authority is a Special Limited Partner with a .001% ownership interest in this organization which developed, owns and operates 68 units of Low-Income Housing Tax Credit housing at Lincoln Park. Under the terms of the Limited Partnership Agreement, no Limited Partner shall be personally liable for any loss or liability of the Partnership beyond the amount of such Limited Partner's agreed-upon Capital Contributions and no Limited Partner shall participate in the operation, management or control of the Partnership's business, transact any business in the partnership's name or have any power to sign document for or otherwise bind the Partnership. The Authority made Capital Contributions to the Partnership totaling \$6,197,410 through September 30, 2011 in HOPE VI funds for the development of 68 rental units. Lincoln Park Housing Partnership II LP has executed a long-term Ground Lease, a HOPE VI Loan Agreement (see note 3), a Regulatory and Operating Agreement and various other documents with the Authority for the purpose of financing, owning and operating the rental development commonly known as Lincoln Park Phase IB.

***Lincoln Park Housing Limited Partnership III LP (LPHPIII LP)***

The Authority executed an Amended and Restated Limited Partnership Agreement with Penrose GP LLC and the Ohio Equity Fund for Housing Limited Partnership XVIII to form the Lincoln Park Housing Partnership III LP on December 22, 2008. The Authority is a Special Limited Partner with a .001% ownership interest in this organization which developed, owns and operates 24 units of Low-Income Housing Tax Credit housing at Lincoln Park. Under the terms of the Limited Partnership Agreement, no Limited Partner shall be personally liable for any loss or liability of the Partnership beyond the amount of such Limited Partner's agreed-upon Capital Contributions and no Limited Partner shall participate in the operation, management or control of the Partnership's business, transact any business in the partnership's name or have any power to sign document for or otherwise bind the Partnership. The Authority will make a Capital Contribution to the Partnership in the amount of \$277,613 (\$207,310 through September 30, 2011), equal to the amount of the developer's fee, for the development of 24 rental units. Lincoln Park Housing Partnership III LP has executed a long-term Ground Lease, a HOPE VI Loan Agreement (see note 3), a Regulatory and Operating Agreement and various other documents with the Authority for the purpose of financing, owning and operating the rental development commonly known as Lincoln Park Phase II.

***Additional Partnership Provisions***

At the time the Limited Partnership Agreements were executed, the Authority and partnerships entered into Right of Refusal and Option Agreements. During the term of the partnerships, the partnerships agree to give notice promptly to the Authority if the partnerships commence discussions with any third party regarding sale of the property. The Authority has the continuing right of refusal to purchase the property of the partnerships in the event the partnerships propose to sell substantially all of the partnership interests after the expiration of the compliance period (15 years). In addition, the partnerships grant the Authority the option to purchase the property following the close of the compliance period. This agreement provides the terms of the option price and sale of the property under the rights of refusal and options granted.

***Basis of Presentation***

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

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

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted and unrestricted components. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

### **Fund Accounting**

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

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

### **Proprietary Fund Types**

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

#### **Enterprise Fund**

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

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

*Public Housing* – The Authority owns, operates and maintains 677 units of Public Housing. The properties were acquired through bonds and notes guaranteed by HUD and through grants, subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD. Capital funds provided by HUD are used to maintain and improve this Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these modernization grant funds.

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

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

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

*Project Choice* – Drug and alcohol prevention programs provided to children residing in the Housing Authority projects

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

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority has elected not to implement any such guidance after such date.

**Capital Assets**

Capital assets over the Authority's capitalization threshold of \$1,000 are recorded at cost and depreciated using the straight-line method over an estimated useful life of the assets. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5	Buildings – non residential	40
Building improvements	15	Furniture – dwelling	7
Furniture – non-dwelling	7	Equipment – dwelling	5
Equipment – non-dwelling	7	Autos and trucks	5
Computer hardware	3	Computer software	3
Leasehold improvements	15	Land improvements	15

### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

### **Compensated Absences**

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The compensated absences are expensed when earned with the amount reported as a fund liability.

### **Budgetary Accounting**

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development (HUD). This budget is submitted approved by the Board of the Housing Authority and submitted to HUD.

### **Estimates**

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

### **Receivables – net of allowance**

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectible receivables was \$35,071 at September 30, 2011. Receivables do not include approximately \$132,000 of Section 8 fraud recovery funds whereby limited collections are expected, but cannot be reasonably estimated.

### **Inventory**

Inventory consists of supplies and maintenance parts carried at cost and are expensed as they are consumed. The allowance for obsolete inventory was \$35,892 at September 30, 2011.

### **Accounting and Reporting for Nonexchange Transactions**

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

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

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

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

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specified period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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

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

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



**2. CASH AND CASH EQUIVALENTS:**

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority’s Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts.

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

Protection of Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

*Deposits* – As of September 30, 2011, the carrying amount of the Authority’s deposits totaled \$147,834 and its bank balances (excluding money market funds) were \$222,666. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of September 30, 2011, \$0 was exposed to custodial risk as discussed below, while \$222,666 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 101% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

*Investments* – At September 30, 2011, the Authority held amounts in money market funds and certificates of deposit listed below with a stated credit quality rating. Maturity dates of the funds’ securities are less than one year. Maturity dates of the certificates of deposit, which are placed in three different institutions, range from six months to two years.

<u>Description</u>	Fair Value / Carrying <u>Value</u>	Credit Rating (Standard & Poor’s) <u>&amp; Poor’s</u>
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Victory Federal Money Market Fund	\$1,221,185	AAAm
First Amer US Treas Money Market CI Y	\$23,097	
Huntington Bancshares Certificates of Deposit	\$470,912	

Interest rate risk is the risk of fair value losses arising from rising interest rates. The Ohio Revised Code generally limits investment to those having maturities within five years or less. The Authority has no limits on the amount the Authority may invest with one issuer.

*Component Units* – At December 31, 2011, each component unit maintains cash accounts at a single financial institution, respectively, where balances at times may exceed the \$250,000 insured limit. The Component Units also have escrows and reserves held by the mortgage lender, and the balances may exceed \$250,000.

### 3. NOTES RECEIVABLE:

#### **Hope VI Loan – Lincoln Park Phase IA**

The Authority executed a HOPE VI Loan Agreement in the amount of \$583,529 with Lincoln Park Housing Partnership LP for the development of 40 rental units (Phase IA) on March 22, 2007. The term of the loan promissory note began March 22, 2007 and continues until fifty (50) years from the first day of the month following the Substantial Completion Date as defined in the loan agreement. Each advance under the note bears interest during its term at the rate of 2% per annum, compounded annually. The loan is secured by an Open End Leasehold Mortgage and Security Agreement between Lincoln Park Housing Partnership LP (mortgagor) and the Authority (mortgagee). As a condition to providing funding for the loan, the Authority received the required Completion and Development Deficiency Guarantee from Penrose Properties LLC and Penrose Development LLC, each of whom is an affiliate of the general partner, Penrose GP LLC, of Lincoln Park Housing Partnership LP. Accrued interest receivable on this loan was \$47,383 at September 30, 2011.

The Authority executed an additional promissory note with the partnership in December 2008. The total loan amount the Authority agreed to lend LPHPLP is \$250,000 under the HOME Investment Partnership program with interest at 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Accrued interest receivable on this loan was \$7,188 at September 30, 2011.

#### **Hope VI Loan – Lincoln Park Phase IB**

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

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Park Housing Partnership II LP. Accrued interest receivable on this loan was \$38,560 at September 30, 2011.

The Authority executed an additional promissory note with the partnership in December 2008. The total loan amount the Authority agreed to lend LPHPIILP is \$750,000 under the HOME Investment Partnership program with interest at 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Accrued interest receivable on this loan was \$20,500 at September 30, 2011.

**Hope VI Loan – Lincoln Park Phase II**

The Authority executed a non-recourse construction and permanent loan, on March 4, 2009, with Lincoln Park Housing Partnership III LP, from Hope VI grant funds in the amount of \$4,251,152 for the development of 24 rental units (Phase II). Proceeds from the initial disbursement of the permanent loan were used to repay the predevelopment loan in full.

The Authority's permanent loan (\$4,251,152) bears interest at 0.25% per year with a 50-year term beginning upon the completion of construction, and requiring debt service due out of cash flow pursuant to a Regulatory and Operating Agreement. Proceeds of the loan are provided for Bond Loan repayment and are secured by a leasehold mortgage on the Development having second priority during construction until bonds are repaid and thereafter being a first priority leasehold mortgage. The balance due from the partnership at September 30, 2011 was \$4,144,713. Accrued interest receivable on this loan was \$14,679 at September 30, 2011.

**4. CAPITAL ASSETS:**

The following is a summary of changes in the Authority's capital assets for the year ended September 30, 2011:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Corrections</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,228,770	-	-	2,228,770
Capital assets being depreciated				
Buildings	25,806,895	-	(2,294,113)	23,512,782
Furniture and equipment	1,672,734	54,263	(120,388)	1,606,609
Leasehold improvements	2,336,936	229,577	2,294,113	4,860,626
	<u>29,816,565</u>	<u>283,840</u>	<u>(120,388)</u>	<u>29,980,017</u>
Accumulated depreciation				
Buildings	16,624,328	707,946	-	17,332,274
Furniture and equipment	820,950	170,991	(107,111)	884,830
Leasehold improvements	389,490	156,124	-	545,614
	<u>17,834,768</u>	<u>1,035,061</u>	<u>(107,111)</u>	<u>18,762,718</u>
Capital assets, net	\$ <u>14,210,567</u>	<u>(751,221)</u>	<u>(13,277)</u>	<u>13,446,069</u>

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The depreciation expense for the year ended September 30, 2011 was \$1,035,061.

The following is a summary of changes in the Component Units' capital assets for the period ended December 31, 2011:

LPHPLP	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets being depreciated				
Building	\$ 6,499,488	-	-	6,499,488
Furniture and equipment	161,461	-	-	161,461
Land improvements	215,457	-	-	215,457
Less accumulated depreciation	<u>(521,109)</u>	<u>(189,406)</u>	<u>-</u>	<u>(710,515)</u>
Capital assets, net	<u>\$ 6,355,297</u>	<u>(189,406)</u>	<u>-</u>	<u>6,165,891</u>
LPHPIILP	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets being depreciated				
Building	\$ 11,188,998	-	-	11,188,998
Furniture and equipment	322,707	-	-	322,707
Land improvements	510,233	-	-	510,233
Less accumulated depreciation	<u>(895,005)</u>	<u>(337,508)</u>	<u>-</u>	<u>(1,232,513)</u>
Capital assets, net	<u>\$ 11,126,933</u>	<u>(337,508)</u>	<u>-</u>	<u>10,789,425</u>
LPHPIIILP	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets being depreciated				
Building	\$ 5,520,819	-	-	5,520,819
Furniture and equipment	40,656	-	-	40,656
Land improvements	308,431	-	-	308,431
Less accumulated depreciation	<u>(200,819)</u>	<u>(157,507)</u>	<u>-</u>	<u>(358,326)</u>
Capital assets, net	<u>\$ 5,669,087</u>	<u>(157,507)</u>	<u>-</u>	<u>5,511,580</u>

**5. LONG-TERM LIABILITIES:**

The Authority borrowed \$1,000,000 from the City of Springfield under the HOME Investment Partnership program with interest at 1% per annum, compounded annually. No payments are to be made during the term of the loan. The balance of principal and interest are due on March 22, 2047. Funds from this loan were used to make HOME loans to the Component Units, as described in Note 3.

Long-term debt is as follows for the Component Units as of December 31, 2011:

	<b>Total Component</b>			
	<b>Unit</b>	<b>LPHPLP</b>	<b>LPHPILP</b>	<b>LPHPIILP</b>
First Mortgage Notes (A)	\$5,764,352	\$583,529	\$950,000	\$4,230,823
Second Mortgage Notes (A)	1,000,000	250,000	750,000	0
Fourth Mortgage Note (B)	815,258	815,258	0	0
<b>Total Long-Term Debt</b>	<b>\$7,579,610</b>	<b>\$1,648,787</b>	<b>\$1,700,000</b>	<b>\$4,230,823</b>

(A) Amounts due the Authority (see Note 3)

(B) The Ohio Housing Finance Agency has committed to lend a principal sum up to \$1,000,000 with interest at 2% per annum. The loan will be amortized over a ten year period with annual principal and interest payments of \$111,327. Accrued interest as of December 31, 2011 is \$17,688. The outstanding principal balance as of December 31, 2011 was \$815,258.

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

Changes in long-term liabilities are as follows for the periods ended September 30, 2011 and December 31, 2011, respectively:

<i>The Authority:</i>	Balance	Payments/			Balance		
	<u>09/30/10</u>	<u>Forfeits</u>	<u>Additions</u>		<u>09/30/11</u>	<u>Current</u>	<u>Non-current</u>
Compensated absences	\$ 177,644	5,073	-		172,211	43,053	129,158
Long-term debt	1,000,000	-	-		1,000,000	-	1,000,000
Other long-term liabilities	<u>51,125</u>	<u>-</u>	<u>26,492</u>		<u>77,617</u>	<u>-</u>	<u>77,617</u>
	<u>\$ 1,228,769</u>	<u>5,073</u>	<u>26,492</u>		<u>1,249,828</u>	<u>43,053</u>	<u>1,206,775</u>
<i>Component Units:</i>	Balance	Payments/			Balance		
	<u>12/31/10</u>	<u>Forfeits</u>	<u>Additions</u>		<u>12/31/11</u>	<u>Current</u>	<u>Non-current</u>
Long-term debt	\$ 7,672,730	93,120	-		7,579,610	-	7,579,610
Other long-term liabilities	<u>347,040</u>	<u>301,956</u>	<u>-</u>		<u>45,084</u>	<u>-</u>	<u>45,084</u>
	<u>\$ 8,019,770</u>	<u>395,076</u>	<u>-</u>		<u>7,624,694</u>	<u>-</u>	<u>7,624,694</u>

## **6. DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM:**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- a. The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan.
- b. The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- c. The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtaining by writing to the Ohio Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members are required to contribute 10.00 percent of their annual covered payroll to fund pension obligations and the Authority was required to contribute 14.00 percent of covered payroll during 2011. Total required contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records. The Authority's required contributions, including the pick up portion for certain employees for the periods ended September 30, 2011, 2010 and 2009 were \$293,033, \$299,779, and \$276,169, respectively.

## **7. POSTEMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM:**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) - a defined contribution plan; and the Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO plans. Members of the MD plan

do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to it eligible members and beneficiaries. Authority to establish and amend benefits is provided in chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The 2011 employer contribution rate was 14.00 percent of covered payroll. OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment benefits. The portion of employer contributions allocated to health care for members in the TP was 5.0% from March 1 through December 31, 2010 and 4% during the calendar year 2011. The portion of employer contributions allocated to health care for members in the CO was 4.23% from March 1 through December 31, 2010 and 6.05% during calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contribution for the years ended September 30, 2011, 2010 and 2009, which were used to fund post-employment benefits were \$83,724, \$117,770 and \$108,495 respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Prevention Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

## **8. RISK MANAGEMENT:**

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, vehicles and other liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

## **9. CONTINGENT LIABILITIES:**

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

The Authority is party to various legal proceedings from its normal course of business. No provision has been made in the financial statements for the effect, if any, of such contingencies. Although the outcome of these proceedings is not presently determinable, in the opinion of the Authority, the ultimate disposition of these matters will not materially affect the financial position of the Authority.

### **Inspector General Audit**

The Authority's American Recovery and Reinvestment Act of 2009 Public Housing Capital Fund Stimulus (formula) Recovery Act Funded Grant were audited by the Inspector General Office (IG) and the report was issued on September 30, 2011. The audit report included a finding that the Authority did not administer its capital fund grant in accordance with Recovery Act and HUD requirement. It specifically identified that the Authority did not properly obligated \$152,000 of the grant funds and it did not adequately monitor its contractors for the enforcement of labor standards. The IG recommendation was that the Director of HUD's Cleveland Office of Public Housing required the Authority to provide supporting documentation for \$110,580 of wages paid to its contractors. In addition, a recommendation was made to recapture \$152,000 in Recovery Act Capital Funds that was improperly obligated.

The Authority agreed that the \$152,000 were improperly obligated and did reimburse the program for this amount. The Authority is currently working with HUD Cleveland Office in attempt to resolve the \$110,580 finding. No liability was recorded in the financial statements for this amount since management is hopeful that this finding can be resolved.

## **10. CONCENTRATIONS:**

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

## **11. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES:**

The accompanying Schedule of Federal Awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.



**Springfield Metropolitan Housing Authority  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2011**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>		
<i>Direct Programs:</i>		
PHA Owned Housing:		
Public and Indian Housing (operating subsidiary)	14.850 a	\$ 2,032,574
ROSS	14.870	149,990
Public Housing Capital Fund (Cluster):		
Public Housing Capital Fund	14.872	788,973
Public Housing Capital Fund (ARRA funds)	14.884	78,993
Total Public Housing Capital Fund (Cluster)		<u>867,966</u>
		<u>3,050,530</u>
Housing Assistance Payments: Annual Contribution		
Housing choice vouchers	14.871	7,067,254
Mainstream vouchers	14.879	153,419
Shelter Plus Care	14.238	115,182
		<u>7,335,855</u>
Total Direct Programs		<u>10,386,385</u>
<i>Passed through City of Springfield:</i>		
HOME Investment Partnership Program	14.239	<u>12,113</u>
Total U.S. Department of Housing and Urban Development		10,398,498
<u>U.S. Department of Health and Human Services:</u>		
<i>Passed through Ohio Department Alcohol, Drug Addiction Services</i>		
<i>Passed through Mental Health and Recovery Board of Clark,</i>		
<i>Madison and Greene Counties:</i>		
Block Grant for Prevention and Treatment of Substance Abuse	93.959	<u>38,228</u>
Total - all programs		\$ <u><u>10,436,726</u></u>



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**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**

Board of Commissioners  
Springfield Metropolitan Housing Authority

I have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Springfield Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2011, which collectively comprise the Springfield Metropolitan Housing Authority, Ohio, basic financial statements and have issued my report thereon dated March 29, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I did not audit the financial statements of the component units of the Springfield Metropolitan Housing Authority, which statements reflect total assets of 52.0 percent of the total assets as of December 31, 2011 and total operating revenues constituting 4.0 percent of total operating revenues for the year then ended. These statements were audited by other auditors and these auditors have reported to you on the legal compliance and internal control over financial reporting of the component units. Accordingly, this report does not address the legal compliance and internal control over financial reporting of the component units of the Springfield Metropolitan Housing Authority.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Springfield Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

**Compliance and Other Matters**

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

I noted certain matters that I have reported to management of Springfield Metropolitan Housing Authority in a separate letter dated March 29, 2012.

This report is intended for the information of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.  
March 29, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Commissioners  
Springfield Metropolitan Housing Authority

**Compliance**

I have audited the compliance of the Springfield Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. Springfield Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Springfield Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Springfield Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my 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 OMB Circular A-133. Those standards and OMB Circular A-133 require that I 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 Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Springfield Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Springfield Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2011. However, the results of my auditing procedures disclosed instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-SMHA-1 through 2011-SMHA-3.

**Internal Control Over Compliance**

The management of Springfield Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Springfield Metropolitan Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on

compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Springfield Metropolitan 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.

My 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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, I identified certain deficiency in internal control over compliance that I consider to be significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-SMHA-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiency 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.

Springfield Metropolitan Housing Authority, Ohio responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Springfield Metropolitan Housing Authority, Ohio responses and, accordingly, I express no opinion on the responses.

This report is intended for the information of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.  
March 29, 2012

Springfield Metropolitan Housing Authority  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505  
 September 30, 2011

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	Yes
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$313,102 Type B: All Others
Low Risk Auditee?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no Findings or questioned costs for the year ended September 30, 2011.

Springfield Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2011

<b>3. FINDINGS AND QUESTIONED COTS FOR FEDERAL AWARDS</b>
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FINDING NUMBER	2011-SMHA-1
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**Significant Deficiency - Negative HCV Unrestricted Net Asset**

**U.S. Department of HUD**

**Housing Choice Voucher Program (CFDA # 14.871)**

Condition: Audit procedures over the Housing Choice Voucher Program equity balances revealed that the housing authority reported negative unrestricted net asset of \$17,422.

Criteria: U.S. Department of Housing and Urban Development notice PIH 2006-03 issued on January 11, 2006 states:

“Starting January 1, 2005, excess budget authority disbursed to PHAs that is not utilized to pay Housing Assistance Payments (HAP) will become part of the undesignated fund balance account in accordance with GAAP and may only be used to assist additional families up to the number of units under contract...”

Effect: The result of negative unrestricted net asset is that administrative expenses were paid with restricted funds that can only be used for providing housing assistance payments which result in not been in compliance with HUD PIH 2006-03 notice.

Cause: A negative unrestricted net asset is the result of over expenditure in administration expenses.

Recommendation: Springfield Metropolitan Housing Authority must take action to reduce expenses to comply with the above requirement and reimburse the restricted HAP cash balance by the \$17,422.

Corrective Action Plan: SMHA has taking action and will continue to look at all possible means to reduce administration expenses without affecting clients' services.

Contact Person: Executive Director  
Resolution Date: Ongoing

Springfield Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2011

FINDING NUMBER	2011-SMHA-2
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**Compliance Finding - Cash Management**

**U.S. Department of HUD  
Low Rent Public Housing Program (CFDA # 14.850)**

Condition: Audit procedures over the financial data schedule filed with REAC revealed that housing authority had several large balances in the Interprogram due From/To line items. The Low Rent Public Housing Program reported in Line 144 – Interprogram Due From \$374,512 and line 347 – Interprogram Due To of \$1,163,394.

Criteria: HUD states that the Operating Fund was established for the purpose of making assistance available to PHAs for the operation and management of public housing. Transfers out of the Operating Fund can only occur in very limited circumstances ..... this would preclude PHAs from using operating subsidy funds to provide temporary loans to other programs within the PHA. Inter-fund transactions indicate the existence of temporary loans.

Effect: The large interprogram due to in the Low Rent Public Housing Program indicate that the PHA has a significant cash flows problem and needs to borrow funds from other programs to cover its operating costs. Also this resulted in large negative unrestricted Net Assets balance of \$902,905 as of September 30, 2011. In addition, audit procedures over vendor payments revealed several late fee were assess for not making timely payments.

Cause: Oversight by previous management staff to address financial deficits of the agency.

Recommendation: Management needs to evaluate current expenses and take necessary steps to reduce costs were possible.

Corrective Action Plan: The new management staff have taking several steps in reducing costs and will continue to look at all possible means to further cut expenses.

Contact Person: Executive Director  
Resolution Date: Ongoing



Springfield Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2011

FINDING NUMBER	2011-SMHA-3
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**Compliance Finding – Procurement**

**U.S. Department of HUD  
Low Rent Public Housing Program (CFDA # 14.850)  
Capital Fund Program (CFDA # 14.872)**

Condition: Audit procedures over procurement process for awarding contracts during the fiscal year revealed that the Agency did not followed proper procurement policy.

Criteria: HUD handbook 7460.8 Rev 2 and the PHA procurement policy specifically identify procedures to be followed for awarding contracts over certain dollar amount.

Effect: The Agency did not follow the HUD handbook or its own procurement policy in awarding the following contracts:

- \$20,000 contract for the preparation of fiscal department policies and procedures. No procurement process followed.
- \$30,000 elevator service maintenance contract. No procurement process followed.
- \$80,980 for boiler replacement at AMP 21-24. Procurement file provided for the award of this contract revealed the following errors:
  - o Due to the time restraints in meeting the obligation requirement of the CFP Grant, the solicitation process was not advertised. Four companies were invited to submit the proposal. This is not an acceptable reason for not properly advertising the solicitation.
  - o The independent estimate amount for the work to be performed was estimated at \$40,000. The lowest bid received was for \$80,980. No explanation or documentation was provided to explain why the bid amounts received exceeded the independent estimate by more than double.
  - o Scoring for the evaluation of the bids received was not calculated correctly. The forms provided revealed that the points awarded for cost were not distributed correctly or uniformly. One of the evaluation form revealed that the lowest bidder did not receive the full points and the second lowest bid received the full points.

Cause: No explanation was provided as to why proper procurement procedures were not followed for the award of the above contracts.

Springfield Metropolitan Housing Authority  
Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505  
September 30, 2011

FINDING NUMBER	2011-SMHA-3 Cont'd
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Recommendation: The PHA must follow the HUD procurement handbook and its internal policy for awarding all contracts.

Corrective Action Plan: HUD procurement guide is now been followed.

Contact Person: Procurement Officer  
Resolution Date: Ongoing

Springfield Metropolitan Housing Authority  
Schedule of Prior Audit Findings  
September 30, 2011

The audit report for the fiscal year ending September 30, 2010 contained no audit findings.

Springfield Metropolitan Housing Authority  
 Supplemental Financial Data Schedules  
 Statement of Net Assets  
 September 30, 2011

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Mainstream Vouchers 14.879	Section 8 Vouchers 14.871	HOME Funds 14.239	Shelter Plus Care 14.238	Project Choice 93.959	HOPE VI 14.866	ARRA 14.884	ROSS 14.870	Central Office Cost Center	Eliminations	Total
<b>ASSETS</b>													
111	Cash - unrestricted	\$ -	-	-	-	-	-	-	-	-	85,915	-	85,915
112	Cash-restricted-modernization and dev	\$ 48,300	-	-	-	-	-	-	-	-	-	-	48,300
113	Cash - other restricted	16,270	3,960	1,130,079	4,244	10,107	-	31,805	-	-	-	-	1,196,465
114	Cash - tenant security deposits	61,436	-	-	-	-	-	-	-	-	-	-	61,436
100	Total cash	<u>126,006</u>	<u>3,960</u>	<u>1,130,079</u>	<u>4,244</u>	<u>10,107</u>	<u>-</u>	<u>31,805</u>	<u>-</u>	<u>-</u>	<u>85,915</u>	<u>-</u>	<u>1,392,116</u>
122	Accounts receivable - HUD other project	9,581	-	-	-	-	-	-	-	9,448	-	-	19,029
124	Accounts receivable - other state local	-	-	-	-	3,441	-	-	-	-	-	-	3,441
125	Accounts receivable - miscellaneous	-	-	-	-	-	16,641	-	-	-	-	-	16,641
126	A/R Tenants - dwelling rents	109,594	-	-	-	-	-	-	-	-	-	-	109,594
126.1	Allowance for doubtful accounts	(35,071)	-	-	-	-	-	-	-	-	-	-	(35,071)
129	Accrued interest receivable	-	-	-	-	-	-	131,984	-	-	-	-	131,984
120	Total accounts receivable	<u>84,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,441</u>	<u>16,641</u>	<u>131,984</u>	<u>-</u>	<u>9,448</u>	<u>-</u>	<u>-</u>	<u>245,618</u>
132	Investments - restricted	-	-	-	-	-	-	470,912	-	-	-	-	470,912
142	Prepaid expenses and other assets	51,736	725	12,991	-	-	87	17,955	-	-	10,843	-	94,337
143	Inventories	137,554	-	-	-	-	-	-	-	-	-	-	137,554
143	Allowance for obsolete inventory	(35,892)	-	-	-	-	-	-	-	-	-	-	(35,892)
144	Interprogram due from	374,512	36,540	2,958	-	-	-	23,523	-	-	766,181	(1,203,714)	-
150	Total current assets	<u>738,020</u>	<u>41,225</u>	<u>1,146,028</u>	<u>4,244</u>	<u>13,548</u>	<u>16,728</u>	<u>676,179</u>	<u>-</u>	<u>9,448</u>	<u>862,939</u>	<u>(1,203,714)</u>	<u>2,304,645</u>
161	Land	1,881,721	-	-	-	-	-	197,229	-	-	149,820	-	2,228,770
162	Buildings	23,512,782	-	-	-	-	-	-	-	-	-	-	23,512,782
163	Furniture and equipment - dwellings	863,063	-	-	-	-	-	-	-	-	2,734	-	865,797
164	Furniture and equipment - admin	262,575	-	14,050	-	-	-	65,271	-	-	398,916	-	740,812
168	Infrastructure	2,501,261	-	-	-	-	-	2,359,365	-	-	-	-	4,860,626
166	Accumulated depreciation	(17,780,492)	-	(13,720)	-	-	-	(596,481)	-	-	(372,025)	-	(18,762,718)
160	Total fixed assets, net	<u>11,240,910</u>	<u>-</u>	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,025,384</u>	<u>-</u>	<u>-</u>	<u>179,445</u>	<u>-</u>	<u>13,446,069</u>
172	Notes receivable, long term	-	-	-	-	-	-	6,678,242	-	-	-	-	6,678,242
174	Other assets	-	-	-	-	-	-	-	-	-	-	-	-
180	Total non-current assets	<u>11,240,910</u>	<u>-</u>	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,703,626</u>	<u>-</u>	<u>-</u>	<u>179,445</u>	<u>-</u>	<u>20,124,311</u>
190	Total assets	<u>\$ 11,978,930</u>	<u>41,225</u>	<u>1,146,358</u>	<u>4,244</u>	<u>13,548</u>	<u>16,728</u>	<u>9,379,805</u>	<u>-</u>	<u>9,448</u>	<u>1,042,384</u>	<u>(1,203,714)</u>	<u>22,428,956</u>

Springfield Metropolitan Housing Authority  
 Supplemental Financial Data Schedules  
 Statement of Net Assets  
 September 30, 2011

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Mainstream Vouchers 8	Section 8 Vouchers 14.871	HOME Funds 14.239	Shelter Plus Care 14.238	Project Choice 93.959	HOPE VI 14.866	ARRA 14.884	ROSS 14.870	Central Office Cost Center	Eliminations	Total
<b>LIABILITIES</b>													
311	Bank overdraft	\$ -	-	104,952	-	-	1,180	-	-	-	-	-	106,132
312	Accounts payable >=90 days	127,251	3	11,971	-	-	-	259	-	2,460	22,821	-	164,765
321	Accrued wages/payroll taxes	51,950	1,109	22,801	-	-	2,089	2,375	-	3,296	16,998	-	100,618
322	Accrued compensated absences, current	35,892	70	4,006	-	-	-	-	-	-	3,085	-	43,053
325	Accrued interest payable	-	-	-	-	-	-	27,688	-	-	-	-	27,688
331	Accounts payable - HUD	-	-	-	171	-	-	-	-	-	-	-	171
341	Tenant security deposits	61,436	-	-	-	-	-	-	-	-	-	-	61,436
342	Deferred revenue	3,842	-	-	-	-	-	-	-	-	-	-	3,842
345	Other current liabilities	-	-	-	-	-	-	-	-	-	2,341	-	2,341
346	Accrued liabilities - other	73,235	-	3,133	-	-	400	-	-	-	7,570	-	84,338
347	Interprogram due to	1,163,394	-	-	-	1,421	8,661	-	-	6,161	24,077	(1,203,714)	-
310	Total current liabilities	1,517,000	1,182	146,863	171	1,421	12,330	30,322	-	11,917	76,892	(1,203,714)	594,384
353	Noncurrent liabilities - other	16,249	-	61,368	-	-	-	-	-	-	-	-	77,617
354	Accrued compensated absences, non-current	107,676	210	12,016	-	-	-	-	-	-	9,256	-	129,158
355	Loan liability	-	-	-	-	-	-	1,000,000	-	-	-	-	1,000,000
350	Total noncurrent liabilities	123,925	210	73,384	-	-	-	1,000,000	-	-	9,256	-	1,206,775
300	Total liabilities	1,640,925	1,392	220,247	171	1,421	12,330	1,030,322	-	11,917	86,148	(1,203,714)	1,801,159
<b>NET ASSETS</b>													
508	Invested in capital assets, net of related debt	11,240,910	-	330	-	-	-	2,025,384	-	-	179,445	-	13,446,069
511	Restricted net assets	-	3,960	979,918	4,244	10,107	-	502,717	-	-	-	-	1,500,946
512	Unrestricted net assets	(902,905)	35,873	(54,137)	(171)	2,020	4,398	5,821,382	-	(2,469)	776,791	-	5,680,782
513	Total equity	10,338,005	39,833	926,111	4,073	12,127	4,398	8,349,483	-	(2,469)	956,236	-	20,627,797
600	Total liabilities and equity	\$ 11,978,930	41,225	1,146,358	4,244	13,548	16,728	9,379,805	-	9,448	1,042,384	(1,203,714)	22,428,956

**Springfield Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended September 30, 2011**

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Mainstream Vouchers 14.879	Section 8 Vouchers 14.871	HOME Funds 14.239	Shelter Plus Care 14.238	Project Choice 93.959	HOPE VI 14.866	ARRA 14.884	ROSS 14.870	Central Office Cost Center	Eliminations	Total
<b>REVENUE</b>													
703	Net tenant rental revenue	\$ 1,033,023	-	-	-	-	-	-	-	-	-	-	1,033,023
704	Tenant revenue - other	96,858	-	-	-	-	-	-	-	-	-	-	96,858
705	Total tenant revenue	1,129,881	-	-	-	-	-	-	-	-	-	-	1,129,881
706	PHA HUD grants	2,640,015	153,419	7,067,254	12,113	115,182	-	-	26,280	149,990	-	-	10,164,253
706.1	Capital grants	181,532	-	-	-	-	-	-	52,713	-	-	-	234,245
707	Fee revenue	-	-	-	-	-	-	-	-	-	459,276	(459,276)	-
708	Other government grants	-	-	-	-	-	38,228	-	-	-	-	-	38,228
711	Investment income - unrestricted	148	-	62	-	-	-	41,995	-	-	5	-	42,210
720	Investment income - restricted	-	-	62	-	-	-	4,615	-	-	-	-	4,677
714	Fraud recovery	-	-	24,552	-	-	-	-	-	-	-	-	24,552
715	Other revenue	38,264	-	1,347	-	-	-	-	-	-	267,599	-	307,210
716	Gain on sale of capital assets	6,577	-	6,700	-	-	-	-	-	-	-	-	13,277
	Total revenue	3,996,417	153,419	7,099,977	12,113	115,182	38,228	46,610	78,993	149,990	726,880	(459,276)	11,958,533
<b>EXPENSES</b>													
911	Administrative salaries	321,179	19,613	380,878	1,692	6,607	2,728	12,288	-	74,376	306,159	-	1,125,520
912	Auditing fees	33,450	-	8,074	-	-	-	-	-	-	9,296	-	50,820
913	Management and book-keeping fees	435,144	-	-	-	-	-	-	24,132	-	-	(459,276)	-
914	Advertising and marketing	1,056	-	548	-	-	-	-	-	-	5,449	-	7,053
915	Employee benefit contribution - admin	154,508	6,967	155,356	-	-	5,677	19,399	-	4,422	117,938	-	464,267
916	Office expenses	118,267	-	44,427	-	495	-	2,899	3,318	1,736	38,516	-	209,658
917	Legal services	14,945	-	148	-	-	-	-	-	-	33,445	-	48,538
918	Travel	6,954	-	242	-	-	-	-	-	51	6,314	-	13,561
919	Other administrative	143,480	-	21,120	-	-	-	-	-	1,363	19,385	-	185,348
921	Tenant services - salaries	-	-	11,429	-	-	29,017	-	-	43,314	-	-	83,760
923	Employee benefit contrib - ten svcs	2,290	4	4,884	-	-	894	-	-	25,615	-	-	33,687
924	Tenant services - other	10,251	-	28,087	-	-	1,629	17,853	-	11,587	220	-	69,627
931	Water	214,607	-	216	-	-	-	-	-	-	6,839	-	221,662
932	Electricity	293,887	-	3,045	-	-	-	-	-	-	17,811	-	314,743
933	Gas	180,768	-	1,221	-	-	-	-	-	-	13,582	-	195,571
941	Ord maintenance/op-labor	501,075	-	-	-	-	-	-	-	-	15,184	-	516,259
942	Ord maintenance/op - materials	100,226	-	2,432	-	-	-	147	-	-	1,657	-	104,462
943	Ord maintenance/op - cont costs	404,806	-	5,413	-	-	-	30	1,380	-	12,525	-	424,154
945	Emp benefit contrib - ord main	211,653	-	-	-	-	-	-	-	-	3,099	-	214,752
952	Protective services - other cont costs	21,085	-	-	-	-	-	-	-	-	-	-	21,085
961	Insurance premiums	166,070	-	5,357	-	-	-	-	-	-	7,143	-	178,570
962	Other general expenses	360,343	-	10,910	-	-	-	1,498	-	-	19,617	-	392,368
968	Severance expense	17,062	-	958	-	-	-	-	-	-	3,833	-	21,853
964	Bad debts - tenant rents	73,083	-	-	-	-	-	-	-	-	-	-	73,083
967	Interest expense	-	-	-	-	-	-	10,000	-	-	-	-	10,000
969	Total operating expenses	3,786,189	26,584	684,745	1,692	7,102	39,945	64,114	28,830	162,464	638,012	(459,276)	4,980,401
<b>EXCESS REVENUE OVER OPERATING EXPENSES</b>													
		\$ 210,228	126,835	6,415,232	10,421	108,080	(1,717)	(17,504)	50,163	(12,474)	88,868	-	6,978,132

Springfield Metropolitan Housing Authority  
 Supplemental Financial Data Schedules  
 Statement of Revenues, Expenses and Changes in Net Assets  
 Year Ended September 30, 2011

FDS Line Item	Account Description	Low Rent Public Housing 14.850a	Mainstream Vouchers 14.879	Section 8 Vouchers 14.871	HOME Funds 14.239	Shelter Plus Care 14.238	Project Choice 93.959	HOPE VI 14.866	ARRA 14.884	ROSS 14.870	Central Office Cost Center	Total
	EXCESS REVENUE OVER											
970	OPERATING EXPENSES	\$ 210,228	126,835	6,415,232	10,421	108,080	(1,717)	(17,504)	50,163	(12,474)	88,868	6,978,132
972	Casualty losses - non capitalized	10,852	-	1,414	-	-	-	-	-	-	848	13,114
973	Housing Assistance Payments	12,225	151,912	5,980,810	9,014	108,130	-	-	-	-	-	6,262,091
974	Depreciation expense	859,333	-	221	-	-	-	163,245	-	-	12,262	1,035,061
	Total expenses	<u>882,410</u>	<u>178,496</u>	<u>6,667,190</u>	<u>10,706</u>	<u>115,232</u>	<u>39,945</u>	<u>227,359</u>	<u>28,830</u>	<u>162,464</u>	<u>651,122</u>	<u>7,948,278</u>
	EXCESS OF REVENUE											
1000	OVER EXPENSES	(672,182)	(25,077)	432,787	1,407	(50)	(1,717)	(180,749)	50,163	(12,474)	75,758	(332,134)
1103	Beginning equity	10,692,052	64,910	493,324	2,666	12,177	6,115	8,530,232	271,107	17,626	869,722	20,959,931
1104	Transfers of equity	318,135	-	-	-	-	-	(321,270)	-	(7,621)	10,756	-
	Ending equity	\$ <u>10,338,005</u>	<u>39,833</u>	<u>926,111</u>	<u>4,073</u>	<u>12,127</u>	<u>4,398</u>	<u>8,349,483</u>	<u>-</u>	<u>(2,469)</u>	<u>956,236</u>	<u>20,627,797</u>

**Springfield Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Balance Sheet**  
**Asset Management Properties**  
**September 30, 2011**

FDS Line Item	Account Description	021-21	021-22	021-23	021-24	021-25	021-26	021-27	021-28	Eliminations	Total
	<b>ASSETS</b>										
112	Cash-restricted-modernization	\$ -	13,721	14,115	10,232	10,232	-	-	-	-	48,300
113	Cash - other restricted	-	263	12,294	3,261	452	-	-	-	-	16,270
114	Cash - tenant security deposits	-	9,338	16,394	17,401	18,303	-	-	-	-	61,436
100	Total cash	<u>-</u>	<u>23,322</u>	<u>42,803</u>	<u>30,894</u>	<u>28,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,006</u>
122	Accounts receivable - HUD other project	-	1,664	1,580	4,792	1,545	-	-	-	-	9,581
126	AVR Tenants - dwelling rents	-	36,806	21,162	12,080	39,546	-	-	-	-	109,594
126	Allowance for doubtful accounts	-	(11,778)	(6,772)	(3,866)	(12,655)	-	-	-	-	(35,071)
120	Total accounts receivable	<u>-</u>	<u>26,692</u>	<u>15,970</u>	<u>13,006</u>	<u>28,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,104</u>
142	Prepaid expenses and other assets	-	11,326	11,085	13,332	14,990	315	437	251	-	51,736
143	Inventories	-	23,223	33,267	42,166	38,898	-	-	-	-	137,554
143	Allowance for obsolete inventory	-	(3,921)	(8,045)	(12,926)	(11,000)	-	-	-	-	(35,892)
144	Interprogram due from	155,909	-	144,991	-	-	5,790	46,116	21,706	-	374,512
150	Total current assets	<u>155,909</u>	<u>80,642</u>	<u>240,071</u>	<u>86,472</u>	<u>100,311</u>	<u>6,105</u>	<u>46,553</u>	<u>21,957</u>	<u>-</u>	<u>738,020</u>
161	Land	-	210,838	378,548	734,473	557,862	-	-	-	-	1,881,721
162	Buildings	-	6,170,016	5,485,889	5,636,857	6,220,020	-	-	-	-	23,512,782
163	Furniture and equipment - dwellings	-	522,985	96,523	111,347	117,277	6,743	7,199	989	-	863,063
164	Furniture and equipment - admin	-	41,054	44,378	110,465	66,678	-	-	-	-	262,575
168	Infrastructure	-	290,616	649,185	1,121,028	440,432	-	-	-	-	2,501,261
166	Accumulated depreciation	-	(4,803,349)	(3,896,195)	(4,720,337)	(4,350,044)	(5,018)	(5,246)	(303)	-	(17,780,492)
160	Total fixed assets, net	<u>-</u>	<u>2,432,160</u>	<u>2,758,328</u>	<u>2,993,833</u>	<u>3,052,225</u>	<u>1,725</u>	<u>1,953</u>	<u>686</u>	<u>-</u>	<u>11,240,910</u>
190	Total assets	\$ <u>155,909</u>	<u>2,512,802</u>	<u>2,998,399</u>	<u>3,080,305</u>	<u>3,152,536</u>	<u>7,830</u>	<u>48,506</u>	<u>22,643</u>	<u>-</u>	<u>11,978,930</u>



Springfield Metropolitan Housing Authority  
Supplemental Financial Data Schedules  
Balance Sheet (Continued)  
Asset Management Properties  
September 30, 2011

FDS Line Item	Account Description	21-21	21-22	21-23	21-24	21-25	21-26	21-27	21-28	Eliminations	Total
	<b>LIABILITIES</b>										
312	Accounts payable >=90 days	\$ -	26,711	38,064	33,172	29,293	4	5	2	-	127,251
321	Accrued wages/payroll taxes	-	12,242	12,938	9,958	13,749	952	1,386	725	-	51,950
322	Accrued compensated absences, current	-	5,089	12,405	5,691	11,628	331	508	240	-	35,892
341	Tenant security deposits	-	9,338	16,394	17,401	18,303	-	-	-	-	61,436
342	Deferred revenue	-	-	990	2,852	-	-	-	-	-	3,842
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	20,156	16,010	18,803	18,266	-	-	-	-	73,235
347	Interprogram due to	-	381,737	49,058	658,389	74,036	52	89	33	-	1,163,394
310	Total current liabilities	-	455,273	145,859	746,266	165,275	1,339	1,988	1,000	-	1,517,000
353	Noncurrent liabilities - other	-	263	12,273	3,261	452	-	-	-	-	16,249
354	Accrued compensated absences, non-current	-	15,266	37,216	17,072	34,884	994	1,525	719	-	107,676
350	Total noncurrent liabilities	-	15,529	49,489	20,333	35,336	994	1,525	719	-	123,925
300	Total liabilities	-	470,802	195,348	766,599	200,611	2,333	3,513	1,719	-	1,640,925
	<b>NET ASSETS</b>										
508	Invested in capital assets, net of related debt	-	2,432,160	2,758,328	2,993,833	3,052,225	1,725	1,953	686	-	11,240,910
512	Unrestricted net assets	155,909	(390,160)	44,723	(680,127)	(100,300)	3,772	43,040	20,238	-	(902,905)
513	Total equity	155,909	2,042,000	2,803,051	2,313,706	2,951,925	5,497	44,993	20,924	-	10,338,005
600	Total liabilities and equity	\$ 155,909	2,512,802	2,998,399	3,080,305	3,152,536	7,830	48,506	22,643	-	11,978,930

Springfield Metropolitan Housing Authority  
Supplemental Financial Data Schedules  
Statement of Income  
Asset Management Properties  
Year Ended September 30, 2011

FDS Line Item	Account Description	21-21	21-22	21-23	21-24	21-25	21-26	21-27	21-28	Total
	<b>REVENUE</b>									
703	Net tenant rental revenue	\$ -	149,491	317,168	257,502	308,862	-	-	-	1,033,023
704	Tenant revenue - other	-	18,230	20,623	25,380	32,625	-	-	-	96,858
705	Total tenant revenue	-	167,721	337,791	282,882	341,487	-	-	-	1,129,881
706	PHA HUD grants	-	517,145	674,334	615,581	547,469	99,206	119,004	67,276	2,640,015
706.1	Capital grants	-	2,550	103,879	36,699	38,404	-	-	-	181,532
711	Investment income - unrestricted	-	37	37	37	37	-	-	-	148
715	Other revenue	-	623	1,588	26,116	9,935	1	1	-	38,264
716	Gain or loss on sale of capital assets	-	652	4,583	1,342	-	-	-	-	6,577
	Total revenue	-	688,728	1,122,212	962,657	937,332	99,207	119,005	67,276	3,996,417
	<b>EXPENSES</b>									
911	Administrative salaries	-	74,377	74,445	74,318	80,289	5,325	9,053	3,372	321,179
912	Auditing fees	-	8,376	8,926	8,074	8,074	-	-	-	33,450
913	Management and book-keeping fees	-	87,065	123,464	111,759	112,856	-	-	-	435,144
914	Advertising and marketing	-	282	270	255	249	-	-	-	1,056
915	Employee benefit contribution - admin	-	37,781	40,468	35,845	37,077	1,001	1,702	634	154,508
916	Office expenses	-	28,624	29,917	31,964	27,435	110	110	107	118,267
917	Legal services	-	5,224	1,957	4,669	3,095	-	-	-	14,945
918	Travel	-	1,591	1,413	2,015	1,935	-	-	-	6,954
919	Other administrative	-	54,326	47,969	21,198	19,987	-	-	-	143,480
923	Employee benefit contrib - ten svcs	-	-	-	-	-	801	763	726	2,290
924	Tenant services - other	-	277	1,801	5,445	571	719	719	719	10,251
931	Water	-	42,201	53,534	67,699	51,173	-	-	-	214,607
932	Electricity	-	70,999	72,366	65,382	85,140	-	-	-	293,887
933	Gas	-	57,683	41,964	39,912	41,209	-	-	-	180,768
941	Ord maintenance/op-labor	-	107,860	153,809	117,827	121,579	-	-	-	501,075
942	Ord maintenance/op - materials	-	21,197	23,899	27,510	27,614	2	2	2	100,226
943	Ord maintenance/op - cont costs	-	77,684	75,920	148,077	102,405	218	371	131	404,806
945	Emp benefit contrib - ord main	-	44,866	67,700	46,283	52,804	-	-	-	211,653
952	Protective services - other cont costs	-	4,961	5,679	5,255	5,190	-	-	-	21,085
961	Insurance premiums	-	26,786	41,071	53,571	44,642	-	-	-	166,070
962	Other general expenses	-	23,391	20,097	6,828	17,737	95,591	137,388	59,311	360,343
968	Severance expense	-	12,015	-	5,047	-	-	-	-	17,062
964	Bad debts - tenant rents	-	20,841	11,844	19,376	21,022	-	-	-	73,083
969	Total operating expenses	-	808,407	898,513	898,309	862,083	103,767	150,108	65,002	3,786,189
	<b>EXCESS REVENUE OVER OPERATING EXPENSES</b>	\$ -	(119,679)	223,699	64,348	75,249	(4,560)	(31,103)	2,274	210,228

Springfield Metropolitan Housing Authority  
Supplemental Financial Data Schedules  
Statement of Income  
Asset Management Properties  
Year Ended September 30, 2011

FDS Line Item	Account Description	21-21	21-22	21-23	21-24	21-25	21-26	21-27	21-28	Total
	EXCESS REVENUE OVER									
970	OPERATING EXPENSES	\$ -	(119,679)	223,699	64,348	75,249	(4,560)	(31,103)	2,274	210,228
972	Casualty losses - non capitalized	-	848	848	1,423	7,733	-	-	-	10,852
973	Port-out HAP payments	-	-	9,823	1,950	452	-	-	-	12,225
974	Depreciation expense	-	276,791	197,787	178,300	201,765	2,152	2,304	234	859,333
	Total expenses	<u>-</u>	<u>1,086,046</u>	<u>1,106,971</u>	<u>1,079,982</u>	<u>1,072,033</u>	<u>105,919</u>	<u>152,412</u>	<u>65,236</u>	<u>882,410</u>
	EXCESS OF REVENUE									
1000	OVER EXPENSES	-	(397,318)	15,241	(117,325)	(134,701)	(6,712)	(33,407)	2,040	(672,182)
1103	Beginning equity	155,909	2,199,408	2,761,987	2,406,603	3,063,476	10,891	75,256	18,522	10,692,052
	Transfers from (to) programs	-	239,910	25,823	24,428	23,150	1,318	3,144	362	318,135
	Ending equity	<u>\$ 155,909</u>	<u>2,042,000</u>	<u>2,803,051</u>	<u>2,313,706</u>	<u>2,951,925</u>	<u>5,497</u>	<u>44,993</u>	<u>20,924</u>	<u>10,338,005</u>

Springfield Metropolitan Housing Authority  
Supplemental Financial Data Schedules  
Balance Sheets  
Discretely Presented Component Units  
December 31, 2011

FDS Line Item	Account Description	Lincoln Park Housing Partnership LP	Lincoln Park Housing Partnership II LP	Lincoln Park Housing Partnership III LP	Total
	<b>ASSETS</b>				
111	Cash - unrestricted	\$ 2,641	12,985	49,502	65,128
113	Cash - other restricted	250,028	465,245	198,437	913,710
114	Cash - tenant security deposits	8,167	12,950	3,564	24,681
100	Total cash	<u>260,836</u>	<u>491,180</u>	<u>251,503</u>	<u>1,003,519</u>
125	Accounts receivable - miscellaneous	-	-	156	156
126	AVR Tenants - dwelling rents	5	4	-	9
120	Total accounts receivable	<u>5</u>	<u>4</u>	<u>156</u>	<u>165</u>
142	Prepaid expenses and other assets	5,857	9,602	4,068	19,527
150	Total current assets	<u>266,698</u>	<u>500,786</u>	<u>255,727</u>	<u>1,023,211</u>
162	Buildings	6,499,488	11,188,998	5,520,819	23,209,305
163	Furniture and equipment - dwellings	161,461	322,707	40,656	524,824
165	Land improvements	215,457	510,233	308,431	1,034,121
166	Accumulated depreciation	(710,515)	(1,232,513)	(358,326)	(2,301,354)
160	Total fixed assets, net	<u>6,165,891</u>	<u>10,789,425</u>	<u>5,511,580</u>	<u>22,466,896</u>
174	Other assets	228,859	195,949	248,846	673,654
180	Total non-current assets	<u>6,394,750</u>	<u>10,985,374</u>	<u>5,760,426</u>	<u>23,140,550</u>
190	Total assets	<u>\$ 6,661,448</u>	<u>11,486,160</u>	<u>6,016,153</u>	<u>24,163,761</u>
	<b>LIABILITIES</b>				
312	Accounts payable >=90 days	\$ 41,585	17,586	8,025	67,196
325	Accrued interest payable	71,823	59,054	18,686	149,563
341	Tenant security deposits	8,167	12,950	3,564	24,681
342	Deferred revenue	108	104	66	278
310	Total current liabilities	<u>121,683</u>	<u>89,694</u>	<u>30,341</u>	<u>241,718</u>
352	Long-term debt, net of current portion	1,648,787	1,700,000	4,230,823	7,579,610
353	Noncurrent liabilities - other	-	20,084	25,000	45,084
350	Total noncurrent liabilities	<u>1,648,787</u>	<u>1,720,084</u>	<u>4,255,823</u>	<u>7,624,694</u>
300	Total liabilities	<u>1,770,470</u>	<u>1,809,778</u>	<u>4,286,164</u>	<u>7,866,412</u>
	<b>NET ASSETS</b>				
508	Invested in capital assets, net of related debt	4,517,104	9,089,425	1,280,757	14,887,286
512	Unrestricted net assets	373,874	586,957	449,232	1,410,063
513	Total equity	<u>4,890,978</u>	<u>9,676,382</u>	<u>1,729,989</u>	<u>16,297,349</u>
600	Total liabilities and equity	<u>\$ 6,661,448</u>	<u>11,486,160</u>	<u>6,016,153</u>	<u>24,163,761</u>

**Springfield Metropolitan Housing Authority**  
**Supplemental Financial Data Schedules**  
**Statement of Income**  
**Discretely Presented Component Units**  
**Year Ended December 31, 2011**

FDS Line Item	Account Description	Lincoln Park Housing Partnership LP	Lincoln Park Housing Partnership II LP	Lincoln Park Housing Partnership III LP	Total
	<b>REVENUE</b>				
703	Net tenant rental revenue	\$ 152,926	223,914	106,479	483,319
704	Tenant revenue - other	1,772	3,607	22,221	27,600
705	Total tenant revenue	<u>154,698</u>	<u>227,521</u>	<u>128,700</u>	<u>510,919</u>
711	Investment income - unrestricted	201	268	-	469
715	Other revenue (capital contributions)	111,294	41,630	138,496	291,420
	Total revenue	<u>266,193</u>	<u>269,419</u>	<u>267,196</u>	<u>802,808</u>
	<b>EXPENSES</b>				
911	Administrative salaries	16,731	28,157	10,549	55,437
912	Auditing fees	6,485	3,485	9,485	19,455
913	Management fee	21,598	32,722	14,056	68,376
914	Advertising and marketing	1,337	1,856	1,031	4,224
915	Employee benefit contribution - admin	6,008	9,392	3,301	18,701
916	Other operating - administrative	12,382	21,215	11,092	44,689
917	Legal services	2,037	1,645	852	4,534
918	Travel	3,550	5,425	2,494	11,469
921	Tenant services - salaries	8,263	10,296	4,769	23,328
931	Water	19,551	20,082	11,696	51,329
932	Electricity	11,934	4,631	1,199	17,764
933	Gas	2,892	2,288	675	5,855
938	Other utility expenses	9,496	14,993	5,481	29,970
941	Ord maintenance/op-labor	19,601	25,907	10,327	55,835
942	Ord maintenance/op - materials	3,289	3,655	1,442	8,386
943	Ord maintenance/op - grounds	12,017	20,189	8,440	40,646
943	Ord maintenance/op - cont costs	24,358	22,350	9,178	55,886
961	Insurance premiums	11,366	18,482	7,429	37,277
962	Other general expenses	1,879	8,259	910	11,048
964	Bad debts - tenant rents	1,577	1,990	366	3,933
	Amortization	11,616	11,992	10,132	33,740
967	Interest expense	33,137	17,485	10,604	61,226
969	Total operating expenses	<u>241,104</u>	<u>286,496</u>	<u>135,508</u>	<u>663,108</u>
	<b>EXCESS REVENUE OVER OPERATING EXPENSES</b>	<u>25,089</u>	<u>(17,077)</u>	<u>131,688</u>	<u>139,700</u>
974	Depreciation expense	189,406	337,508	157,507	684,421
	Total expenses	<u>430,510</u>	<u>624,004</u>	<u>293,015</u>	<u>1,347,529</u>
	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>(164,317)</u>	<u>(354,585)</u>	<u>(25,819)</u>	<u>(544,721)</u>
1000	Beginning equity	5,055,295	10,030,967	1,755,808	16,842,070
1103	Ending equity	<u>\$ 4,890,978</u>	<u>9,676,382</u>	<u>1,729,989</u>	<u>16,297,349</u>

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# Dave Yost • Auditor of State

SPRINGFIELD METROPOLITAN HOUSING AUTHORITY

CLARK COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 16, 2012