

5-Year PHA Plan (for All PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals, and objectives for serving the needs of low-income, very low-income, and extremely low-income families.

Applicability. The Form HUD-50075-5Y is to be completed once every 5 PHA fiscal years by all PHAs.

A.	PHA Information.								
A.1	<div><div>PHA Name: Somerville Housing Authority</div><div>PHA Code: MA031</div><div>PHA Plan for Fiscal Year Beginning: (MM/YYYY): 04/2025</div><div>The Five-Year Period of the Plan (i.e., 2019-2023): 2025-2029</div><div>Plan Submission Type <input checked="" type="checkbox"/> 5-Year Plan Submission <input type="checkbox"/> Revised 5-Year Plan Submission</div><div>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information on the PHA policies contained in the standard Annual Plan, but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and the main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official websites. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</div><div>How the public can access this PHA Plan: SHA's PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and PHA Plan are available for inspection by the public at the SHA Administrative Office, 30 Memorial Road, Somerville, MA 02145, our website, www.sha-web.org and at the following housing developments (AMPs): Mystic View, 5 Canal Lane; Brady Towers, 252 Medford Street; Ciampa Manor, 27 College Avenue; Highland Garden, 114 Highland Avenue; Properzi Manor, 13 Warren Avenue; Weston Manor, 15 Weston Avenue, Somerville, MA. Copies of the proposed PHA Plan have been provided to LTOs and RAB. Upon approval, the final PHA Plan will replace the draft PHA Plan and will be made available at the SHA Administrative Office, AMPs, and at www.sha-web.org.</div><div><input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below.)</div><table><tr><th rowspan="2">Participating PHAs</th><th rowspan="2">PHA Code</th><th rowspan="2">Program(s) in the Consortia</th><th rowspan="2">Program(s) not in the Consortia</th><th colspan="2">No. of Units in Each Program</th></tr><tr><th>PH</th><th>HCV</th></tr></table></div>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV
Participating PHAs	PHA Code					Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
		PH	HCV						
B.	Plan Elements. Required for all PHAs completing this form.								
B.1	<div>Mission. State the PHA's mission for serving the needs of low- income, very low- income, and extremely low- income families in the PHA's jurisdiction for the next five years.</div> <div>The SHA shares the HUD mission of creating strong, sustainable, inclusive communities and quality affordable housing for all.</div>								
B.2	<div>Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low- income, very low-income, and extremely low-income families for the next five years.</div> <div>The SHA continues redevelopment of the Clarendon Hill Apartment Development and the development of Waterworks II LIHTC project to create additional affordable units in the City. The Authority will continue efforts to modernize public housing units, including accessible units, through a hybrid force account labor program. The SHA continues to work with partner agencies to stabilize tenancies through participation in emergency rental assistance programs and by improving eviction prevention measures with area service providers. SHA housing managers and resident services staff will have access to onsite office space to provide better connection to and communication with our residents. SHA will continue Family Self Sufficiency efforts in leased and public housing programs. SHA continues to expend available resources to improve and preserve our housing stock. The Authority is committed to investments in public safety including updating the emergency preparedness and evacuation plans, upgrading surveillance systems, expanding capabilities of the SHA Police Department, and holding listening sessions with our residents. SHA is installing wi-fi infrastructure at several developments to provide low cost access to residents. The Authority is also committed to energy conservation and decarbonization. Construction of off-site solar for net metering credits is in initial stages. The Authority is working to install Electric Vehicle (EV) charges stations in two developments as part of a pilot study to provide EV stations in low-income areas. SHA is working with the City of Somerville to perform energy conservation and decarbonization studies at up to four high-rise developments.</div>								
B.3	<div>Progress Report. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.</div>								

	<p>The SHA has made progress in the following goals included in the FYB 2020 5-Year Plan: Unit renovation, including accessible units, under a force account labor model is ongoing with thirty (30) units completed to date. Tenancy preservation activities are consistent with strong relationships in place with area service providers and City housing departments. Communication between housing management, resident services, and service providers has improved to provide more proactive assistance. Redevelopment of the Clarendon Hills Development to replace 216 state-aided public housing units is active and construction is ongoing. The project will add 80 new income restricted units. Construction of the Waterworks II project is in construction phase and will deliver 21 new affordable units to the SHA portfolio.</p>
B.4	<p>Violence Against Women Act (VAWA) Goals. Provide a statement of the PHA's goals, activities objectives, policies, or programs that will enable the PHA to serve the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking.</p> <p>See attached VAWA policy inclusive of goals and objectives of the Somerville Housing Authority. Policy has the following principal goals and objectives: A. Maintaining compliance with all applicable legal requirements imposed by VAWA; B. Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, sexual assault or stalking who are assisted by SHA; C. Providing and maintaining housing opportunities for victims of domestic violence, dating violence, stalking and sexual assault; D. Creating and maintaining collaborative arrangements between SHA, law enforcement authorities, victim service providers, and others to promote the safety and well-being of victims of actual and threatened domestic violence, dating violence, sexual assault and stalking, who are assisted by SHA; and E. Taking appropriate action in response to an incident or incidents of domestic violence, dating violence, sexual assault or stalking, affecting individuals assisted by SHA.</p>
C.	<p>Other Document and/or Certification Requirements.</p>
C.1	<p>Significant Amendment or Modification. Provide a statement on the criteria used for determining a significant amendment or modification to the 5-Year Plan.</p> <p>See attached definition of significant amendment to the 5-Year Plan Definition of Significant Amendment or Modification to the Agency Plan 1. The Housing Authority of the City of Somerville (SHA) considers a major change in the content of the 2023 Agency Plan to consist of one or more of the following: Revision(s) that impacts LIPH or HCV Waiting List preferences and selection sequence, changes in LIPH lease provisions, LIPH or HCV rent calculations, or LIPH Grievances Procedures or HCV Informal Hearing Procedures. 2. Modifications to the LIPH Capital Fund Program by adding a new non-emergency work item exceeding 25% of the total CFP Grant for that specific year. 3. Amendments to the Project-based Voucher (PBV) allocation under which the SHA intends to provide PBV assistance under 24 CFR 983 regulatory requirements. 4. Revisions to LIPH policies on pets. 5. Conversion of any LIPH Property to homeownership. 6. Submission of a Demolition and Disposition Application to the Special Application Center (SAC) under the requirements of Section 18 of the 1937 Housing Act and 24 CFR 970 regulatory requirements. 7. Modification to Community Service Requirements. 8. Submission of a revised Allocation Plan for Designated Housing to the U.S. Department of Housing & Urban Development (HUD) that alters the overall set-aside targets for elderly, disabled or near elderly. For this fiscal year, the following actions are NOT to be considered major Amendment or Modification to the Agency Plan. These matters have been identified for the RAB as part of the process resulting in the baseline Housing Agency Plan for FY 2024. 1. Revisions to the Housing Choice Voucher (HCV) Program Administrative Plan to address program integrity, customer service and to implement policies and procedures to improve management of program utilization levels. 2. Revisions to the LIPH Admission & Continued Occupancy Policy (ACOP) to address program integrity and improve customer service. 3. Changes to the ACOP to implement new program requirements and options under the Housing Opportunities through Modernization Act (HOTMA). 4. Revisions to screening standards for both LIPH and HCV Programs considering any changes in Massachusetts Law or best practices concerning applicant qualification for a unit offer. 5. Decisions to open or close an LIPH or HCV waiting list or waiting list category for a specific period. 6. Clarifications to written tenant selection procedures for unit offers pursuant to LIPH properties covered by the HUD Approved Allocation Plan for Designated Housing. 7. More detailed policies and procedures for use of HCV resources provided by the U.S Department of Housing & Urban Development specifically as mitigation of LIPH waiting list impacts of the HUD approved Allocation Plan for Designated Housing.</p>
C.2	<p>Resident Advisory Board (RAB) Comments.</p> <p>(a) Did the RAB(s) have comments to the 5-Year PHA Plan? Y <input type="checkbox"/> N <input checked="" type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the 5-Year PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations</p>
C.3	<p>Certification by State or Local Officials.</p> <p>Form HUD-50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
C.4	<p>Required Submission for HUD FO Review.</p> <p>(a) Did the public challenge any elements of the Plan? Y <input type="checkbox"/> N <input checked="" type="checkbox"/></p> <p>(b) If yes, include Challenged Elements.</p>
D.	<p>Affirmatively Furthering Fair Housing (AFFH).</p>
D.1	<p>Affirmatively Furthering Fair Housing. (Non-qualified PHAs are only required to complete this section on the Annual PHA Plan. All qualified PHAs must complete this section.)</p> <p>Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Fair Housing Goal: SHA is not required to submit an AFH but will address obligations pursuant to 24 CFR 903.7(o)(3) as enacted.</p> </div>

Describe fair housing strategies and actions to achieve the goal

Section intentionally left blank

Form identification: MA031-Somerville Housing Authority form HUD-50075-5Y (Form ID - 1663) printed by Adam Garvey in HUD Secure Systems/Public Housing Portal at 11/05/2024 12:54PM EST

Streamlined Annual PHA Plan (High Performer PHAs)	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 03/31/2024
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, including changes to these policies, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families

Applicability. The Form HUD-50075-HP is to be completed annually by **High Performing PHAs**. PHAs that meet the definition of a Standard PHA, Troubled PHA, HCV-Only PHA, Small PHA, or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** - A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers and was designated as a high performer on both the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceed 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceed 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.								
A.1	<p>PHA Name: <u>Somerville Housing Authority</u> PHA Code: <u>MA031</u></p> <p>PHA Type: <input checked="" type="checkbox"/> High Performer</p> <p>PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>04/2025</u></p> <p>PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above)</p> <p>Number of Public Housing (PH) Units <u>584</u> Number of Housing Choice Vouchers (HCVs) <u>1341</u></p> <p>Total Combined <u>1925</u></p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. In addition to the items listed in this form, PHAs must have the elements listed below readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. Additionally, the PHA must provide information on how the public may reasonably obtain additional information of the PHA policies contained in the standard Annual Plan but excluded from their streamlined submissions. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.</p> <p>How the public can access this PHA Plan: SHA's PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and PHA Plan are available for inspection by the public at the SHA Administrative Office, 30 Memorial Road, Somerville, MA 02145, our website, www.sha-web.org and at the following housing developments (AMPs): Mystic View, 5 Canal Lane; Brady Towers, 252 Medford Street; Ciampa Manor, 27 College Avenue; Highland Garden, 114 Highland Avenue; Properzi Manor, 13 Warren Avenue; Weston Manor, 15 Weston Avenue, Somerville, MA. Once approved, the final PHA Plan will replace the draft PHA Plan and will be made available at the SHA Administrative Office, AMPs, and at www.sha-web.org.</p> <p><input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)</p> <table><tr><th rowspan="2">Participating PHAs</th><th rowspan="2">PHA Code</th><th rowspan="2">Program(s) in the Consortia</th><th rowspan="2">Program(s) not in the Consortia</th><th colspan="2">No. of Units in Each Program</th></tr><tr><th>PH</th><th>HCV</th></tr></table>	Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV
Participating PHAs	PHA Code					Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
		PH	HCV						

B.	Plan Elements.
B.1	<p>Revision of Existing PHA Plan Elements. (a) Have the following PHA Plan elements been revised by the PHA since its last Annual PHA Plan submission?</p> <p>Y N</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification.</p> <p>(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):</p> <p>Statement of Housing Needs and Strategy for Addressing Housing Needs. Statement updated for housing needs and waitlist statistics</p> <p>Financial Resources. Statement of Financial Resources updated for current year estimates</p> <p>(c) The PHA must submit its Deconcentration Policy for Field Office review.</p> <p>Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions. The SHA has not changed the Deconcentration Policy - policy is attached as exhibit 2;</p>
B.2	<p>New Activities. (a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan</p> <p>Project Based Vouchers. The SHA plans to issue PBV's to create up to 54 family sized units as part of the Clarendon Hill redevelopment project, which will replace 216 state-aided public housing units and add 80 net new income-restricted rental units. The construction of the new Mystic Water Works II building is scheduled for financial closing in the winter of 2025, with construction starting thereafter. The project is managed through the Construction Manager at Risk process. This project would add up to 21 affordable housing units for elderly households earning up to 80% of AMI.</p>
B.3	<p>Progress Report. Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan. The SHA has made progress in the following goals included in the FYB 2020 5-Year Plan: Unit renovation, including accessible units, under a force account labor model is ongoing with thirty (30) units completed to date. Tenancy preservation activities are consistent with strong relationships in place with area service providers and City housing departments. Communication between housing management, resident services, and service providers has improved to provide more proactive assistance. Redevelopment of the Clarendon Hills Development to replace 216 state-aided public housing units is active and construction is ongoing. The project will add 80 new income restricted units. Construction of the Waterworks II project is in construction phase and will deliver 21 new affordable units to the SHA portfolio.</p>
B.4	<p>Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan in EPIC and the date that it was approved. 5-Year action plan for fiscal years 2024 to 2028 was approved on September 9, 2024.</p>
B.5	<p>Most Recent Fiscal Year Audit. (a) Were there any findings in the most recent FY Audit? Y <input checked="" type="checkbox"/> N <input type="checkbox"/></p> <p>(b) If yes, please describe: The most recent audit for fiscal year ended March 31, 2023 included one (1) finding in the Housing Choice Voucher Program related to eligibility and</p>

	rent calculations. In three (3) instances, reexaminations in review were not maintained with the tenant documentation. In four (4) instances, verification of income was missing or outdated. See audit report for SHA corrective actions.
C.	Other Document and/or Certification Requirements.
C.1	Resident Advisory Board (RAB) Comments. (a) Did the RAB(s) have comments to the PHA Plan? Y <input type="checkbox"/> N <input checked="" type="checkbox"/> (b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. Will update and include comments received prior to final plan submission
C.2	Certification by State or Local Officials. <u>Form HUD 50077-SL, Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</u> , must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.3	Civil Rights Certification/ Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan. Form HUD-50077-ST-HCV-HP, <i>PHA Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations Including PHA Plan Elements that Have Changed</i> , must be submitted by the PHA as an electronic attachment to the PHA Plan.
C.4	Challenged Elements. If any element of the PHA Plan is challenged, a PHA must include such information as an attachment with a description of any challenges to Plan elements, the source of the challenge, and the PHA's response to the public. (a) Did the public challenge any elements of the Plan? Y <input type="checkbox"/> N <input checked="" type="checkbox"/> If yes, include Challenged Elements.
D.	Affirmatively Furthering Fair Housing (AFFH).
D.1	Affirmatively Furthering Fair Housing (AFFH). Provide a statement of the PHA's strategies and actions to achieve fair housing goals outlined in an accepted Assessment of Fair Housing (AFH) consistent with 24 CFR § 5.154(d)(5). Use the chart provided below. (PHAs should add as many goals as necessary to overcome fair housing issues and contributing factors.) Until such time as the PHA is required to submit an AFH, the PHA is not obligated to complete this chart. The PHA will fulfill, nevertheless, the requirements at 24 CFR § 903.7(o) enacted prior to August 17, 2015. See Instructions for further detail on completing this item. <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>Fair Housing Goal: SHA is not required to submit an AFH but will address obligations pursuant to 24 CFR 903.7(o)(3) as enacted.</p> <p><u><i>Describe fair housing strategies and actions to achieve the goal</i></u></p> <p>SHA is not required to submit an AFH but will address obligations pursuant to 24 CFR 903.7(o)(3) as enacted.</p> </div>

Form identification: MA031-Somerville Housing Authority Form HUD-50075-HP (Form ID - 2561)
printed by Adam Garvey in HUD Secure Systems/Public Housing Portal at 11/05/2024 12:51PM EST

Statement of Housing Needs and Strategy for Addressing Housing Needs.

According to the City of Somerville's *FY2018-2022 Consolidated Plan*, the overwhelming housing problem facing the residents of Somerville is a housing cost burden. The housing cost burden disproportionately impacts the city's low- and moderate-income residents. At the same time the city – and region – are experiencing historically low vacancy rates, and the Consolidated Plan cites a demographic trend of increasing single person households occupying all types of units, placing added pressure on supply, and reducing the availability of affordable family-sized units. According to the Consolidated Plan, this has caused many households to be forced into overcrowded conditions or be forced into units that are considered substandard.

The City of Somerville's *FY2018-2022 Consolidated Plan* and data from the Assessment of Fair Housing also cite that Black, Hispanic, Native American, and other non-Hispanic Somerville residents experience higher rates of the four housing problems – incomplete kitchen facilities, incomplete plumbing facilities, more than 2 persons per bedroom, and cost burden greater than 40% - than White and Asian or Pacific Islander Somerville residents. Just under 40% of Somerville residents in all the race/ethnicity categories experienced these issues.

Overall, the *Consolidated Plan* cites several contributing factors to the affordability crisis:

- Income and wage growth have not kept pace with the appreciation in housing costs and the standard cost of living.
- Federal resource programs such as the Housing Choice Voucher (HCV) Program, do not match the need experienced to compete with market rates.
- The appreciation in home sale asking prices has caused home-ownership to move further out of reach for low-income and moderate-income residents.
- The lack of vacant land ready to development and high per s/f costs for property for either rehabilitation, conversion from commercial to residential, and certainly demolition and new construction perpetuates the impediments to increasing the supply of not just affordable housing but any housing.
- Necessary infrastructure and public facility improvements (including water, sewer, and utilities) is also an obstacle to smart growth and new housing development.

As instructed in HUD’s Agency Plan Desk Guide, the SHA rated the impact of several factors on the housing needs of families in the jurisdiction, by family type.

Family types include: families with income less than or equal to 30 percent of area median income (AMI); families with income greater than 30 percent but less than or equal to 50 percent of AMI; families with income greater than 50 percent but less than 80 percent of AMI; elderly families; families with disabilities; and family type by race/ethnicity.

A rating of “1” indicates “no impact.” “5” indicates “severe impact.”

Housing Needs of Families in the Jurisdiction Served by the PHA							
Family Type	Overall	Affordability	Supply	Quality	Accessibility	Size	Location
Income <=30% AMI	5,175	5	5	4	3	4	4
Income >30% but <=50% AMI	3,600	5	5	4	3	4	4
Income >50% but <80% AMI	4,055	5	5	4	3	4	4
Elderly Families	6,425	5	5	3	4	3	4
Families with individuals with disabilities	6,351	5	5	3	4	4	4
Race – White	10,075	4	4	3	3	4	4
Race – Black	1,088	5	5	4	3	5	4
Race – Asian	1,195	4	4	3	3	4	4
Race – Native American	69	5	5	4	3	5	4
Race – Pacific Islander	4	4	4	3	3	4	4
Ethnicity – Hispanic	1,525	5	5	4	3	5	4

Data sources:

City of Somerville 2018-2022 Consolidated Plan, Housing Needs Assessment
US Census Data ACS 2014-2019

As instructed in HUD’s PHA Plan Desk Guide, the SHA compiled information about the families on the SHA’s Low Income Public Housing (LIPH) and Housing Choice Voucher (HCV) Program waiting lists. This information is provided below.

Housing Needs of Families on the Federal Public Housing Waiting List*			
	# of Families	% of Total Families	Annual Turnover
Waiting List Total	2,683		N/A
Extremely Low Income <=30% AMI	2,243	90%	
Very Low Income (>30% but <=50% AMI)	232	9%	
Low Income (>50% but <80% AMI)	22	1%	
Families with Children	735	27%	
Elderly Families	821	31%	
Families with Disabilities	895	33%	
Race – White	969	36%	
Race – Black	692	26%	
Race – Asian	101	4%	
Race – Alaska Native or American Indian	18	1%	
Race – Pacific Islander	1	0%	
Race – Other	902	34%	
Ethnicity – Hispanic	576	21%	
Ethnicity – Non-Hispanic	2,107	78%	
Characteristics by Bedroom Size			
0 BR	0	0%	
1 BR	1,781	66%	
<i>1 BR Elderly/Disabled subtotal</i>	<i>867</i>		
<i>1 BR detail: Family subtotal</i>	<i>914</i>		
2 BR	598	22%	
3 BR	243	9%	
4 BR	36	1%	
5+ BR	25	1%	
Is the Waiting List Closed?	No		

Source: PHA Web Waiting List Statistical Summary Report; data as of 9/8/2023

The SHA has 2,683 applicants on its LIPH Waiting List, which is an increase of 34% over the prior year. The greatest need for housing in the Public Housing program continues to be one-bedroom units, which is currently 1,781 applicants followed by two-bedroom units with 598 applicants. We continue to see the affordable one-bedroom demand continue to grow throughout our housing programs. An overwhelming majority of applicants (90%) report a household income at or below 30% of AMI.

Housing Needs of Families on the Housing Choice Voucher (HCV) Program Waiting List			
	# of Families	% of Total Families	Annual Turnover
Waiting List Total (local)	2,347		N/A
Extremely Low Income <=30% AMI	1,801	77%	
Very Low Income (>30% but <=50% AMI)	433	18%	
Low Income (>50% but <80% AMI)	97	4%	
Families with Children	541	23%	
Elderly Families	475	20%	
Families with Disabilities	434	18%	
Race – White	990	42%	
Race – Black	720	31%	
Race – Asian	179	8%	
Race – Alaska Native or American Indian	30	1%	
Race – Pacific Islander	22	1%	
Ethnicity – Hispanic	630	27%	
Is the Waiting List Closed?	No		

Source: SHA Waitlist Report, AffordableHousing.com; data as of 11/5/2024

The SHA has 2,347 local applicants on its HCV Waiting List. Approximately seventy-seven (77%) of these applicants report household income at or below thirty percent (30%) of the AMI.

The need for housing choice vouchers is spread amongst all family types – families with children, elderly, and families with an individual with a disability. Households in HCV housing search continue to experience impediments to finding units within the SHA’s payment standard.

To combat this hardship, effective August 1, 2023, the SHA adopted the Small Area Fair Market Rents (SAFMR) for Boston, Cambridge, and Somerville area codes to implement payment standards that are more fine-tuned to the local housing market.

As instructed in HUD’s PHA Plan Desk Guide, below are strategies and reasons for employing these strategies that the SHA will undertake in the coming year to address the needs outlined above.

Possible Strategies for Addressing Housing Needs	Indicates Adopted Strategies	Reasons for Employing Strategies
Maximize the number of affordable housing units available to the PHA within its current resources	X	The region has a severe shortage of accessible, affordable housing.
Increase the number of affordable housing units	X	Decrease homelessness and high rate of housing cost-burdened households.
Target available assistance to families at or below 30% of AMI	X	83% of the applicants on the SHA’s waiting lists earn below 30% of AMI.
Target available assistance to families at or below 50% of AMI	X	14% of the applicants on the SHA’s waiting lists earn between 30 and 50% of AMI.
Target available assistance to the elderly	X	The <i>Consolidated Plan</i> notes a need to ease housing cost burden for elderly households, many of whom are on fixed income and experience rising housing costs.
Target available assistance to families with disabilities	X	Individuals with disabilities can experience housing instability and/or barriers to accessibility.
Increase awareness of PHA resources among families of races and ethnicities with disproportionate need	X	SHA is committed to continuing to reach populations with disproportionate housing needs.

The following activities will support the above strategies for addressing housing needs for low-income individuals and families:

- Promote unit turnover within the SHA LIPH Program by improving the ability of economically stabilized households with the wherewithal to make the transition to become home-owners on a regional basis.
- Continue efforts to stabilize families by working with community partners to assist residents and promote workforce readiness through continued operation of SHA’s FSS Program and by funding provider grants for programs directly benefiting SHA residents.
- Continue to invest in capital expenditures at SHA-owned properties to ensure a marketable and healthy environments for eligible residents.
- Continue to make modifications to LIPH units to enhance accessibility and honor reasonable requests for physical accommodation(s) whenever possible.
- Track the impact of SAFMR implementation for SHA’s Housing Choice Voucher (HCV) Program. Consider seeking a waiver from the U.S. Department of Housing & Urban Development (HUD) to apply SAFMR HCV payment standards by census tract.
- Maximize the use of Project-based Vouchers under the regulatory requirements of 24 CFR 983 as a tool in the development of long-term affordable housing within the City of Somerville.
- Continue to promote collaboration with local service providers for distribution of information about housing and supportive service options.

(REFERRED TO IN PLAN AS EXHIBIT 3)
FINANCIAL RESOURCES
SOMERVILLE HOUSING AUTHORITY

Financial Resource: <u>PROJECTED/ESTIMATED 2025</u> Planned Sources and Uses		
Sources	Planned \$	Planned Uses
1. Federal Grants (FY2025 grants)		
a) Public Housing Operating Fund	3,104,655	Daily Operations
b) Public Housing Capital Fund 2024	1,763,310	Federal Mod
c) Annual Contribution SRO	133,056	Haps SRO 1& 3
12295 Tenant Based Assistance	24,192	Admin
135769188d) HOPE VI Demolition	0	
e) Annual Contribution for Section 8	23,479,289	Haps Sec 8 & Admin
Tenant –Based Assistance	1,939,678	
f) Annual Contribution for Mainstream	2,219,732	Haps Mainstream &
Tenant –Based Assistance	248,152	Admin
g) Resident Opportunity and Self		Resident Services
Sufficiency Grants		
ROSS FSS	191,987	
ROSS 3 year	245,850	
h) Community Development Block Grant	N/A	
i) HOME	N/A	
Other Federal Grants (list below)		
2. Prior Year Federal Grants		
(un-obligated funds only) (list below)		
Capital Fund 2022	1,869,978	P H Capital Improvements
Capital Fund 2023	1,876,219	P H Capital Improvements
		elevators
3. Public Housing Dwelling Rental	4,191,996	PH OPERATIONS
Income		
4. Other income (list below)		
Excess Utility		
Miscellaneous / Laundry Receipts	12,922	PH OPERATIONS
Investment	8,700	PH OPERATIONS
5. Non-Federal Sources		
Non dwelling rent: rooftop antenna leases	433,375	PH OPERATIONS
Total Resources	37,534,281	

SOMERVILLE HOUSING AUTHORITY
Admissions Policy for Deconcentration

The Somerville Housing Authority (SHA) has adopted a policy for non-implementation of Deconcentration. The SHA has only one (1) Federal Family development, Mystic View Apartments MA031-1 therefore, is not required to comply with Section 513.

BOARD RESOLUTION
NOVEMBER 10, 1999

In accordance with the 1998 Housing Reform Act/ the Quality Housing and Work Responsibility Act of 1998 (QHWRA), the Somerville Housing Authority acknowledges Section 513 of this Act.

Section 513 imposes provisions for deconcentration and income mixing, by bringing higher income tenants into lower income public housing developments and bringing lower income residents into higher income public housing developments with in all Federal family housing developments.

The Somerville Housing Authority has only one Federal family development and will automatically meet this requirement.

Therefore, the Somerville Housing Authority does not need to make revisions to its Admission and Continued Occupancy Policy (ACOP) since it is already in compliance, and;

Therefore, the Somerville Housing Authority is in compliance with the HUD requirement for public housing authorities to immediately develop this policy within 120 days of October 21, 1999, the Final Rule date of the Quality Housing and Work Responsibility Act.

EXHIBIT 4 ANNUAL PLAN 2025

SOMERVILLE HOUSING AUTHORITY

RENT COLLECTION POLICY

I. POLICY STATEMENT

This policy is adopted by the Somerville Housing Authority (SHA) and applies to all residents in both state and federal housing. It addresses the manner in which residents must pay their monthly rent and the consequences of late payment or non-payment of rent due to SHA. This policy is consistent with the laws of the Commonwealth of Massachusetts, HUD regulations, EOHLC regulations, and SHA's Dwelling Leases. The SHA is committed to enforcing this policy in an equitable and non-discriminatory manner.

The Rent Collection Policy is designed to achieve the following goals:

- Maintain the SHA's resident accounts receivable at no more than 5%.
- Clarify for both resident and staff, the SHA's posture with regard to rent collection.
- Establish guidelines extending Repayment Agreements in appropriate circumstances as defined by the SHA or for retroactive rent charges.
- Streamline and simplify the legal process used by SHA.

II. MONTHLY RENT

In accordance with HUD regulations, residents of federal developments are charged 30% of their monthly adjusted income for rent. Adjusted income is calculated by deducting from gross income allowable expenses, such as childcare and medical, as well as deductions for dependents and elderly households. Eligibility for specific allowances depends upon the tenant's individual circumstances.

Residents of state elderly/handicapped developments who pay no utilities are charged 30% of net monthly income and residents of family developments who pay no utilities are charged 32% of net monthly income.

In state developments where utilities are paid by the resident, a resident's share of rent is based on 30% of income in family housing and 25% of income in elderly/handicapped housing. (*See Section IV below*).

In federal developments where utilities are paid by the resident, a utility allowance is deducted from the rent. In federal developments where residents provide a refrigerator an allowance is deducted from the rent. (*See Section IV below*).

III. RENT PAYMENTS

Rent shall be paid by (1) mailing to SHA's Lock Box at Eastern Bank to: Somerville Housing Authority, Post Office Box 277, Medford, MA 02155; (2) tendering in person at any Eastern Bank branch; or (3) by contacting the SHA Housing Manager to set up automatic payment from the resident's bank account. Residents when paying rent at the bank will include a rent coupon (which is obtained from the resident's housing manager) with their payment. Agencies which are paying rent on behalf of a resident may mail or hand-deliver the rent to the SHA's Administrative Office, who will date-stamp a copy of the payment and, upon request, provide a receipt. Agencies may also pay rent on behalf of a tenant via electronic deposit.

Rent is due and payable on the first of each month. However, where a resident receives a monthly benefit on third day of the month (e.g. SSDI) or such other day within the first seven days of the month, then upon the resident's request, the due date shall be the first business day following the scheduled receipt of the benefit. Additionally, a resident may request, in writing, an alternative rent payment schedule (such as paying twice per month in accordance with receipt of income) which request shall not be unreasonably denied. In the event that the resident shall fail to pay all or any part of the rent within seven (7) days of its due date, the SHA may consider the unpaid rent delinquent and issue a Private Conference Notice. Except where Tenant (in state-aided public housing) has been habitually delinquent in paying rent and has had a prior opportunity for discussion within the prior six (6) months, the SHA shall provide the (state-aided public housing) Tenant with an opportunity to discuss the reason for the late payment. For all federal public housing tenants, the SHA shall offer the Tenant an opportunity to discuss the reason for the late payment of rent.

Inquiries about rents due and the collection process should be directed to the site management offices. These offices do not accept rent payments. Office hours and contact information will be posted on the SHA website and to site management offices. Where a manager is on vacation or other leave, the manager shall so indicate the dates of absence and person(s) covering on his/her telephone and email and posting in a location accessible to residents of that development.

Rent payment in full is required by the SHA. SHA does, however, reserve the right to accept partial payments.

The SHA provides residents with a grace period to pay their rent. Residents who have failed to make full payment by 4:00 PM on the seventh calendar day of each month are considered delinquent unless there is a different agreed upon rent payment schedule. If the seventh calendar day of the month falls on a weekend or holiday, rent will not be considered delinquent until 4:00 PM the next business day. Residents who pay their full rent but fail to pay miscellaneous charges properly due may also be subject to legal action in accordance with their Lease Agreement.

The SHA will not charge late fees (or interest) for a tenant's failure to pay rent when due.

IV. UTILITIES AND MISCELLANEOUS CHARGES

Utilities and quantities of such utilities to be supplied to each resident are included in the resident's monthly rent, with the following exceptions. Residents of Mystic View Apartments and James Corbett Apartments are responsible for direct payment of electric lighting services and residents of Mystic River Apartments are responsible for payment of their electric for cooking and lighting service. For all federal developments a \$25.00 per year charge will be added to the Total Tenant Payment of residents for each air conditioner installed by the household.

Other miscellaneous charges may be assessed to residents for damages to the premises, equipment therein, development buildings, facilities, or common areas caused by residents, household members, or guests¹. Normal wear and tear is expected. Where damage is caused by a perpetrator of domestic violence (and that person does not live in the unit or is removed from the unit), the resident will not be charged for such damage.

Residents shall be notified in writing of such other miscellaneous charges and the right and procedure to request a grievance hearing to contest said charges.

V. RENT DISPUTES

Residents of federal developments who wish to dispute the amount of rent or other charges billed may do so through the SHA's Grievance Procedure in effect at the time the grievance or appeal arises. Copies of the Grievance Procedure are posted in each management office and management staff can assist residents with informally settling the grievance and scheduling any subsequent hearing.

Pursuant to M.G.L. c.121B, §32 and the SHA lease for state-aided units, residents residing in state units are not provided an opportunity for a grievance hearing in the event of nonpayment of rent but they are provided the opportunity for a grievance hearing if they dispute the rent calculation

VI. RESTRICTIONS ON EVICTIONS BASED ON HIGH INCOME

The SHA shall not commence eviction proceedings or refuse to renew a lease based upon the income of the resident family unless:

1. (Federal developments) If, after January 1, 2025, a resident family is “over income” for 24 consecutive months, then their lease will be terminated in six months after the end of those 24 months and they will need to move. “Over income” is defined as having household income of more than 120% of the area median income for the Boston-Cambridge-Quincy area for that household size. This is explained in detail in Chapter 13 of the SHA’s Admissions and Continued Occupancy Policy.
2. (State developments) 32% (for family developments) or 30% (for elderly/disabled developments) of the Resident’s net household income equals or exceeds the fair market rent for Somerville under the Section 8 housing choice program and the Resident cannot show there to be a hardship that prevents relocation of the household to unsubsidized housing, thus allowing a 6-month exemption. If the Resident’s net household income decreases such that the 32 or 30% no longer equals or exceeds the applicable fair market rent, then any notice of tenancy termination shall be withdrawn.

VII. REPAYMENT AGREEMENTS

Where there are circumstances involving hardship and in cases of retroactive rent charges, SHA may enter into a "Repayment Agreement" extending the time allowed residents to make full payment of money that is owed. Repayment agreements are made at the discretion of the SHA and shall generally be in the form of a court ordered agreement for judgment. The SHA is under no obligation to approve and execute repayment agreements and does so only as an

¹ Where an apartment or building is scheduled for demolition or extensive rehabilitation, then Residents will not be assessed charges for such damage unless deliberately caused.

accommodation to residents or where otherwise required to do so by law (as in the case of a reasonable accommodation to a resident with a disability). Once a judgment is entered, residents failing to make the required court ordered payments may be subject to further action including eviction by SHA upon a court's allowance of a motion for issuance of execution after hearing.

Other unforeseen circumstances and income disruptions which typically pose financial hardships (e.g., loss of job, permanent discontinuation or reduction in benefits) entitle residents to request an interim reexamination. For federally-aided public housing, a rent reduction is effective the first of the month in which an income decrease was reported (where reported no later than the 15th of the month) and effective the first of the following month after the income decrease was reported (where reported after the 15th of the month), subject to the SHA obtaining verification of the change. For state-aided public housing, a rent reduction is effective on the first of the month following verification of the change but SHA will reduce the rent effective on the first day of the month following report of the change where the delay in verifications was not due to the fault of the tenant. Failure to report a decrease in income is generally not considered a hardship unless a medical reason or other extenuating circumstances existed which prevented the resident from reporting or verifying the decrease in income.

Residents who need assistance with financial problems may contact their Housing Manager for information and referral to community agencies. See Appendix A for possible sources of funding and services.

Where a Resident has complied with a repayment agreement and has not had a subsequent repayment agreement for two (2) years, the SHA shall indicate that the resident has timely paid rent on any request for a landlord reference.

VIII. SUMMARY PROCESS ACTION

Non-payment of rent is considered a serious violation of the Lease Agreement between the resident and the SHA. In all cases, SHA will aggressively pursue collection of the amount of rent due and eviction, if necessary. Action is taken against residents for only the amount of rent due. Collection for any physical damages to the unit and other charges (excluding court costs as stated below) are regarded as a separate matter. The following is a description of the steps taken and notices issued:

- In the event that Tenant shall fail to pay all or any part of the rent within seven (7) days of its due date, the SHA may consider the unpaid rent delinquent and issue a Notice to Quit. Prior to issuing such a notice, except where a state-aided public housing Tenant has been habitually delinquent in paying rent and has had a prior opportunity for discussion within the prior six (6) months, the SHA shall provide the Tenant with an opportunity to discuss the reason for the late payment at a Pre-Termination Conference and (for federally-aided public housing) a Grievance Hearing
- A Pre-Termination Conference Notice is prepared by the Housing Manager within seven (7) days of the rent being delinquent. The notice shall cite the lease violation. The notice schedules the time, date, and location of the conference. The notice is mailed to the resident.
- At the Pre-Termination Conference, the Housing Manager and the resident shall discuss the rent due. If a state-aided resident fails to pay the rent due at or before the Private Conference a thirty (30) day Notice to Quit will be served on the

Tenant via constable. If a federally-aided resident fails to pay the rent due at or before the Private Conference, then a summary of the private Conference (with notice of grievance rights) will be prepared and sent to the resident. The thirty (30) day Notice to Quit may be served on the federally aided resident only after the SHA receives a favorable decision after a grievance hearing or the time for the resident to request a grievance hearing has expired without such a request being made.

- The Notice to Quit shall cite the lease violation and is served by a constable to each delinquent resident. If the notice is left at the last and usual place of abode it must also be mailed to the resident. The City of Somerville's current Housing Stabilization Notice and any other required state notices will be served with the Notice to Quit.
- The Notice indicates that, for legal action to be discontinued, the rent due must be paid in full by the date by which an answer in a summary process action is due. . If a resident offers full payment of the rent due (including any subsequent month) by this date, the payment will be accepted, and no further action taken to evict the resident. Full payment may include a firm written commitment from an agency to pay the balance. If the rent is not paid in full by that due date, the SHA may proceed with legal action and may assess a fee covering court expenses for serving a Notice to Quit, serving summary process summons and complaint, and a filing fee. These court fees may be added to the total amount due from the resident.
- Once the Notice to Quit has expired, a summary process action is filed with the court to commence legal action. A summons is served upon the resident by a constable that requires the resident to make an appearance in court. Unless an agreement is reached between the SHA and tenant and filed with the court, the case is then heard by the Court, who will render a decision.
- If the Court rules in favor of the SHA, a judgment is awarded demanding payment. After ten days from the entry of judgment (and where there is no stay, pending appeal, or certain post-judgment motions), the SHA has the right to request a writ of execution for possession and on money judgment.
- If the resident does not vacate the leased premises or pay the SHA as the parties may agree, the SHA may levy the writ of execution for possession and on money judgment to forcible evict the tenant. The SHA will provide at least seven days notice of the date and time of the levy.

IX. DISCONTINUING EVICTION ACTION

The SHA is under no obligation to discontinue eviction proceedings once legal action has been initiated. However, it is not in the interest of either party for SHA to proceed with an eviction against a resident who is generally a prompt rent payer and has a positive rent-paying history.

X. RESIDENT EVICTION EXPENSES

Once a legal action has been filed in Court against a resident and the court rules in favor of the SHA, the resident may be subject to payment of constable fees, court filing costs and moving costs

associated with the eviction.

XI. VACATED RESIDENT DEBT

SHA reserves the right to pursue collection of all amounts properly due from residents evicted or voluntarily vacating SHA premises. The SHA will utilize all available means of collection, including referrals to credit bureaus, collection agencies and other court actions.

XII. UNCOLLECTABLE RESIDENT DEBT/DEBT WRITE-OFFS

On an annual basis, the Executive Director, in consultation with the Director of Finance and Legal Counsel will determine which tenant accounts receivable are uncollectable and will expense them off the financial books, subject to the approval of the SHA Board of Commissioners.

XIII. ENFORCEMENT OF THIS POLICY

This Policy is enforced by the staff and Legal Counsel, through the administrative grievance procedure (federal developments only) and the Somerville District Court or the Eastern Housing Court.

Adopted by the SHA Board of Commissioners on

APPENDIX A: COMMUNITY SUPPORT AGENCIES

HELP WITH RENTAL AND UTILITY ARREARS

Community Action Agency of Somerville (CAAS)

Housing Advocacy Program (HAP)

66-70 Union Square, Suite 104, Somerville, MA 02143

Apply at caasomerville.org/hap-application or call 617-623-7370

Somerville Homeless Coalition (SHC)

Address: 1 Davis Square, Somerville, MA 02144

Apply at somervillehomelesscoalition.org/rapid-response or call 617-623-6111

Metro Housing Boston – RAFT (Massachusetts Emergency Housing Payment Assistance)

1411 Tremont Street, Boston, MA 02120-3401

617-859-0400; Toll-Free: 800-272-0990

Apply at metrohousingboston.org

Just A Start

1035 Cambridge Street #12, Cambridge, MA 02141

Contact Housing Stabilization Case Manager Jamison Rudd at 617-918-7510 or

jamisonrudd@justastart.org

Somerville Office of Housing Stability (OHS)

City Hall Annex

50 Evergreen Avenue, Somerville, MA 02145

Submit a referral form at bit.ly/OHS-Referral or call at 617-625-6600, Ext. 2581

LEGAL ASSISTANCE AND ADVOCACY

Cambridge and Somerville Legal Services (CASLS)

60 Gore Street, Suite 203, Cambridge, MA 02141

617-603-2700

Community Action Agency of Somerville (CAAS)

66-70 Union Square, Suite 104, Somerville, MA 02143

Apply at caasomerville.org/hap-application or call 617-623-7370

De Novo Center for Justice and Healing

47 Thorndike Street, Cambridge, MA 02141

617-661-1010

Harvard Legal Aid Bureau

23 Everett Street, #1, Cambridge, MA 02138

617-495-4408

Open during school year (from September to April)

Updated 10/13/2023

Capital Fund Program - Five-Year Action Plan

Status: Approved Approval Date: 09/09/2024 Approved By: POPE , TALITHA

Part I: Summary						
PHA Name : Somerville Housing Authority		Locality (City/County & State)				
PHA Number: MA031		<input checked="" type="checkbox"/> Original 5-Year Plan <input type="checkbox"/> Revised 5-Year Plan (Revision No:)				
A.	Development Number and Name	Work Statement for Year 1 2024	Work Statement for Year 2 2025	Work Statement for Year 3 2026	Work Statement for Year 4 2027	Work Statement for Year 5 2028
	AUTHORITY-WIDE	\$615,641.95	\$615,641.95	\$615,641.95	\$615,641.95	\$615,641.95
	MYSTIC VIEW APT (MA031000311)	\$400,000.00	\$50,000.00		\$490,000.00	\$120,000.00
	BRADY TOWERS (MA031000319)	\$743,335.05	\$1,093,335.05	\$1,143,335.05	\$653,335.05	\$1,023,335.05

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 1 2024				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	AUTHORITY-WIDE (NAWASD)			\$615,641.95
ID0133	Administration(Administration (1410)-Other)	Administrative costs		\$175,897.70
ID0134	Operations(Operations (1406))	Routine Operating Costs		\$439,744.25
	MYSTIC VIEW APT (MA031000311)			\$400,000.00
ID0135	Mystic View - Roof Replacement Phase 4(Dwelling Unit-Exterior (1480)-Roofs)	Roof Replacement Mystic View		\$400,000.00
	BRADY TOWERS (MA031000319)			\$743,335.05
ID0144	Weston Manor Window Replacements Phase 2(Dwelling Unit-Exterior (1480)-Windows)	Replace second half of tenant windows at Weston Manor		\$395,000.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 1 2024				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
ID0158	(Force Account) Properzi Kitchens and Baths Phase 2 (Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Doors,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Plumbing)	Renovate kitchens and baths at Properzi Manor.		\$48,335.05
ID0171	Weston Exhaust Fans(Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Other)	Upgrade exhaust fans at Weston Manor		\$100,000.00
ID0183	Highland Garden Sprinkler Line(Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Other,Dwelling Unit-Interior (1480)-Plumbing)	Install sprinkler line and domestic water line at Highland Garden		\$200,000.00
	Subtotal of Estimated Cost			\$1,758,977.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 2 2025				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	BRADY TOWERS (MA031000319)			\$1,093,335.05
ID0140	Walk-In Shower Installs at Federal Elderly's(Dwelling Unit-Interior (1480)-Tubs and Showers)	Install new walk-in showers as needed at Federal Elderly buildings.		\$30,000.00
ID0142	(Force Account) Properzi Kitchen & Bath Renovations Phase 3(Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets)	Remove and install new kitchens and baths at Properzi Manor.		\$78,634.80
ID0143	(Force Account) Weston Manor Kitchen and Bath Renovations(Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks)	Remove and install new kitchen and baths at Weston Manor.		\$75,000.00
ID0147	Brady Towers Storm Door Replacement(Dwelling Unit-Exterior (1480)-Exterior Doors)	Remove and install new storm doors at Brady Towers.		\$111,971.50
ID0148	Ciampa Manor Storm Door Replacement(Dwelling Unit-Exterior (1480)-Exterior Doors)	Remove and install new storm doors at Ciampa Manor.		\$111,971.50
ID0159	Federal Elderly Intercoms Phase 3(Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Other)	Install new intercom systems in federal elderly buildings.		\$133,771.30

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 2 2025				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
ID0168	Highland Elevator Modernization(Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Mechanical)	Upgrade existing elevator at Highland Gardens		\$551,985.95
	MYSTIC VIEW APT (MA031000311)			\$50,000.00
ID0141	(Force Account) Ciampa Manor Kitchen and Baths Phase 7(Dwelling Unit-Interior (1480)-Appliances,Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets)	Replace the kitchen and baths in Ciampa Manor.		\$50,000.00
	AUTHORITY-WIDE (NAWASD)			\$615,641.95
ID0145	Admin(Administration (1410)-Other)	Administrative duties.		\$175,897.70
ID0146	Operations(Operations (1406))	Operational duties.		\$439,744.25
	Subtotal of Estimated Cost			\$1,758,977.00

Form HUD-50075.2(4/2008)

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 3 2026				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
ID0173	Federal Boiler Heatwatch Software(Dwelling Unit-Interior (1480)-Mechanical,Dwelling Unit-Interior (1480)-Other,Dwelling Unit-Interior (1480)-Plumbing)	Upgrade all federal boilers		\$107,000.00
ID0174	Walk In Shower Installs at Fedreal Elderly's(Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Other,Dwelling Unit-Interior (1480)-Plumbing)	New shower surrounds installations		\$100,000.00
ID0184	Highland Garden Electrical Upgrades(Dwelling Unit-Interior (1480)-Electrical)	Improve smoke detectors, intercom, and load centers at Highland Garden.		\$400,000.00
	Subtotal of Estimated Cost			\$1,758,977.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 4 2027				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	BRADY TOWERS (MA031000319)			\$653,335.05
ID0175	Walk In Shower Installs at Federal Eldery's(Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Commodes,Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Other,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers)	Install new shower setups during turnover of elderly units.		\$123,335.05
ID0177	Federal Elderly Surveillance Upgrades(Dwelling Unit-Interior (1480)-Electrical,Dwelling Unit-Interior (1480)-Other)	Improve surveillance system at a federal elderly		\$210,000.00
ID0178	Ciampa Manor Kitchens and Baths Phase 8(Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Bathroom Flooring (non cyclical),Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets,Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers)	Renovate kitchens and baths of vacant units		\$100,000.00
ID0185	Elderly Site Improvements (Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Curb and Gutter,Dwelling Unit-Site Work (1480)-Dumpsters and Enclosures,Dwelling Unit-Site Work (1480)-Fencing,Dwelling Unit-Site Work (1480)-Landscape,Dwelling Unit-Site Work (1480)-Other,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Storm Drainage,Dwelling Unit-Site Work (1480)-Striping)	Improve site improvements at Federal Elderly Developments		\$220,000.00
	AUTHORITY-WIDE (NAWASD)			\$615,641.95
ID0179	Adminstration(Administration (1410)-Salaries)	Administration Expenses		\$175,897.70

Form HUD-50075.2(4/2008)

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 5 2028				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	BRADY TOWERS (MA031000319)			\$1,023,335.05
ID0188	Brady Towers Balcony Painting(Dwelling Unit-Exterior (1480)-Balconies-Porches-Railings-etc,Dwelling Unit-Exterior (1480)-Exterior Paint and Caulking)	Repaint the existing 80 Balconies at the Brady Towers Development.		\$250,000.00
ID0189	Federal Elderly Electrical Upgrades(Dwelling Unit-Interior (1480)-Electrical)	Install new intercoms, smoke/heat detectors and panelboards at our federal elderly developments.		\$450,000.00
ID0190	Weston Manor Intercom Replacement(Dwelling Unit-Interior (1480)-Electrical)	Replacement 80 intercoms at our Weston Manor development.		\$120,000.00
ID0191	Federal Eldery Site Improvements Phase 2(Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Landscape,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Storm Drainage,Dwelling Unit-Site Work (1480)-Striping)	Improve sidewalks, walkways, and parking lots at our elderly sites.		\$103,335.05
ID0193	Federal Elderly Walk in Shower Installs(Dwelling Unit-Interior (1480)-Plumbing,Dwelling Unit-Interior (1480)-Tubs and Showers)	Installation of tub/showers in federal elderly units.		\$50,000.00
ID0194	Weston Manor Kitchens and Bath's (Dwelling Unit-Interior (1480)-Bathroom Counters and Sinks,Dwelling Unit-Interior (1480)-Flooring (non routine),Dwelling Unit-Interior (1480)-Interior Painting (non routine),Dwelling Unit-Interior (1480)-Kitchen Cabinets,Dwelling Unit-Interior (1480)-Kitchen Sinks and Faucets)	Install new countertops, cabinet, and flooring at our Weston Manor development.		\$50,000.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
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Part II: Supporting Pages - Physical Needs Work Statements (s)				
Work Statement for Year 5 2028				
Identifier	Development Number/Name	General Description of Major Work Categories	Quantity	Estimated Cost
	MYSTIC VIEW APT (MA031000311)			\$120,000.00
ID0192	Mystic View Site Work (Dwelling Unit-Site Work (1480)-Asphalt - Concrete - Paving,Dwelling Unit-Site Work (1480)-Landscape,Dwelling Unit-Site Work (1480)-Parking,Dwelling Unit-Site Work (1480)-Storm Drainage,Dwelling Unit-Site Work (1480)-Striping)	Improve sidewalks, courtyards, and parking lots at our Mystic View development.		\$120,000.00
	AUTHORITY-WIDE (NAWASD)			\$615,641.95
ID0195	Operations(Operations (1406))	Routine Operating Costs		\$439,744.25
ID0196	Administration(Administration (1410)-Other,Administration (1410)-Salaries)	Administrative Costs		\$175,897.70
	Subtotal of Estimated Cost			\$1,758,977.00

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 1 2024	
Development Number/Name General Description of Major Work Categories	Estimated Cost
Housing Authority Wide	
Administration(Administration (1410)-Other)	\$175,897.70
Operations(Operations (1406))	\$439,744.25
Subtotal of Estimated Cost	\$615,641.95

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
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Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year 2	2025
Development Number/Name General Description of Major Work Categories	Estimated Cost
Housing Authority Wide	
Admin(Administration (1410)-Other)	\$175,897.70
Operations(Operations (1406))	\$439,744.25
Subtotal of Estimated Cost	\$615,641.95

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
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Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year	3 2026
Development Number/Name General Description of Major Work Categories	Estimated Cost
Housing Authority Wide	
Administration (Administration (1410)-Other,Administration (1410)-Salaries)	\$175,897.70
Operations(Operations (1406))	\$439,744.25
Subtotal of Estimated Cost	\$615,641.95

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year	4 2027
Development Number/Name General Description of Major Work Categories	Estimated Cost
Housing Authority Wide	
Adminstration(Administration (1410)-Salaries)	\$175,897.70
Operations(Operations (1406))	\$439,744.25
Subtotal of Estimated Cost	\$615,641.95

Capital Fund Program - Five-Year Action Plan

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
2577-0274
10/31/2026

Part III: Supporting Pages - Management Needs Work Statements (s)	
Work Statement for Year	5 2028
Development Number/Name General Description of Major Work Categories	Estimated Cost
Housing Authority Wide	
Operations(Operations (1406))	\$439,744.25
Administration(Administration (1410)-Other,Administration (1410)-Salaries)	\$175,897.70
Subtotal of Estimated Cost	\$615,641.95

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

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SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED MARCH 31, 2023



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Somerville Housing Authority
Somerville, Massachusetts

Boston Regional Office
Public Housing Division
10 Causeway Street
Boston, Massachusetts 02222-1092

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of the business-type activities and the aggregately discretely presented component units of the Somerville Housing Authority as of and for the year ended March 31, 2023, and the related notes to the financial statements which collectively comprise the Somerville Housing Authority's basic financial statements as listed in the table of contents.

The Authority's basic financial statements include the operations of SHA Waterworks, LLC and Capen Court, LLC, which represent 23 percent of total consolidated assets and 4 percent of total revenues of the Somerville Housing Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for SHA Waterworks, LLC and Capen Court, LLC, is based solely on the report of the other auditors.

In our opinion, except for the matters described in the Matter Giving Rise to the Qualified Opinion paragraph below, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Somerville Housing Authority, as of March 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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

Matter Giving Rise to the Qualified Opinion

Management has accounted for the provisions of GASB 68: Accounting and Financial Reporting for Pensions by relying upon a measurement of the pension assets and liabilities as of December 31, 2021. Accounting principles generally accepted in the United States of America require that pension assets and liabilities be measured no earlier than twelve months prior to the reporting date of March 31, 2023. The amount by which this departure would affect the deferred inflows and outflows, liabilities, net pension liability, and expenses of the Somerville Housing Authority has not been determined.

Responsibilities of Management for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Somerville Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Somerville Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements,

and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Somerville Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedules and Special Reports are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2023, on our consideration of the Somerville Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Somerville Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Somerville Housing Authority's internal control over financial reporting and compliance.

Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Loganville, Georgia
December 4, 2023

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED MARCH 31, 2023

**SOMERVILLE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
FISCAL YEAR ENDED MARCH 31, 2023**

This section of the Authority's annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended March 31, 2023.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS

The Somerville Housing Authority has made the transition to the Governmental Accounting Standards Board Statement No. 34 (GASB 34) in prior periods which require this executive narrative. The financial statements for 2022 have been reviewed by key management staff to assess the financial health of the Authority. The reader of this report should also understand that the interfund accounts, which balance between all funds, have been eliminated from the consolidated report and from this analysis. It is apparent in the future that the Authority must rely less on uncertain grant funding and develop alternative resources to maintain current service levels. The Authority has made the necessary financial and organizational changes to comply with the requirements of project-based accounting in this next year. Financial highlights of this past year are as follows:

- During FY 2023, the Authority's grant funding increased by \$18,228,196 or 56.76%.
- The assets and deferred outflows of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$69,451,965 (net position) as opposed to \$54,058,821 for the prior fiscal year.
- The Housing Authority implemented GASB 68, Accounting and Financial Reporting for Pensions, in a prior period. As a result of this implementation, deferred inflows, outflows and long-term pension liabilities have been recorded.
- The Housing Authority implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, in a prior period. Consequently, net benefit liability and deferred inflows and outflows have been recorded.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses, and changes in net position are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past fiscal year.

The Statement of Cash Flows provides information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

FINANCIAL ANALYSIS OF THE AUTHORITY

One question frequently asked about an Authority's finances is "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities and are summarized in the following sections.

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table I.

Somerville Housing Authority
Comparative Statement of Net Position
Table I

	2023	2022	Total Change	% Change
Current Assets	\$ 22,891,513	\$ 18,575,448	\$ 4,316,065	23.24%
Capital Assets	60,480,038	49,005,849	11,474,189	23.41%
Other Noncurrent Assets	12,123,352	11,239,376	883,976	7.86%
Deferred Outflows	6,830,787	6,211,431	619,356	9.97%
Total Assets & Deferred Outflows	\$ 102,325,690	\$ 85,032,104	\$ 17,293,586	20.34%
Current Liabilities	\$ 2,523,748	\$ 1,587,099	\$ 936,649	59.02%
Noncurrent Liabilities	20,831,082	24,854,002	(4,022,920)	-16.19%
Total Liabilities	23,354,830	26,441,101	(3,086,271)	-11.67%
Deferred Inflows	9,518,895	4,532,182	4,986,713	110.03%
Net Investment in Capital Assets	60,480,038	48,989,753	11,490,285	23.45%
Restricted	13,915,024	90,525	13,824,499	15271.47%
Unrestricted	(4,943,097)	4,978,543	(9,921,640)	-199.29%
Total Net Position	69,451,965	54,058,821	15,393,144	28.47%
Total Liabilities, Deferred Inflows & Net Position	\$ 102,325,690	\$ 85,032,104	\$ 17,293,586	20.34%

As illustrated in the Comparative Statement of Net Position, Total Assets & Deferred Outflows increased by \$17,293,586 or 20.34%. Total Liabilities decreased by \$3,086,271 or 11.67%, and Total Net Position increased by \$15,393,144 or 28.47%.

Current assets increased by \$4,316,065 or 23.24% due to an increase in cash and cash equivalents of \$4,433,539, which is illustrated in the accompanying statement of cash flows. Total receivables also increased by \$82,898 or 5.40%, while prepaid expenses and inventories decreased by \$188,566 or 39.49% and \$11,806 or 34.53%, respectively.

Capital Assets increased by \$11,474,189 or 23.41% due to capital additions of \$14,695,312 exceeding depreciation expense of \$3,220,230 and net dispositions of \$893.

The Authority recorded an increase of \$619,356 in Deferred Outflows of Resources during the year, which consists of contributions made to the Authority's retirement plan after the plan's measurement date. More information is provided in the accompanying Notes to the Financial Statements.

Current Liabilities increased by \$936,649 or 59.02%. This increase was due primarily to increases in accounts payable – other government of \$679,024 or 435.19% which was primarily an advance of State funding received at the end of the year. Noncurrent liabilities decreased by \$4,022,920 or 16.19% due to a decrease in accrued pension and OPEB liabilities of \$5,809,654.

The Authority recorded an increase of \$4,986,713 or 110.03% in Deferred Inflows of Resources during the year, due to the current valuation of the GASB 68 and 75 reports. Details can be found in the accompanying Notes to the Financials Statements.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position breaks down revenues and expenses further. Table II, which follows, provides a comparative statement of these changes.

Somerville Housing Authority
Comparative Statement of Revenues, Expenses, and Changes in Net Position
Table II

	2023	2022	Total Change	% Change
Tenant Revenue	\$ 7,637,441	\$ 6,957,888	\$ 679,553	9.77%
Grant Funding	50,344,089	32,115,893	18,228,196	56.76%
Interest Income	336,923	332,069	4,854	1.46%
Other Income	1,212,878	1,186,174	26,704	2.25%
Total Revenue	59,531,331	40,592,024	18,939,307	46.66%
Administration	4,039,603	4,395,883	(356,280)	-8.10%
Tenant Services	197,580	345,722	(148,142)	-42.85%
Utilities	3,822,521	3,765,540	56,981	1.51%
Maintenance	7,046,414	7,766,373	(719,959)	-9.27%
Protective Services	9,998	92,053	(82,055)	-89.14%
General	1,049,203	913,024	136,179	14.92%
Housing Assistance Payments	24,481,285	20,865,714	3,615,571	17.33%
Financial	3,929	2,437	1,492	61.22%
Depreciation	3,220,230	3,135,791	84,439	2.69%
Total Expenses	43,870,763	41,282,537	2,588,226	6.27%
Change in Net Position	15,660,568	(690,513)	16,351,081	-2367.96%
Prior period adjustments	(267,424)	-	(267,424)	-100.00%
Beginning Net Position	54,058,821	54,749,334	(690,513)	-1.26%
Ending Net Position	\$ 69,451,965	\$ 54,058,821	\$ 15,393,144	28.47%

REVENUES

Compared to the fiscal year 2022, total revenues increased by \$18,939,307 or 46.66%.

Tenant revenue increased from \$6,957,888 or \$7,637,441, an increase of \$679,553 or 9.77%. The Authority experienced a 56.76% increase in grant funding during the current year from \$32,115,893 to \$50,344,089, due to increased funding received in the State program from FISH funding. Other income and investment income increased by \$26,704 and \$4,854, respectively.

EXPENSES

The Somerville Housing Authority experienced an increase of \$2,588,226 or 6.27% in total expenses for the current year from \$41,282,537 to \$43,870,763.

Administrative costs decreased by \$356,280 or 8.10%. The majority of this decrease was in employee benefits of \$629,967 or 57.28% due to the current year valuation on OPEB and Pension Liabilities. Tenant services decreased by \$148,142 or 42.85% due to a change in payroll allocation during the year. Utilities expense increased slightly by \$56,981, or 1.51%. Maintenance expense decreased by \$719,959 or 9.27% due to decreases in employee benefits of \$1,568,245, as described above. This decrease was offset by increases in materials of \$244,738, contract costs \$151,889 and extraordinary maintenance of \$349,197. Protective services decreased significantly by \$82,055 or 89.14% due to less police detail needed during the year. General expenses increased by \$136,179 or 14.92% due primarily to increases in insurance premiums of \$27,757 and compensated absences of \$110,309. Interest expense increased by \$1,492 or 61.22% due to the final payment of a 40-year mortgage on Hagan Manor. HAP expense increased by \$3,615,571 or 17.33% due to the Authority's efforts increasing utilization. And depreciation expense increased by \$84,439 or 2.69%.

CAPITAL ASSETS

A statement of capital asset activity is shown below for 2022 and 2023.

Somerville Housing Authority
Comparative Statement of Capital Assets
Table III

	<u>2023</u>	<u>2022</u>	<u>Total Change</u>	<u>% Change</u>
Land	\$ 1,275,451	\$ 1,275,451	\$ -	0.00%
Buildings	127,470,687	125,010,511	2,460,176	1.97%
Equipment	1,720,508	1,524,262	196,246	12.87%
Leasehold improvements	5,193,615	5,193,615	-	0.00%
Construction in Progress	17,457,788	5,419,792	12,037,996	222.11%
Accumulated Depreciation	<u>(92,638,011)</u>	<u>(89,417,782)</u>	<u>(3,220,229)</u>	3.60%
Total Capital Assets	<u>\$ 60,480,038</u>	<u>\$ 49,005,849</u>	<u>\$ 11,474,189</u>	23.41%

Major changes in the capital asset accounts are summarized below:

Balance at January 1, 2022	\$ 49,005,849
Additions from operations	52,251
Capital Fund additions	889,177
State program additions	13,753,884
Net dispositions	(893)
Depreciation expense	<u>(3,220,230)</u>
Balance at March 31, 2023	<u><u>\$ 60,480,038</u></u>

DEBT ADMINISTRATION

As of March 31, 2023, the Somerville Housing Authority had no outstanding debt.

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS

Several factors may affect the financial position of the authority in the subsequent fiscal year. These factors include:

- (1) Local labor supply and demand, which can affect salary and wage rates.
- (2) The continued escalation of energy costs, employee benefits combined with diminishing public subsidies in our State of Massachusetts funded programs will all be important factors in the decision making of the Authority.
- (3) The consistent underfunding of programs by the Department of Housing and Urban Development.

CONCLUSIONS:

Overall, the Somerville Housing Authority is remaining stable in the new financial environment. Its management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development. This report shows a decrease in federal and state grant funding, and it is apparent that this trend will continue and the Authority must plan for executing its mission with fewer resources in the future.

This financial report is designed to provide our residents, the citizens of Somerville, Massachusetts, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Diane Cohen, Executive Director, Somerville Housing Authority, 30 Memorial Rd., Somerville, MA 02145.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

AUDITED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2023

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATEMENT OF NET POSITION

ASSETS AND DEFERRED OUTFLOWS

	Primary Government March 31, 2023	Discrete Component Units December 31, 2022
<u>Current Assets</u>		
Cash & cash equivalents - unrestricted	\$ 18,557,465	\$ 884,952
Cash & cash equivalents - restricted	2,404,054	1,299,560
Accounts receivable, net	1,618,627	2,584
Notes receivable	-	-
Prepaid expenses	288,980	26,035
Inventories	22,387	-
	<hr/>	<hr/>
 TOTAL CURRENT ASSETS	 22,891,513	 2,213,131
	<hr/>	<hr/>
<u>Noncurrent Assets</u>		
Notes, accounts receivable and other assets	12,123,352	325,594
	<hr/>	<hr/>
Capital Assets:		
Land	1,275,451	1,649,250
Buildings & improvements	132,664,302	35,362,680
Furniture & equipment	1,720,508	526,294
Construction in progress	17,457,788	-
	<hr/>	<hr/>
	153,118,049	37,538,224
Less: Accumulated depreciation	(92,638,011)	(9,913,251)
	<hr/>	<hr/>
Total Capital Assets - Net	60,480,038	27,624,973
	<hr/>	<hr/>
 TOTAL NONCURRENT ASSETS	 72,603,390	 27,950,567
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	6,830,787	-
	<hr/>	<hr/>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 \$ 102,325,690	 \$ 30,163,698
	<hr/> <hr/>	<hr/> <hr/>

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

LIABILITIES, DEFERRED INFLOWS & NET POSITION

	Primary Government March 31, 2023	Discrete Component Units December 31, 2022
<u>Current Liabilities</u>		
Accounts payable	\$ 1,212,900	\$ 54,535
Accrued liabilities	936,139	108,087
Unearned revenue	371,244	12,904
Long-term debt - current portion	-	372,133
Tenant security deposits/escrow deposits	3,465	-
	<hr/>	<hr/>
Total Current Liabilities	2,523,748	547,659
	<hr/>	<hr/>
<u>Noncurrent Liabilities</u>		
Mortgage & Notes payable	-	22,654,056
Accrued compensated absences	133,238	-
Net Pension and OPEB Liabilities	18,403,300	-
Deferred lease revenue & other liabilities	2,294,544	206,550
	<hr/>	<hr/>
Total Noncurrent Liabilities	20,831,082	22,860,606
	<hr/>	<hr/>
TOTAL LIABILITIES	23,354,830	23,408,265
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES	9,518,895	-
	<hr/>	<hr/>
<u>NET POSITION</u>		
Net Investment in Capital Assets	60,480,038	4,598,784
Restricted	13,915,024	1,299,560
Unrestricted	(4,943,097)	857,089
	<hr/>	<hr/>
TOTAL NET POSITION	69,451,965	6,755,433
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 102,325,690	\$ 30,163,698
	<hr/>	<hr/>

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED

	Primary Government March 31, 2023	Discrete Component Units December 31, 2022
<u>Operating Revenue</u>		
Dwelling rent	\$ 7,637,441	\$ 2,580,010
Governmental grants & subsidy	49,454,912	6,075
Other income	1,212,878	10,096
Total Operating Revenue	<u>58,305,231</u>	<u>2,596,181</u>
<u>Operating Expenses</u>		
Administration	4,039,603	376,897
Tenant services	197,580	59,173
Utilities	3,822,521	257,843
Maintenance & operations	7,046,414	436,749
Protective services	9,998	-
General expense	1,049,203	146,416
Housing assistance payments	24,481,285	-
Depreciation	3,220,230	976,558
Total Operating Expense	<u>43,866,834</u>	<u>2,253,636</u>
Net Operating Income/(Loss)	<u>14,438,397</u>	<u>342,545</u>
<u>Nonoperating Revenues/(Expenses)</u>		
Investment income	336,923	8,319
Interest expense	(3,929)	(781,787)
Net Nonoperating Revenues/(Expenses)	<u>332,994</u>	<u>(773,468)</u>
Net Income/(Loss) before capital contributions	14,771,391	(430,923)
Capital grants	<u>889,177</u>	<u>-</u>
Increase/(Decrease) in Net Position	15,660,568	(430,923)
Prior period adjustment	(267,424)	-
Total Net Position - beginning	<u>54,058,821</u>	<u>7,186,356</u>
Total Net Position - ending	<u>\$ 69,451,965</u>	<u>\$ 6,755,433</u>

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

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

	Primary Government March 31, 2023	Discrete Component Units December 31, 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers and users	\$ 8,850,319	\$ 2,590,106
Governmental grants & subsidy - operations	52,019,338	6,075
Payments to suppliers	(13,397,105)	(1,060,038)
Payments for housing assistance	(24,481,285)	-
Payments to employees	(5,771,515)	(242,311)
 NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	 <u>17,219,752</u>	 <u>1,293,832</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Payments to affiliates - accounts & notes receivable	(1,072,264)	-
Proceeds from notes receivable	188,288	-
Proceeds from land lease	1,587,000	-
Interest received	336,923	8,319
 NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	 <u>1,039,947</u>	 <u>8,319</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Grant revenue - capital grants	889,177	-
Acquisition of capital assets - capital grants	(889,177)	-
Acquisition of capital assets - federal operations	(52,251)	(48,618)
Acquisition of capital assets - state programs	(13,753,884)	-
Payment of interest	(3,929)	(781,787)
Payment of developer fees	-	(179,674)
Payment on mortgages/notes payable	(16,096)	(290,452)
 NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(13,826,160)</u>	 <u>(1,300,531)</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	 4,433,539	 1,620
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>16,527,980</u>	<u>2,182,892</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 <u>\$ 20,961,519</u>	 <u>\$ 2,184,512</u>

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

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

	Primary Government March 31, 2023	Discrete Component Units December 31, 2022
<u>Reconciliation of operating income to net cash provided by operating activities:</u>		
Net Income/(Loss) from operations	\$ 14,438,397	\$ 342,545
Prior period adjustment	(267,424)	-
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	3,220,230	976,558
Decrease (Increase) in accounts receivable	(82,898)	(849)
Decrease (Increase) in prepaid expenses	188,566	7,133
Decrease (Increase) in inventory	11,806	-
Increase (Decrease) in accounts payable	699,988	(19,221)
Increase (Decrease) in pension & OPEB/deferred inflows & outflows	(1,441,404)	-
Increase (Decrease) in accrued liabilities	13,684	(17,916)
Increase (Decrease) in unearned revenue	300,602	11,657
Increase (Decrease) in security/trust deposits	138,205	(6,075)
 NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	 \$ 17,219,752	 \$ 1,293,832

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

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

1. Introduction:

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

2. Organization:

The Somerville Housing Authority is authorized by and operates under the provisions of Chapter 121B of the Massachusetts General Laws, as amended, which is known as the Housing and Urban Renewal Law. The Somerville Housing Authority ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Massachusetts by the City of Somerville for the purpose of providing adequate housing for qualified low-income individuals. The City provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the City of Somerville appoints the governing board of the Authority, no other criteria established by Governmental Accounting Standards Board for inclusion of the Authority in the financial reports of the City of Somerville are met. Therefore, a separate financial report is prepared for the Authority. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The Somerville Housing Authority is governed by a five-member Board of Commissioners as follows:

	<u>Term Expires</u>
Joe Capuano, Chairman	August 1, 2026
James Zamer, Vice-Chairman	June 7, 2023
Eleanor Rances, Treasurer	June 7, 2025
Adeleine Mannion, Commissioner	June 7, 2027

The Executive Director, Diane Cohen, is responsible for the daily administration of the Authority.

3. Description of a Public Housing Authority:

Funding for the Somerville Housing Authority is primarily from the United States Department of Housing and Urban Development (HUD) and from payments received from tenants of the Authority owned housing. Under the Low Rent Housing Program, low-income tenants pay a portion of the rental cost of public housing, based upon the income and need of the tenants. HUD funds the difference between the actual costs to operate the Low Rent Housing Program and the amounts paid by tenants through operating subsidies. These subsidies and debt service payments are made to or on behalf of the Authority under the terms and conditions of the annual contributions contract with HUD.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Description of a Public Housing Authority: (Cont'd)

The Section 8 Housing Choice Voucher Program provides rental supplements to the owners of existing private housing who rent to qualifying individuals. The Authority processes all applicants for the Section 8 Housing Assistance Payments Program, places approved applicants in housing and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD reimburses the Authority for the rental supplements and the administrative cost of managing the Program.

4. Reporting Entity:

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and 61 of the Government Accounting Standards Board, the Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City of Somerville and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners appointed by the City of Somerville and has governance responsibilities over all activities related to all housing activities within the City of Somerville. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will - The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City of Somerville financial reports therefore, the Authority reports independently.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

5. Basis of Presentation:

Basis of Accounting - The Authority uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a program perspective and presented as a single fund. Program accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Authority's activities are included on the Statement of Net Position. Proprietary fund equity is segregated into three broad components: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. The Authority uses the following fund:

Proprietary fund/Enterprise fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

The Authority operates the following programs:

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

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

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

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

5. Basis of Presentation: (Cont'd)

Family Self Sufficiency Program (FSS) and Resident Opportunities and Self Sufficiency (ROSS) – These programs help eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards homeownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help participants access services including but not limited to; childcare, transportation, education and training, and home-ownership counseling.

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

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

State/Local and Other Programs

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

Public Safety and Mystic Activity Center – The Authority has its own public safety department consisting of 1 full time Supervisor and 2 full time officers. The Authority also has 4 part time officers to fill out each 2-person shift. All staff are police academy trained and maintain high visibility throughout the Authority. The Authority also operates the Mystic Activity Center which provides residents with an enriching atmosphere for learning.

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

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

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

5. Basis of Presentation: (Cont'd)

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

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

Component Units and Affiliates

To manage its business and financial affairs more effectively, the Authority has created affiliate entities to support its various ventures. While the Authority, as the parent entity, manages federal programs, the affiliate entities support the various functions necessary to meet the Authority's mission to provide safe and decent housing to low- and moderate-income families and elderly individuals.

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

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

Based on the criteria, the Authority's financial statements include the following component units:

Somerville Housing Development Corporation (SHDC) – SHDC is a 501(c)3 entity and was established by the Authority to explore the potential affordable housing opportunities within the City of Somerville. SHDC is considered to be a component unit because the Authority can impose its will upon the corporation.

The following component units had no financial activity in 2023: SHA Capen Court Corporation, SHA Support Corporation, and SHA Waterworks Member LLC. These three corporations or companies are considered component units as the Authority can appoint a majority of the board members and can impose its will upon the corporation/company.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

5. Basis of Presentation: (Cont'd)

The following component units were added as discrete component units during FY2023:

Capen Court LLC (Capen) and SHA Waterworks LLC (Waterworks). The Authority's blended component units (SHA Capen Court and SHA Waterworks Member LLC) are the managing members with a 0.01% ownership interest in each respective LLC. Selected financial data from the financial statements of Capen and Waterworks is presented in Note T.

6. Basis of Accounting and Measurement Focus:

Measurement focus refers to what is being measured; the basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Proprietary Fund Types are accounted for on an economic resources measurement focus using the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

7. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

8. Revenues and Expenses:

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenue include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

9. Budgets:

The Authority is required by its HUD Annual Contributions Contracts to adopt an annual budget for the Low Rent Housing Program included in the General Fund. In addition, the Authority is required by its HUD Annual contributions Contracts to adopt annual budgets for the Section 8 Programs included in the Special Revenue Funds. Annual budgets are not required for capital projects funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

Appropriations are authorized at the function level. Management may transfer budget authorizations between functions except that increases for administration and capital expenditures categories must be approved by HUD. All appropriations which are not used lapse at year end. Budgeted amounts are as originally adopted or as amended by the Board and approved by HUD.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

10. Cash & Investments:

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.
2. Investments are stated at market value, except for U. S. Treasury Bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/(decreases) in gains made.

11. Compensation for Future Absences:

The Authority's policy allows employees to earn 15 sick days on an annual basis and accumulate an unlimited number of days for sick leave. Sick leave may only be used in the event of illness. Sick leave earned but not taken, in excess of 10 days in the previous calendar year, may be taken as personal leave. Upon death or retirement, employees may buy back unused sick leave at 50% of the dollar value, not to exceed \$8,500 - \$10,000 due to a variation in some union contracts. Vacation leave accrues from 10 to 30 days per year based on years of service. Earned vacation leave may not be accumulated beyond 40 days per year for administrative employees and 30 days per year for maintenance employees. Total accrued compensated absences at March 31, 2023 aggregated \$512,454.

12. Prepaid Charges:

Payments made to vendors for services that will benefit periods beyond March 31, 2023, are recorded as prepaid charges.

13. Inventories:

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist primarily of maintenance materials and supplies held for consumption. The cost of these supplies is regarded as an expense at the time the items are consumed. Inventories are classified as prepaid charges on the Statement of Net Position.

14. Capital Assets:

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

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Equipment and Machinery	3-7 years

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

15. Operating Revenue:

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 charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to net position below the non-operating revenue and expense.

NOTE B - CASH AND CASH EQUIVALENTS:

All the deposits of the Somerville Housing Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Somerville Housing Authority has no policy regarding custodial credit risk for deposits.

At March 31, 2023, the Authority's deposits had a carrying amount of \$20,961,519 and bank balances of \$21,652,438. Of the bank balances held in various financial institutions, \$1,169,950 was covered by federal depository insurance. The remaining amounts are covered by additional collateral.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Somerville Housing Authority has no specific policy regarding interest rate risk.

Credit risk - The Authority has no policy regarding credit risk. The Authority's investment in the Massachusetts Municipal Depository Trust Portfolio carried a credit rating of AAA by Standard & Poor's as of March 31, 2023.

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk - The Authority places a 30% limit on the amount that the Authority may invest in MMDT which carried a credit rating of AAAM by Standard and Poor's. The Authority has no policy regarding credit risk.

Collateral - The Authority's funds are collateralized by Eastern Bank who maintains a portfolio of investments equaling, at a minimum, 100% of balances as collateral for HUD clients.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)

Restricted Cash:

Tenant security deposits	\$ 3,465
Low-Rent Homeownership	212,020
Business Activities	4,660
HCV FSS Escrow	360,856
State SPP Escrow	114,668
FSS Escrow Forfeiture Account	46,581
Advanced State funding	<u>1,661,804</u>
	<u>\$ 2,404,054</u>

Discrete Component Unit:

As of December 31, 2022, the discrete component units had cash and cash equivalents of \$2,184,512. Of this amount, \$1,299,560 was restricted for funded reserves.

NOTE C - ACCOUNTS RECEIVABLE:

Accounts receivable for the primary government at March 31, 2023, consisted of the following:

Tenants (net of allowance of \$436)	\$ 281,659
A/R – HUD	317,467
A/R – PHA projects	19,905
A/R – other government	778,504
A/R – misc.	<u>221,092</u>
	<u>\$ 1,618,627</u>

Accounts receivable for the discrete component units at December 31, 2022, consisted of the following:

Tenants	<u>\$ 2,584</u>
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NOTE D - PREPAID CHARGES:

Prepaid charges for the primary government at March 31, 2023, consisted of the following:

Prepaid Insurance	\$ 288,980
Inventory	<u>22,387</u>
	<u>\$ 311,367</u>

Prepaid charges for the discrete component units at December 31, 2022, consisted of the following:

Prepaid insurance and other assets	<u>\$ 26,035</u>
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SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE E - NOTES RECEIVABLE:

The Authority has provided financing to affiliated companies, as described in Note 1, for the development of low-income housing rental units with low-income housing tax credit funding in the form of mortgage notes collateralized by non-primary, non-recourse mortgages on real estate and personal property of the companies. The terms of these notes range from 5 to 40 years and accrue interest at rates varying from 0% to 3%. Installment payments are to be made based on surplus cash as defined in each respective operating agreement and the terms of each loan. These loans are secured by the underlying property and all outstanding principal and interest is due at maturity.

	Investment	Accrued Interest	Total Investment
Capen Court, LLC	\$ 6,900,000	\$ 2,961,782	\$ 9,861,782
SHA Waterworks, LLC	923,315	42,145	965,460
	<u>\$ 7,823,315</u>	<u>\$ 3,003,927</u>	<u>\$ 10,827,242</u>

NOTE F - OTHER ASSETS:

Other assets for the primary government at March 31, 2023, consisted of the following:

Due from Waterworks Garage \$ 1,296,110

This amount is to be recovered from development subsequent to the end of the year.

Other assets for the discrete component units at December 31, 2022, consisted of the following:

Tax credit fees and other assets, net of amortization \$ 325,594

NOTE G - CAPITAL ASSETS:

Capital assets for the primary government at March 31, 2023, consisted of the following:

<i>Primary Government:</i>	Beginning Balances	Increases	Adjustments/ Decreases	Ending Balances
Enterprise Activities				
Capital assets not being depreciated:				
Land	\$ 1,275,451	\$ -	\$ -	\$ 1,275,451
Construction in progress	5,419,792	13,893,623	(1,855,627)	17,457,788
Total capital assets not being depreciated	<u>6,695,243</u>	<u>13,893,623</u>	<u>(1,855,627)</u>	<u>18,733,239</u>
Buildings & improvements	130,204,126	604,549	1,855,627	132,664,302
Furniture & equipment	1,524,262	197,140	(894)	1,720,508
Total capital assets being depreciated	<u>131,728,388</u>	<u>801,689</u>	<u>1,854,733</u>	<u>134,384,810</u>
Less accumulated depreciation for:				
Buildings & improvements	88,079,345	3,146,186	-	91,225,531
Furniture & equipment	1,338,437	74,044	(1)	1,412,480
Total accumulated depreciation	<u>89,417,782</u>	<u>3,220,230</u>	<u>(1)</u>	<u>92,638,011</u>
Total capital assets being depreciated	<u>42,310,606</u>			<u>41,746,799</u>
Total capital assets, net	<u>\$ 49,005,849</u>			<u>\$ 60,480,038</u>

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE G - CAPITAL ASSETS: (Cont'd)

Capital assets for the discrete component units at December 31, 2022, consisted of the following:

<i>Discrete Component Unit:</i>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balances</u>
Enterprise Activities				
Capital assets not being depreciated:				
Land	\$ 1,649,250	\$ -	\$ -	\$ 1,649,250
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>1,649,250</u>	<u>-</u>	<u>-</u>	<u>1,649,250</u>
Buildings & improvements	35,314,062	48,618	-	35,362,680
Furniture & equipment	526,294	-	-	526,294
Total capital assets being depreciated	<u>35,840,356</u>	<u>48,618</u>	<u>-</u>	<u>35,888,974</u>
Total accumulated depreciation	<u>8,963,806</u>	<u>976,558</u>	<u>(27,113)</u>	<u>9,913,251</u>
Total capital assets, net	<u>\$ 28,525,800</u>			<u>\$ 27,624,973</u>

NOTE H - ACCOUNTS PAYABLE:

Accounts payable for the primary government consisted of the following on March 31, 2023:

Vendors and contractors' payable	\$ 369,845
Tenant security deposits	3,465
Accounts payable – PHA projects	8,002
Accounts payable – other government	<u>835,053</u>
	<u>\$ 1,216,365</u>

Accounts payable for the discrete component unit consisted of the following on March 31, 2023:

Vendors and contractors' payable	\$ 7,449
Accounts payable – other government	<u>47,086</u>
	<u>\$ 54,535</u>

NOTE I - ACCRUED LIABILITIES AND UNEARNED REVENUE:

Accrued liabilities and unearned revenue for the primary government consisted of the following at March 31, 2023:

Accrued wages/payroll tax liability	\$ 127,584
Accrued compensated absences – current portion	379,216
Unearned revenue	371,244
Other accrued liabilities	<u>429,339</u>
	<u>\$ 1,307,383</u>

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE I - ACCRUED LIABILITIES AND UNEARNED REVENUE: (Cont'd)

Accrued liabilities and unearned revenue for the discrete component units at December 31, 2022, consisted of the following:

Accrued interest payable	\$ 6,704
Unearned revenue	12,904
Current portion of long-term debt	372,133
Other accrued liabilities	<u>101,383</u>
	<u>\$ 493,124</u>

NOTE J - NON-CURRENT LIABILITIES:

Non-current liabilities for the primary government consisted of the following at March 31, 2023:

Accrued compensated absences – non-current	\$ 133,238
Escrow liabilities	687,544
Tenant escrows	20,000
Land lease	1,587,000
OPEB (Other Post-Employment Benefits) liabilities	13,369,594
Net Pension Liability	<u>5,033,706</u>
	<u>\$ 20,831,082</u>

	Balance at 4/1/22	Increases	Decreases	Balance at 3/31/23	Current Portion of Balance
Compensated absences	\$ 417,702	\$ 438,443	\$ (343,691)	\$ 512,454	\$ 379,216
Escrow liabilities	550,039	351,054	(213,549)	687,544	-
Other tenant escrows	20,000	-	-	20,000	-
Land Lease	-	1,587,000	-	1,587,000	-
Net Pension Liability	6,456,321	-	(1,422,615)	5,033,706	-
OPEB	<u>17,756,633</u>	<u>-</u>	<u>(4,387,039)</u>	<u>13,369,594</u>	<u>-</u>
Total long-term liabilities	\$ <u>25,200,695</u>	\$ <u>2,376,497</u>	\$ <u>(6,366,894)</u>	\$ <u>21,210,298</u>	\$ <u>379,216</u>

The Authority owns the land upon which the SHA Waterworks LLC development is constructed. The ground lease agreement calls for an annual base rent of \$1 for a term of 99 years, expiring in 2115.

Noncurrent liabilities for the discrete component units at December 31, 2022, consisted of the following:

	Balance at 1/1/22	Increases	Decreases	Balance at 12/31/22	Current Portion of Balance
Mortgages payable	\$ 19,282,317	\$ -	\$ (355,905)	\$ 18,926,412	\$ 372,133
Accrued interest payable	3,686,312	206,915	-	3,893,227	-
Deferred grant revenue	<u>212,625</u>	<u>-</u>	<u>(6,075)</u>	<u>206,550</u>	<u>-</u>
Total long-term liabilities	\$ <u>23,181,254</u>	\$ <u>206,915</u>	\$ <u>(361,980)</u>	\$ <u>23,026,189</u>	\$ <u>372,133</u>

The details of the mortgages payable can be found in the respective audit reports for each discrete component unit.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE K - COST-SHARING DEFINED BENEFIT PENSION PLAN:

Plan Description

The Authority provides pension benefits to certain employees through the Somerville Contributory Retirement System (SCRS), a cost-sharing, multiple-employer public employee retirement system regulated by Public Employee Retirement Administration Commission (PERAC). The plan is a defined benefit plan. Participation is mandatory for all full-time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of the net pension liability is not based on their employees, pension expenses are determined by the total required payment to be made to the retirement plan for the year. The SCRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to SCRS, 323 Broadway, Somerville, MA 012145 or by calling (617) 625-6600.

Plan Membership

The Authority has 76 employees participating in the plan.

Significant Plan Provisions and Requirements

State law establishes benefit provisions and contribution requirements of the SCRS. Employees who have at least 10 years of longevity and have attained 55 years of age are eligible to receive retirement benefits. Retired employees receive an allowance based upon the average of their three highest consecutive salary years of service multiplied by (1) the number of years and full months of creditable service at the time of retirement and (2) a percentage based on age at retirement in accordance with a schedule provided by state law. Assuming normal retirement at age 65, this percentage is 2.5%, which is reduced for individuals who retire prior to age 65 to reflect the longer payout period. Employees may elect early retirement after 20 years of service or at any time after attaining age 55 with 10 years of eligible service. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of creditable service, and whether or not the disability is work-related. In addition, certain death benefits exist for beneficiaries of employees who die in active service.

Funding Policy

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978, must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments (COLAs) granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 6.20% of the total. The Authority's required and actual contributions to SCRS for the year ended March 31, 2022, were \$1,225,394. Employee contributions for the same period were \$565,021.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE K - COST-SHARING DEFINED BENEFIT PENSION PLAN: (Cont'd)

Pension Liabilities

At March 31, 2023, the Authority reported a liability of \$5,033,706 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended March 31, 2023, the Authority recognized pension expense of (\$102,950). The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 989,564	\$ 13,994
Net asset gain	-	5,219,019
Changes in assumptions	1,167,451	-
Net difference between projected and actual investment earnings on pension plan investments	-	-
Changes in proportion differences between employer contributions and proportionate share of contributions	981,236	293,356
Difference between actual and expected contributions	-	-
Contributions paid subsequent to the measurement date	1,225,394	-
Total	\$ 4,363,645	\$ 5,526,369

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

Year Ended March 31	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2023	\$ (323,387)
2024	\$ (1,118,766)
2025	\$ (892,131)
2026	\$ (131,560)
2027	\$ 77,726
Thereafter	\$ -

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE K - COST-SHARING DEFINED BENEFIT PENSION PLAN: (Cont'd)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Payments increasing at 2.00%
Asset Valuation Method	The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 10% corridor.
Inflation	4.0%
Investment Rate of Return	7.50%
Cost of living adjustments	2.75% of the lesser of the pension amount of \$15,000
Mortality rates	It is assumed that mortality for is represented by the various SOA Pub-2010 Public Retirement Plans Mortality Tables specific to the Group, Pre-retirement versus Post, Disabled and Beneficiaries, with Scale MP-2018 improvements until 2025.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0% - 10%	2.75%
Equities- Large Cap	45% - 65%	9.00%
Equities- Small Cap	0% - 10%	9.00%
Equities - Multi Cap	0% - 5%	9.00%
Fixed Income - Inv. Grade	35% - 45%	5.50%
Fixed Income - Below Inv. Grade	3% - 7%	6.00%
Real Estate	0% - 15%	7.50%
Venture Capital	0% - 5%	9.00%
International	0% - 15%	8.00%
Emerging Markets	0% - 3%	9.00%
Foreign Bonds	0% - 1%	5.00%

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE K - COST-SHARING DEFINED BENEFIT PENSION PLAN: (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the table below presents the Net Pension Liability calculated using the discount rate of 7.50%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1.0% Decrease (6.50%)	Current Discount Rate (7.50%)	1.0% Increase (8.50%)
PERS' Net Pension Liability (Asset)	\$ 8,817,335	\$ 5,033,706	\$ 1,819,814

NOTE L - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Plan Description and Benefits Provided

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

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

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

The face value of each life insurance policy is \$5,000. Life insurance benefits do not apply to family members, this benefit covers 80% of premiums for Medical for those who retire on or after 10/1/2009 (85% for those who retired after 7/1/1994 but before 10/1/2009, and 90% for all others) for individuals.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE L - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB): (Cont'd)

Plan Membership

At March 31, 2023, there are 76 active employees and 54 retired employees enrolled in the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$13,369,594 was measured as of March 31, 2023, and was determined by an actuarial valuation as of April 1, 2022.

Actuarial Methods and Assumptions

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

Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	N/A
Municipal Bond Rate	1.74%
Discount Rate	4.05%
Inflation	2.50%
Salary Increase	3.00%
Pre-Retirement Mortality	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2016.
Post-Retirement Mortality	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2016.
Mortality Experience Study	The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Changes in the Total OPEB Liability

Balance at the beginning of the year:	\$ 17,752,222
Changes for the year:	
Service Cost	705,904
Interest	319,382
Changes in Assumptions	(4,476,741)
Difference between expected and actual experience	(513,916)
Benefit payments	<u>(417,257)</u>
Net Changes	<u>(4,382,628)</u>
Balance at the end of the year:	<u>\$ 13,369,594</u>

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE L - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB): (Cont'd)

Sensitivity of the Total OPEB Liability To Changes in the Discount Rate

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 4.05% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	<u>1.0% Decrease</u> <u>(3.05%)</u>	<u>Current Discount</u> <u>Rate (4.05%)</u>	<u>1.0% Increase</u> <u>(5.05%)</u>
Net OPEB Liability	\$ 15,682,349	\$ 13,369,594	\$ 11,532,813

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

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

	<u>1.0% Decrease</u>	<u>Current Trend</u>	<u>1.0% Increase</u>
Net OPEB Liability	\$ 11,403,175	\$ 13,369,594	\$ 15,869,566

OPEB Expense and Deferred Outflows and Inflows of Resources Related To OPEB

For the year ended March 31, 2023, the Authority recognized OPEB expenses of \$732,465. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At March 31, 2023, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 297,897	\$ 411,133
Changes in assumptions	2,169,245	3,581,393
Contributions paid subsequent to the measurement date	-	-
Total	\$ 2,467,142	\$ 3,992,526

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

Year Ended March 31	Amount recognized as an increase or (decrease) to expense
2024	\$ 235,440
2025	\$ 235,440
2026	\$ (998,131)
2027	\$ (998,133)
2028	-
thereafter	-

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE M - OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2023 were \$102,018. There were no employer contributions.

NOTE N - IMPAIRMENT OF CAPITAL ASSETS:

In accordance with financial reporting standards issued by the Government Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures During the fiscal year ended March 31, 2023, Somerville Housing Authority had the following disclosures related to asset impairment:

1. There were no unexpended proceeds in the Statement of Net Position as of March 31, 2023.
2. There were no permanent impairments experienced by the Somerville Housing Authority that required material adjustments to the Statement of Net Position at March 31, 2023.

NOTE O - COMMITMENTS AND CONTINGENCIES:

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

There are currently lawsuits ongoing; however, there are no amounts which are deemed as contingent liabilities which should be disclosed or accrued in the financial statements. Our search for contingent liabilities revealed no liabilities that required disclosure against the Somerville Housing Authority as of March 31, 2023.

Waterworks II

The Somerville Housing Authority, directly or through its affiliated entity SHA Support Corporation, has entered into a land lease, financing commitments and other contractual arrangements to construct and operate Waterworks II, consisting of 21 new construction units for low-income seniors at 2 Capen Court, on land owned by the SHA located between Waterworks I and Capen Court Senior Housing. Financing is through MassHousing, Boston Financial Investment Management (purchase low-income housing tax credits), the City of Somerville and the Executive Office of Housing and Livable Communities. As of November 30, 2023, all financing commitments are fully in place and construction has commenced.

Clarendon project

In March 2016 SHA issued a request for proposals for the Long-term Ground Lease and development of SHA Land at 34 North St., Somerville, Massachusetts, which housed the 216-unit Clarendon Hills state-aided public housing development, into mixed income housing. Successful bidders, Redgate Development, Preservation of Affordable Housing (POAH) and the Somerville Community Corporation (SCC) entered into a Land Disposition and Development Agreement (LDDA) with the Somerville Housing Authority in January 2023.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE O - COMMITMENTS AND CONTINGENCIES: (Cont'd)

The Original LDDA divided the redevelopment of 34 North St. into the following three projects, as detailed further in the chart below.

SUMMARY	TOTAL	Phase 1A Building E	Phase 1B Buildings A&B	Phase 2 Building D and THs
Replacement Units	216	130	15	71
Affordable (<80% AMI) [Inclusionary zoning requirement]	75	38	16	21
Affordable (<110% AMI) [Inclusionary zoning requirement]	5	0	5	0
Market Units	295	0	295	0
Total Units	591	168	331	92

The Total Development Cost (TDC) of these units is projected to be approximately \$420,000,000 and the funding sources include:

- Private Equity
- EOHLC PEHO funding
- Debt Financing from MassHousing and other lenders to be determined
- Work Force Development
- MassWorks
- Low Income Housing Tax Credit Equity
- City of Somerville Comm. Preservation Fund and Somerville Affordable Housing Trust Fund
- ARPA funding
- Federal Home Loan Bank (FHLB) grant

The EOHLC PEHO funding is lent to the Developers through the Somerville Housing Authority. Phase 1 with 168 units is under construction with a completion date of Fall 2024. Subsequent phases are contemplated with the expectation that they will be under construction in 2025 and completed by 2027. Unit totals for the later phases may vary as the development plan is finalized.

NOTE P - RISK MANAGEMENT:

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official's liability forms are used to cover the respective perils.

NOTE Q - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through December 4, 2023, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE R - RESTRICTED NET POSITION:

As of March 31, 2023, Restricted Net Position consisted of the following:

State/Local Fund	\$ 1,723,607
Notes receivable – State/Local Fund	9,327,709
Section 8 Mod Rehab – Single Room Occupancy	16,824
FSS Escrow Forfeitures	46,581
Notes receivable – Business Activities	538,734
Notes receivable – Blended CU	<u>2,261,569</u>
	<u><u>\$ 13,915,024</u></u>

NOTE S - DISCRETE COMPONENT UNITS:

As disclosed in Note A, the Authority has several component units which are included in the basic financial statements. Condensed financial information of this entity at December 31, 2022, and for the year then ended is as follows:

NET POSITION ACCOUNTS
December 31, 2022

<u>Account Description</u>	SHA <u>Waterworks, LLC</u>	<u>Capen Court, LLC</u>	<u>TOTAL</u>
ASSETS AND DEFERRED OUTFLOWS:			
CURRENT ASSETS:			
Cash:			
Cash - unrestricted	\$ 341,030	\$ 543,922	\$ 884,952
Cash - restricted	<u>127,167</u>	<u>1,172,393</u>	<u>1,299,560</u>
Total Cash	<u>468,197</u>	<u>1,716,315</u>	<u>2,184,512</u>
 Total receivables - net	 <u>1,503</u>	 <u>1,081</u>	 <u>2,584</u>
 Current investments:			
Prepaid expenses and other assets	<u>600</u>	<u>25,435</u>	<u>26,035</u>
TOTAL CURRENT ASSETS	<u>470,300</u>	<u>1,742,831</u>	<u>2,213,131</u>
 NONCURRENT ASSETS:			
Capital Assets:			
Land	292,507	1,356,743	1,649,250
Buildings	12,377,488	22,985,192	35,362,680
Furniture & equipment - admin	170,082	356,212	526,294
Accumulated depreciation	<u>(1,733,773)</u>	<u>(8,179,478)</u>	<u>(9,913,251)</u>
Total capital assets - net	<u>11,106,304</u>	<u>16,518,669</u>	<u>27,624,973</u>
 Other assets	 <u>24,584</u>	 <u>301,010</u>	 <u>325,594</u>
TOTAL NONCURRENT ASSETS	<u>11,130,888</u>	<u>16,819,679</u>	<u>27,950,567</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 <u>\$ 11,601,188</u>	 <u>\$ 18,562,510</u>	 <u>\$ 30,163,698</u>

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE S - DISCRETE COMPONENT UNITS: (Cont'd)

NET POSITION ACCOUNTS
December 31, 2022

<u>Account Description</u>	SHA <u>Waterworks, LLC</u>	<u>Capen Court LLC</u>	<u>TOTAL</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable < 90 days	\$ 7,449	\$ 0	\$ 7,449
Accrued interest payable	6,704	0	6,704
Accounts payable - other gov.	3,461	43,625	47,086
Unearned revenue	6,260	6,644	12,904
Current portion of L-T debt - capital projects	42,133	330,000	372,133
Accrued liabilities - other	19,009	82,374	101,383
TOTAL CURRENT LIABILITIES	<u>85,016</u>	<u>462,643</u>	<u>547,659</u>
NONCURRENT LIABILITIES:			
Long-term debt, net of current - capital projects	5,644,337	17,009,719	22,654,056
Noncurrent liabilities - other	206,550	0	206,550
TOTAL NONCURRENT LIABILITIES	<u>5,850,887</u>	<u>17,009,719</u>	<u>22,860,606</u>
TOTAL LIABILITIES	<u>5,935,903</u>	<u>17,472,362</u>	<u>23,408,265</u>
NET POSITION:			
Net Investment in Capital Assets	5,419,834	(821,050)	4,598,784
Restricted	127,167	1,172,393	1,299,560
Unrestricted	118,284	738,805	857,089
TOTAL NET POSITION	<u>5,665,285</u>	<u>1,090,148</u>	<u>6,755,433</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 11,601,188</u>	<u>\$ 18,562,510</u>	<u>\$ 30,163,698</u>

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

NOTES TO FINANCIAL STATEMENT
MARCH 31, 2023
(Continued)

NOTE S - DISCRETE COMPONENT UNITS: (Cont'd)

REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Account Description</u>	SHA <u>Waterworks, LLC</u>	<u>Capen Court LLC</u>	<u>TOTAL</u>
REVENUES:			
Net tenant rental revenue	\$ 556,941	\$ 2,021,594	\$ 2,578,535
Tenant revenue - other	1,475	0	1,475
Total tenant revenue	558,416	2,021,594	2,580,010
Other government grants	6,075	0	6,075
Investment income - unrestricted	790	7,529	8,319
Other revenue	0	10,096	10,096
TOTAL REVENUES	\$ 565,281	\$ 2,039,219	\$ 2,604,500
EXPENSES:			
Total Administrative Expense	86,232	290,665	376,897
Total Tenant Services	10,000	49,173	59,173
Total Utilities Expense	74,031	183,812	257,843
Total Ordinary Maintenance & Operation	94,664	342,085	436,749
Total Insurance Premiums	45,650	88,909	134,559
Total General Expenses	3,282	6,117	9,399
Total Financial Expenses	140,418	643,827	784,245
TOTAL OPERATING EXPENSE	454,277	1,604,588	2,058,865
EXCESS OPERATING REVENUE	111,004	434,631	545,635
Other Expenses			
Depreciation expense	341,070	635,488	976,558
Total Other Expenses	341,070	635,488	976,558
TOTAL EXPENSES	\$ 795,347	\$ 2,240,076	\$ 3,035,423
EXCESS OF REVENUE OVER EXPENSES	\$ (230,066)	\$ (200,857)	\$ (430,923)
Beginning Net Position	5,895,351	1,291,005	7,186,356
Ending Net Position	\$ 5,665,285	\$ 1,090,148	\$ 6,755,433

NOTE T - PRIOR PERIOD ADJUSTMENT:

During the year, the Authority recorded a prior period adjustment of \$267,424, which consists of unused prior period reserves that were used for capital additions in the current year.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

SINGLE AUDIT SECTION

YEAR ENDED MARCH 31, 2023



INDEPENDENT AUDITOR'S 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
Somerville Housing Authority
Somerville, Massachusetts

Boston Regional Office
Public Housing Division
10 Causeway Street
Boston, Massachusetts 02222-1092

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Somerville Housing Authority, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Somerville Housing Authority's basic financial statements, and have issued our report thereon dated December 4, 2023. Our opinion on the financial statements is qualified for the reason described in the Basis for Qualified Opinion section of the Independent Auditor's Report.

The Authority's basic financial statements include the operations of the SHA Waterworks, LLC and Capen Court, LLC which represent 23 percent of total consolidated assets and 4 percent of total revenues of the Somerville Housing Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for SHA Waterworks, LLC and Capen Court, LLC is based solely on the report of the other auditors.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Somerville Housing Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
December 4, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Commissioners
Somerville Housing Authority
Somerville, Massachusetts

Boston Regional Office
Public Housing Division
10 Causeway Street
Boston, Massachusetts 02222-1092

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Somerville Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Somerville Housing Authority's major federal programs for the year ended March 31, 2023. The Somerville Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on ALN #14.871 and 14.879, Section 8 Housing Choice Voucher Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *ALN #14.871 and 14.879, Section 8 Housing Choice Voucher Cluster*, for the year ended March 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended March 31, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on ALN #14.871 and 14.879, Section 8 Housing Choice Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding *ALN #14.871 and 14.879, Section 8 Housing Choice Voucher Cluster* as described in finding number 2023-001 for Eligibility.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal

control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
December 4, 2023

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATUS OF PRIOR AUDIT FINDINGS

The audit report from March 31, 2021, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency (ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	No
Significant Deficiency (ies) identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on the compliance for major federal programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	Yes
Identification of major federal programs:	
-ALN 14.850	Low Rent Public Housing
-ALN 14.872	Capital Fund Program
-ALN 14.871	Housing Choice Voucher Program (Cluster)
-ALN 14.879	Mainstream Voucher Program (Cluster)
-ALN 14.249	Moderate Rehabilitation – Single Room Occupancy (Cluster)
-ALN 14.182	New Construction and Substantial Rehabilitation (Cluster) Passthrough
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,012,940
Did the Authority qualify as a low-risk auditee?	Yes

Section II – Financial Statement Findings:

Findings related to financial statements in accordance with GAGAS:

NONE REPORTED

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs:

Findings and questioned costs for Federal Awards as defined in Section .510:

**Finding 2023-001 – Housing Choice Voucher Tenant Files – Eligibility – Rent Calculations
Noncompliance & Significant Deficiency**

Section 8 Housing Choice Voucher Cluster – ALNs #14.871 and #14.879

Condition & Cause:

We reviewed sixty-five (65) Housing Choice Voucher tenant files and noted seven (7) files not in compliance, or 10.8%. For three (3) of the files, we noted that the reexaminations in review were not maintained with the tenant documentation. Upon further inquiry, the Authority was unable to provide the documentation for the missing actions. The HAP paid during the fiscal year from the three (3) undocumented actions is the basis for the questioned costs. For the remaining four (4) files, we noted that the verification of income was either missing or outdated. We noted that the Authority experienced high staff turnover and has had difficulty in hiring and retaining employees. As of August 2023, subsequent to year-end, the Authority has contracted with an outside vendor to assist with tenant certifications.

Criteria:

The Code of Federal Regulations, the Authority's Administrative Plan, and specific HUD guidelines in documenting and maintaining Housing Choice Voucher tenant files.

Effect:

Improper verification and documentation of tenant reexaminations can result in misstatement of the financial statements, improper calculation of HAP subsidy, and noncompliance with Federal provisions governing the Housing Choice Voucher program.

Recommendation:

We recommend that the Authority conduct a file audit of existing tenants to determine the extent of the deficiencies. We also recommend that the Authority implement a quality control review to adequately monitor compliance with regulations pertaining to the maintenance of tenant files.

Questioned Costs: \$46,655

Repeat Finding: No

Was sampling statistically valid? Yes



SOMERVILLE HOUSING AUTHORITY

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CORRECTIVE ACTION PLAN

Finding 2023-001 – Housing Choice Voucher Tenant Files – Eligibility – Rent Calculations

Noncompliance & Significant Deficiency

Section 8 Housing Choice Voucher Cluster – ALNs 14.871 and 14.879

Corrective Action Plan:

Finding: Somerville Housing Authority (SHA) received the authority's Single Audit for the year ended March 31, 2023, indicating that SHA received a finding of Significant Deficiencies identified not considered to be material weaknesses. Auditors noted three files missing documentation of the action, as well as four missing income verification or outdated income verification. Auditors recommend that SHA conduct a file audit to determine the extent of deficiencies. They also recommend that SHA implement a quality control review to monitor the maintenance of tenant files.

PHA Response: The SHA has implemented a corrective action plan to address noted deficiencies. The SHA has had significant staffing turnover in the last year. As a result, until all vacant positions are filled, the SHA has contracted with Nan McKay Associates (NMA) to complete all Annual Recertifications. NMA has assigned four full-time staff to complete all recertifications and has assigned one additional full-time staff person to conduct a monthly Quality Control Review of all recertifications completed by NMA.

During NMA's contract, SHA has focused on refilling positions and training new staff. SHA has hired a new Director of Leased Housing, a new Leased Housing Supervisor, and one Leasing Coordinator. Two additional Leasing Coordinator positions are still vacant, and interviews are ongoing. SHA plans to hire two more staffers for that role. The Director and Supervisor have been providing one-on-one training and support to all new staff in addition to enrollment in training opportunities provided by outside vendors. At weekly staff meetings, the Director reviews Administrative Plan policies, and corrections needed for any quality control issues found before they become systemic.

Besides the Nan McKay monthly quality control review, the SHA has begun conducting internal quality control audits every month for SEMAP. Additionally, SHA has implemented an electronic file storage system, utilizing PHA Web's online system to better organize, track, and maintain client files.

PHA Goal: Based on the SHA's monthly quality control sample of tenant files: (A) The SHA obtains third party verification of reported family annual income, the value of assets totaling more than \$5,000, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income, and uses the verified information in determining adjusted income, and/or documents tenant files to show why third party verification was not available; (B) The SHA properly attributes and calculates allowances for any medical, child care, and/or disability assistance expenses; and (C) The SHA uses the appropriate utility allowances to determine gross rent for the unit leased, (D) The SHA applies the appropriate payment standard in accordance with 24 CFR 982.505.

PHA Strategies:	Target completion date
1) The SHA will review its current quality control tracking system to record the results of random sampling of files as required in 985.2. The SHA will revise this system on an ongoing basis if necessary.	12/31/2023
2) Confirm that 90% or more files sampled contain proper third party written verification (or equivalent) of income and assets, proper calculation of appropriate deductions and allowances and that appropriate utility allowance were used in the calculation of tenant rent. 80%	12/31/2023

Person Responsible:

Matt Lincoln, Director of Leased Housing

David Hospedales, Leased Housing Supervisor

Anticipated Completion Date:

The SHA anticipates completing all hiring and training of new Leased Housing staff no later than 04/01/2024.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts
SUPPLEMENTAL INFORMATION
YEAR ENDED MARCH 31, 2023

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
March 31, 2023

<u>FDS Line#</u>	<u>Account Description</u>	<u>Low-Rent Public Hsg 14.850</u>	<u>Housing Choice Vouchers 14.871</u>	<u>State & Local</u>	<u>Mainstream Voucher Program 14.879</u>	<u>Business Activities</u>	<u>FSS Escrow Forfeiture Account 14.EFA</u>
ASSETS AND DEFERRED OUTFLOWS:							
CURRENT ASSETS:							
Cash:							
111	Cash - unrestricted	\$ 4,504,474	\$ 2,179,797	\$ 9,736,788	\$ 0	\$ 492,767	\$ 0
112	Cash - restricted modernization & development	0	0	0	0	0	0
113	Cash - other restricted	212,020	360,856	1,776,472	0	4,660	46,581
114	Cash - tenant security deposits	0	0	3,465	0	0	0
115	Cash - restricted for payment of current liabilities	0	0	0	0	0	0
100	Total Cash	<u>4,716,494</u>	<u>2,540,653</u>	<u>11,516,725</u>	<u>0</u>	<u>497,427</u>	<u>46,581</u>
Accounts and notes receivables:							
121	Accounts receivable - PHA projects	0	19,905	0	0	0	0
122	Accounts receivable - HUD other projects	2,449	171,689	0	143,329	0	0
124	Accounts receivable - other government	0	0	778,504	0	0	0
125	Accounts receivable - miscellaneous	147,613	0	73,479	0	0	0
126	Accounts receivable - tenants rents	172,257	0	109,838	0	0	0
126.1	Allowance for doubtful accounts - tenants	(436)	0	0	0	0	0
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0
127	Notes receivable - current	0	0	0	0	0	0
128	Accounts receivable - fraud	0	0	0	0	0	0
128.1	Allowance for doubtful accounts-fraud	0	0	0	0	0	0
129	Accrued interest receivable	0	0	0	0	0	0
120	Total receivables - net	<u>321,883</u>	<u>191,594</u>	<u>961,821</u>	<u>143,329</u>	<u>0</u>	<u>0</u>
Current investments:							
131	Investments - unrestricted	0	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0	0
142	Prepaid expenses and other assets	49,811	33,890	165,369	0	0	0
143	Inventories	0	0	22,387	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0	0
144	Interprogram due from	0	14,606	0	0	0	0
145	Assets held for sale	0	0	0	0	0	0
150	TOTAL CURRENT ASSETS	<u>5,088,188</u>	<u>2,780,743</u>	<u>12,666,302</u>	<u>143,329</u>	<u>497,427</u>	<u>46,581</u>
NONCURRENT ASSETS:							
Capital Assets:							
161	Land	754,374	0	521,077	0	0	0
162	Buildings	46,981,003	0	76,380,332	0	0	0
163	Furniture & equipment - dwellings	0	0	0	0	0	0
164	Furniture & equipment - admin	472,923	30,266	948,228	0	0	0
165	Leasehold improvements	0	0	5,193,615	0	0	0
166	Accumulated depreciation	(38,596,675)	(29,569)	(51,404,215)	0	0	0
167	Construction in process	955,752	1,308	16,500,728	0	0	0
168	Infrastructure	0	0	0	0	0	0
160	Total capital assets - net	<u>10,567,377</u>	<u>2,005</u>	<u>48,139,765</u>	<u>0</u>	<u>0</u>	<u>0</u>
171	Notes receivable - noncurrent	0	0	9,327,709	0	534,074	0
172	Notes receivable - noncurrent - past due	0	0	0	0	0	0
173	Grants receivable - noncurrent	0	0	0	0	0	0
174	Other assets	0	0	0	0	0	0
176	Investment in joint ventures	0	0	0	0	0	0
180	TOTAL NONCURRENT ASSETS	<u>10,567,377</u>	<u>2,005</u>	<u>57,467,474</u>	<u>0</u>	<u>534,074</u>	<u>0</u>
200	DEFERRED OUTFLOWS OF RESOURCES	<u>1,330,808</u>	<u>909,664</u>	<u>2,736,665</u>	<u>0</u>	<u>0</u>	<u>0</u>
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 16,986,373</u>	<u>\$ 3,692,412</u>	<u>\$ 72,870,441</u>	<u>\$ 143,329</u>	<u>\$ 1,031,501</u>	<u>\$ 46,581</u>

PIH Family Self-Sufficiency 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Resident Opportunity and Supportive Services 14.870	Blended Component Unit	New Construction Section 8 Program 14.182	Central Office Cost Center	Elimination	Primary Government TOTAL	Discrete Component Unit	TOTAL
\$ 0	\$ 156,603	\$ 0	\$ 923,588	\$ 0	\$ 563,448	\$ 0	\$ 18,557,465	\$ 884,952	\$ 19,442,417
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	2,400,589	1,299,560	3,700,149
0	0	0	0	0	0	0	3,465	0	3,465
0	0	0	0	0	0	0	0	0	0
0	156,603	0	923,588	0	563,448	0	20,961,519	2,184,512	23,146,031
0	0	0	0	0	0	0	19,905	0	19,905
0	0	0	0	0	0	0	317,467	0	317,467
0	0	0	0	0	0	0	778,504	0	778,504
0	0	0	0	0	0	0	221,092	0	221,092
0	0	0	0	0	0	0	282,095	2,584	284,679
0	0	0	0	0	0	0	(436)	0	(436)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,618,627	2,584	1,621,211
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	39,910	0	288,980	26,035	315,015
0	0	0	0	0	0	0	22,387	0	22,387
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	(14,606)	0	0	0
0	0	0	0	0	0	0	0	0	0
0	156,603	0	923,588	0	603,358	(14,606)	22,891,513	2,213,131	25,104,644
0	0	0	0	0	0	0	1,275,451	1,649,250	2,924,701
0	0	0	0	0	4,109,352	0	127,470,687	35,362,680	162,833,367
0	0	0	0	0	0	0	0	0	0
0	160	0	0	0	268,931	0	1,720,508	526,294	2,246,802
0	0	0	0	0	0	0	5,193,615	0	5,193,615
0	(152)	0	0	0	(2,607,400)	0	(92,638,011)	(9,913,251)	(102,551,262)
0	0	0	0	0	0	0	17,457,788	0	17,457,788
0	0	0	0	0	0	0	0	0	0
0	8	0	0	0	1,770,883	0	60,480,038	27,624,973	88,105,011
0	0	0	965,459	0	0	0	10,827,242	0	10,827,242
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	1,296,110	0	0	0	1,296,110	325,594	1,621,704
0	0	0	0	0	0	0	0	0	0
0	8	0	2,261,569	0	1,770,883	0	72,603,390	27,950,567	100,553,957
0	9,911	0	0	0	1,843,739	0	6,830,787	0	6,830,787
\$ 0	\$ 166,522	\$ 0	\$ 3,185,157	\$ 0	\$ 4,217,980	\$ (14,606)	\$ 102,325,690	\$ 30,163,698	\$ 132,489,388

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
March 31, 2023

<u>FDS Line#</u>	<u>Account Description</u>	<u>Low-Rent Public Hsg 14.850</u>	<u>Housing Choice Vouchers 14.871</u>	<u>State & Local</u>	<u>Mainstream Voucher Program 14.879</u>	<u>Business Activities</u>	<u>FSS Escrow Forfeiture Account 14.EFA</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:							
LIABILITIES:							
CURRENT LIABILITIES:							
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < 90 days	8	25,835	336,237	0	0	0
313	Accounts payable > 90 days	0	0	0	0	0	0
321	Accrued salaries/payroll withholding	0	0	127,584	0	0	0
322	Accrued compensated absences	77,915	17,119	177,180	0	0	0
324	Accrued contingency liability	0	0	0	0	0	0
325	Accrued interest payable	0	0	0	0	0	0
331	Accounts payable - HUD PHA programs	0	0	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0	0	0
333	Accounts payable - other gov.	0	0	835,053	0	0	0
341	Tenant security deposits	0	0	3,465	0	0	0
342	Unearned revenue	13,757	0	357,487	0	0	0
343	Current portion of L-T debt - capital projects	0	0	0	0	0	0
344	Current portion of L-T debt - operating	0	0	0	0	0	0
345	Other current liabilities	0	0	0	0	0	0
346	Accrued liabilities - other	175,968	0	251,405	0	0	0
347	Interprogram (due to)	0	0	0	14,606	0	0
348	Loan liability - current	0	0	0	0	0	0
310	TOTAL CURRENT LIABILITIES	<u>267,648</u>	<u>42,954</u>	<u>2,088,411</u>	<u>14,606</u>	<u>0</u>	<u>0</u>
NONCURRENT LIABILITIES:							
351	Long-term debt, net of current - capital projects	0	0	0	0	0	0
352	Long-term debt, net of current - operating borrowings	0	0	0	0	0	0
353	Noncurrent liabilities - other	212,020	360,856	1,701,668	0	20,000	0
354	Accrued comp. absences - long term	27,376	6,015	62,252	0	0	0
355	Loan liability - noncurrent	0	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0	0
357	Accrued pensions & OPEB liabilities	3,931,983	2,535,537	7,503,117	0	0	0
350	TOTAL NONCURRENT LIABILITIES	<u>4,171,379</u>	<u>2,902,408</u>	<u>9,267,037</u>	<u>0</u>	<u>20,000</u>	<u>0</u>
300	TOTAL LIABILITIES	<u>4,439,027</u>	<u>2,945,362</u>	<u>11,355,448</u>	<u>14,606</u>	<u>20,000</u>	<u>0</u>
400	DEFERRED INFLOWS OF RESOURCES	<u>1,872,246</u>	<u>1,267,522</u>	<u>3,800,484</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET POSITION:							
508.4	Net Investment in Capital Assets	10,567,377	2,005	48,139,765	0	0	0
511.4	Restricted	0	0	11,051,316	0	538,734	46,581
512.4	Unrestricted	107,723	(522,477)	(1,476,572)	128,723	472,767	0
513	TOTAL NET POSITION	<u>10,675,100</u>	<u>(520,472)</u>	<u>57,714,509</u>	<u>128,723</u>	<u>1,011,501</u>	<u>46,581</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 16,986,373</u>	<u>\$ 3,692,412</u>	<u>\$ 72,870,441</u>	<u>\$ 143,329</u>	<u>\$ 1,031,501</u>	<u>\$ 46,581</u>

PIH Family Self-Sufficiency 14.896	Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Resident Opportunity and Supportive Services 14.870	Blended Component Unit	New Construction Section 8 Program 14.182	Central Office Cost Center	Elimination	Primary Government TOTAL	Discrete Component Unit	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	7,765	0	0	0	369,845	7,449	377,294
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	127,584	0	127,584
0	262	0	0	0	106,740	0	379,216	0	379,216
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	6,704	6,704
0	8,002	0	0	0	0	0	8,002	0	8,002
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	835,053	47,086	882,139
0	0	0	0	0	0	0	3,465	0	3,465
0	0	0	0	0	0	0	371,244	12,904	384,148
0	0	0	0	0	0	0	0	372,133	372,133
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	1,966	0	429,339	101,383	530,722
0	0	0	0	0	0	(14,606)	0	0	0
0	0	0	0	0	0	0	0	0	0
0	8,264	0	7,765	0	108,706	(14,606)	2,523,748	547,659	3,071,407
0	0	0	0	0	0	0	0	22,654,056	22,654,056
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	2,294,544	206,550	2,501,094
0	92	0	0	0	37,503	0	133,238	0	133,238
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	27,823	0	0	0	4,404,840	0	18,403,300	0	18,403,300
0	27,915	0	0	0	4,442,343	0	20,831,082	22,860,606	43,691,688
0	36,179	0	7,765	0	4,551,049	(14,606)	23,354,830	23,408,265	46,763,095
0	13,791	0	0	0	2,564,852	0	9,518,895	0	9,518,895
0	8	0	0	0	1,770,883	0	60,480,038	4,598,784	65,078,822
0	16,824	0	2,261,569	0	0	0	13,915,024	1,299,560	15,214,584
0	99,720	0	915,823	0	(4,668,804)	0	(4,943,097)	857,089	(4,086,008)
0	116,552	0	3,177,392	0	(2,897,921)	0	69,451,965	6,755,433	76,207,398
\$ 0	\$ 166,522	\$ 0	\$ 3,185,157	\$ 0	\$ 4,217,980	\$ (14,606)	\$ 102,325,690	\$ 30,163,698	\$ 132,489,388

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts
FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2023

FDS Line#	Account Description	Low-Rent Public Hsg 14.850	Housing Choice Vouchers 14.871	State & Local 14.879	Mainstream Voucher Program 14.879	Business Activities	FSS Escrow Forfeiture Account 14.EFA	PIH Family Self-Sufficiency 14.896
REVENUES:								
70300	Net tenant rental revenue	\$ 3,898,220	\$ 0	\$ 3,739,221	\$ 0	\$ 0	\$ 0	\$ 0
70400	Tenant revenue - other	0	0	0	0	0	0	0
70500	Total tenant revenue	3,898,220	0	3,739,221	0	0	0	0
70600	HUD PHA grants - operating	3,103,458	24,331,834	0	2,026,531	0	0	143,991
70610	HUD PHA grants - capital	889,177	0	0	0	0	0	0
70710	Management fee	0	0	0	0	0	0	0
70720	Asset management fee	0	0	0	0	0	0	0
70730	Bookkeeping fee	0	0	0	0	0	0	0
70740	Front line service fees	0	0	0	0	0	0	0
70750	Other fees	0	0	0	0	0	0	0
70700	Total fee revenue	0	0	0	0	0	0	0
70800	Other government grants	0	0	16,502,670	0	0	0	0
71100	Investment income - unrestricted	10,200	1,287	16,976	0	875	0	0
71200	Mortgage interest income	0	0	0	0	0	0	0
71300	Proceeds from disposition of assets held for sale	0	0	0	0	0	0	0
71310	Cost of sale of assets	0	0	0	0	0	0	0
71400	Fraud recovery	0	5,846	0	0	0	0	0
71500	Other revenue	356,315	23,635	126,294	0	300,044	46,581	0
71600	Gain/(loss) on disposition	0	0	0	0	0	0	0
72000	Investment income - restricted	0	290	273,878	0	17,741	0	0
70000	TOTAL REVENUES	\$ 8,257,370	\$ 24,362,892	\$ 20,659,039	\$ 2,026,531	\$ 318,660	\$ 46,581	\$ 143,991
EXPENSES:								
Administrative								
91100	Administrative salaries	\$ 321,133	\$ 657,979	\$ 774,414	\$ 49,525	\$ 0	\$ 0	\$ 0
91200	Auditing fees	11,586	5,387	13,729	406	0	0	0
91300	Management fees	787,499	0	1,809	0	120,000	0	143,991
91310	Bookkeeping fees	50,985	0	0	0	0	0	0
91400	Advertising & marketing	0	0	0	0	0	0	0
91500	Employee benefits - administrative	107,365	78,839	202,250	22,474	0	0	0
91600	Office expense	0	0	0	0	0	0	0
91700	Legal expense	29,500	20,494	46,078	1,543	0	0	0
91800	Travel expense	17,165	9,000	1,467	677	0	0	0
91810	Allocated overhead	0	0	0	0	0	0	0
91900	Other operating - administrative	183,587	293,293	298,633	22,076	2,120	0	0
91000	Total Administrative Expense	1,508,820	1,064,992	1,338,380	96,701	122,120	0	143,991
92000	Asset management fee	70,080	0	0	0	0	0	0
Tenant services								
92100	Tenant services - salaries	0	0	76,754	0	0	0	0
92200	Relocation costs	0	0	0	0	0	0	0
92300	Employee benefits - tenant services	0	0	13,317	0	0	0	0
92400	Other tenant services	74,263	0	33,246	0	0	0	0
92500	Total Tenant Services	74,263	0	123,317	0	0	0	0
Utilities								
93100	Water	798,535	0	1,241,860	0	0	0	0
93200	Electricity	404,156	0	532,645	0	0	0	0
93300	Gas	374,587	0	455,907	0	0	0	0
93400	Fuel	0	0	0	0	0	0	0
93500	Labor	0	0	0	0	0	0	0
93600	Sewer	0	0	0	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0	0	0	0
93800	Other utilities expense	0	0	0	0	0	0	0
93000	Total Utilities Expense	1,577,278	0	2,230,412	0	0	0	0

Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Resident Opportunity and Supportive Services 14.870	Blended Component Unit	New Construction Section 8 Program 14.182	Central Office Cost Center	Subtotal	Elimination	Primary Government TOTAL	Discrete Component Unit	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,637,441	\$ 0	\$ 7,637,441	\$ 2,578,535	\$ 10,215,976
0	0	0	0	0	0	0	0	1,475	1,475
0	0	0	0	0	7,637,441	0	7,637,441	2,580,010	10,217,451
128,340	79,200	0	3,062,133	0	32,875,487	0	32,875,487	0	32,875,487
0	0	0	0	0	889,177	0	889,177	0	889,177
0	0	0	0	1,372,499	1,372,499	(1,372,499)	0	0	0
0	0	0	0	70,080	70,080	(70,080)	0	0	0
0	0	0	0	50,985	50,985	(50,985)	0	0	0
0	0	0	0	670,649	670,649	(670,649)	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	2,164,213	2,164,213	(2,164,213)	0	0	0
0	0	0	0	76,755	16,579,425	0	16,579,425	6,075	16,585,500
20	0	0	0	189	29,547	0	29,547	8,319	37,866
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	5,846	0	5,846	0	5,846
893	0	405,409	0	233,550	1,492,721	(285,689)	1,207,032	10,096	1,217,128
0	0	0	0	0	0	0	0	0	0
0	0	15,467	0	0	307,376	0	307,376	0	307,376
\$ 129,253	\$ 79,200	\$ 420,876	\$ 3,062,133	\$ 2,474,707	\$ 61,981,233	\$ (2,449,902)	\$ 59,531,331	\$ 2,604,500	\$ 62,135,831
\$ 8,021	\$ 0	\$ 0	\$ 0	\$ 755,527	\$ 2,566,599	\$ 0	\$ 2,566,599	\$ 113,508	\$ 2,680,107
482	0	0	0	1,450	33,040	0	33,040	30,000	63,040
0	79,200	240,000	0	0	1,372,499	(1,372,499)	0	107,921	107,921
0	0	0	0	0	50,985	(50,985)	0	0	0
0	0	0	0	0	0	0	0	0	0
921	0	0	0	58,069	469,918	0	469,918	39,676	509,594
0	0	0	0	0	0	0	0	16,314	16,314
2	0	0	0	146	97,763	0	97,763	5,979	103,742
8	0	0	0	0	28,317	0	28,317	0	28,317
0	0	0	0	0	0	0	0	0	0
3,020	0	18,342	0	22,895	843,966	0	843,966	63,499	907,465
12,454	79,200	258,342	-	838,087	5,463,087	(1,423,484)	4,039,603	376,897	4,416,500
0	0	0	0	0	70,080	(70,080)	0	0	0
0	0	0	0	0	76,754	0	76,754	0	76,754
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	13,317	0	13,317	0	13,317
0	0	0	0	0	107,509	0	107,509	59,173	166,682
0	0	0	0	0	197,580	0	197,580	59,173	256,753
0	0	0	0	0	2,040,395	0	2,040,395	90,131	2,130,526
0	0	0	0	14,831	951,632	0	951,632	135,474	1,087,106
0	0	0	0	0	830,494	0	830,494	32,238	862,732
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	14,831	3,822,521	0	3,822,521	257,843	4,080,364

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts
FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2023

<u>FDS Line#</u>	<u>Account Description</u>	<u>Low-Rent Public Hsg 14.850</u>	<u>Housing Choice Vouchers 14.871</u>	<u>State & Local 14.879</u>	<u>Mainstream Voucher Program 14.879</u>	<u>Business Activities</u>	<u>FSS Escrow Forfeiture Account 14.EFA</u>	<u>PIH Family Self-Sufficiency 14.896</u>
Ordinary Maintenance & Operation								
94100	Labor	804,206	0	1,628,772	0	0	0	0
94200	Materials	408,639	0	524,727	0	0	0	0
94300	Contracts	1,256,097	0	1,175,814	0	0	0	0
94300-010	Garbage & trash removal contracts	130,113	0	0	0	0	0	0
94300-020	Heating & cooling contracts	6,849	0	0	0	0	0	0
94300-030	Snow removal contracts	2,200	0	0	0	0	0	0
94300-040	Elevator contracts	51,081	0	0	0	0	0	0
94300-050	Landscape & grounds contracts	12,654	0	0	0	0	0	0
94300-060	Unit turnaround contracts	0	0	0	0	0	0	0
94300-070	Electrical contracts	125,383	0	0	0	0	0	0
94300-080	Plumbing contracts	54,610	0	0	0	0	0	0
94300-090	Extermination contracts	33,758	0	0	0	0	0	0
94300-100	Janitorial contracts	0	0	0	0	0	0	0
94300-110	Routine maintenance contracts	168,800	0	0	0	0	0	0
94300-120	Contract costs - other	670,649	0	1,175,814	0	0	0	0
94500	Employee benefit contributions	276,250	0	325,776	0	0	0	0
94000	Total Ordinary Maintenance & Operation	2,745,192	0	3,655,089	0	0	0	0
Protective services								
95100	Protective services - salaries	0	0	0	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0	0	0	0
95300	Protective services - other	0	0	0	0	9,998	0	0
95500	Employee benefits - protective services	0	0	0	0	0	0	0
95000	Total Protective Services	0	0	0	0	9,998	0	0
Insurance Premiums								
96110	Property insurance	129,922	0	127,672	0	0	0	0
96120	Liability insurance	29,223	8,929	13,020	0	0	0	0
96130	Workmen's compensation	44,264	24,333	81,746	0	0	0	0
96140	Insurance - other	20,397	1,832	24,802	2,641	0	0	0
96100	Total Insurance Premiums	223,806	35,094	247,240	2,641	0	0	0
General Expenses								
96200	Other general expense	0	10,943	0	0	0	0	0
96210	Compensated absences	72,865	1,411	213,170	106	11,912	0	0
96300	Payments in lieu of taxes	266,433	0	19,256	0	0	0	0
96400	Bad debt - tenant rents	10,064	0	4,144	0	0	0	0
96500	Bad debt - mortgages	0	0	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0	0	0
96800	Severance expense	0	0	0	0	0	0	0
96000	Total General Expenses	349,362	12,354	236,570	106	11,912	0	0
Financial Expenses								
96710	Interest expense - mortgage payable	0	0	3,929	0	0	0	0
96720	Interest expense - notes payable	0	0	0	0	0	0	0
96730	Amortization - issuance costs	0	0	0	0	0	0	0
96700	Total Financial Expenses	0	0	3,929	0	0	0	0
96900	TOTAL OPERATING EXPENSE	6,548,801	1,112,440	7,834,937	99,448	144,030	0	143,991
97000	EXCESS OPERATING REVENUE	1,708,569	23,250,452	12,824,102	1,927,083	174,630	46,581	0

Section 8 Moderate Rehabilitation Single Room Occupancy 14,249	Resident Opportunity and Supportive Services 14,870	Blended Component Unit	New Construction Section 8 Program 14,182	Central Office Cost Center	Subtotal	Elimination	Primary Government TOTAL	Discrete Component Unit	TOTAL
0	0	0	0	695,184	3,128,162	0	3,128,162	128,803	3,256,965
0	0	0	0	2,809	936,175	0	936,175	108,008	1,044,183
0	0	0	0	9,913	2,441,824	(670,649)	1,771,175	160,369	1,931,544
0	0	0	0	0	130,113	0	130,113	29,259	159,372
0	0	0	0	2,953	9,802	0	9,802	34,528	44,330
0	0	0	0	0	2,200	0	2,200	0	2,200
0	0	0	0	0	51,081	0	51,081	675	51,756
0	0	0	0	0	12,654	0	12,654	3,363	16,017
0	0	0	0	0	0	0	0	0	0
0	0	0	0	5,149	130,532	0	130,532	0	130,532
0	0	0	0	1,250	55,860	0	55,860	0	55,860
0	0	0	0	561	34,319	0	34,319	3,618	37,937
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	168,800	0	168,800	43,696	212,496
0	0	0	0	0	1,846,463	(670,649)	1,175,814	45,230	1,221,044
0	0	0	0	88,638	690,664	0	690,664	39,569	730,233
0	0	0	0	796,544	7,196,825	(670,649)	6,526,176	436,749	6,962,925
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	9,998	0	9,998	0	9,998
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	9,998	0	9,998	0	9,998
0	0	0	0	16,058	273,652	0	273,652	97,444	371,096
24	0	0	0	60,315	111,511	0	111,511	15,004	126,515
289	0	0	0	0	150,632	0	150,632	7,844	158,476
54	0	0	0	88	49,814	0	49,814	14,267	64,081
367	0	0	0	76,461	585,609	0	585,609	134,559	720,168
0	0	0	0	0	10,943	0	10,943	9,399	20,342
108	0	0	0	138,871	438,443	0	438,443	0	438,443
0	0	0	0	0	285,689	(285,689)	0	0	0
0	0	0	0	0	14,208	0	14,208	0	14,208
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
108	0	0	0	138,871	749,283	(285,689)	463,594	9,399	472,993
0	0	0	0	0	3,929	0	3,929	729,451	733,380
0	0	0	0	0	0	0	0	52,336	52,336
0	0	0	0	0	0	0	0	2,458	2,458
0	0	0	0	0	3,929	0	3,929	784,245	788,174
12,929	79,200	258,342	0	1,864,794	18,098,912	(2,449,902)	15,649,010	2,058,865	17,707,875
116,324	0	162,534	3,062,133	609,913	43,882,321	0	43,882,321	545,635	44,427,956

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts
FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2023

FDS Line#	Account Description	Low-Rent Public Hsg 14.850	Housing Choice Vouchers 14.871	State & Local	Mainstream Voucher Program 14.879	Business Activities	FSS Escrow Forfeiture Account 14.EFA	PIH Family Self-Sufficiency 14.896
	Other Expenses							
97100	Extraordinary maintenance	110,349	0	392,039	0	0	0	0
97200	Casualty losses	0	0	0	0	0	0	0
97300	Housing assistance payments	0	22,310,224	176,450	1,907,521	0	0	0
97350	HAP portability-in	0	0	0	0	0	0	0
97400	Depreciation expense	1,035,349	2,784	2,070,351	0	0	0	0
97500	Fraud losses	0	0	0	0	0	0	0
97600	Capital outlays - governmental funds	0	0	0	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0	0	0	0
97800	Dwelling units rents expense	0	0	0	0	0	0	0
	Total Other Expenses	1,145,698	22,313,008	2,638,840	1,907,521	0	0	0
90000	TOTAL EXPENSES	\$ 7,694,499	\$ 23,425,448	\$ 10,473,777	\$ 2,006,969	\$ 144,030	\$ 0	\$ 143,991
10010	Operating transfer in	382,785	0	3,062,133	0	0	0	0
10020	Operating transfer out	(482,785)	0	0	0	0	0	0
10030	Operating transfers from/to primary gov't	0	0	0	0	0	0	0
10040	Operating transfers from/to comp. unit	0	0	0	0	0	0	0
10050	Proceeds from notes, loans & bonds	0	0	0	0	0	0	0
10060	Proceeds from property sales	0	0	0	0	0	0	0
10070	Extraordinary items, net gain/loss	0	0	0	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0	0	0	0
10091	Inter project excess cash transfer in	400,000	0	0	0	0	0	0
10092	Inter project excess cash transfer out	(400,000)	0	0	0	0	0	0
10093	Transfers between project & program - in	0	0	0	0	0	0	0
10094	Transfers between project & program - out	0	0	0	0	0	0	0
10100	Total other financing sources (uses)	(100,000)	0	3,062,133	0	0	0	0
10000	EXCESS OF REVENUE OVER EXPENSES	\$ 462,871	\$ 937,444	\$ 13,247,395	\$ 19,562	\$ 174,630	\$ 46,581	\$ 0
11020	Required annual debt principal payments	0	0	16,096	0	0	0	0
11030	Beginning Net Position	10,212,229	(1,457,916)	44,734,538	109,161	836,871	0	0
11040-010	Prior period adjustments	0	0	(267,424)	0	0	0	0
11040-070	Equity transfers	0	0	0	0	0	0	0
11050	Changes-compensated absence balance	0	0	0	0	0	0	0
11060	Changes -contingent liability balance	0	0	0	0	0	0	0
11070	Changes -unrec. pension transition liability	0	0	0	0	0	0	0
11080	Changes -doubtful accounts - dwelling rents	0	0	0	0	0	0	0
11090	Changes -doubtful accounts - other	0	0	0	0	0	0	0
	Ending Net Position	\$ 10,675,100	\$ (520,472)	\$ 57,714,509	\$ 128,723	\$ 1,011,501	\$ 46,581	\$ 0
11170	Administrative fee equity	0	(520,472)	0	0	0	0	0
11180	Housing assistance payments equity	0	0	0	0	0	0	0
11190	Units Available	7,008	14,412	9,433	1,344	0	0	0
11210	Units Leased	6,883	14,323	8,055	1,221	0	0	0

Section 8 Moderate Rehabilitation Single Room Occupancy 14.249	Resident Opportunity and Supportive Services 14.870	Blended Component Unit	New Construction Section 8 Program 14.182	Central Office Cost Center	Subtotal	Elimination	Primary Government TOTAL	Discrete Component Unit	TOTAL
0	0	0	0	17,850	520,238	0	520,238	0	520,238
0	0	0	0	0	0	0	0	0	0
87,090	0	0	0	0	24,481,285	0	24,481,285	0	24,481,285
0	0	0	0	0	0	0	0	0	0
32	0	0	0	111,714	3,220,230	0	3,220,230	976,558	4,196,788
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
87,122	0	0	0	129,564	28,221,753	0	28,221,753	976,558	29,198,311
\$ 100,051	\$ 79,200	\$ 258,342	\$ 0	\$ 1,994,358	\$ 46,320,665	\$ (2,449,902)	\$ 43,870,763	\$ 3,035,423	\$ 46,906,186
0	0	100,000	0	0	3,544,918	(3,544,918)	0	0	0
0	0	0	(3,062,133)	0	(3,544,918)	3,544,918	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	400,000	(400,000)	0	0	0
0	0	0	0	0	(400,000)	400,000	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	100,000	(3,062,133)	0	0	0	0	0	0
\$ 29,202	\$ 0	\$ 262,534	\$ 0	\$ 480,349	\$ 15,660,568	\$ 0	\$ 15,660,568	\$ (430,923)	\$ 15,229,645
0	0	0	0	0	16,096	0	16,096	527,941	544,037
87,350	0	2,914,858	0	(3,378,270)	54,058,821	0	54,058,821	7,186,356	61,245,177
0	0	0	0	0	(267,424)	0	(267,424)	0	(267,424)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
116,552	0	3,177,392	0	(2,897,921)	69,451,965	0	69,451,965	6,755,433	76,207,398
0	0	0	0	0	(520,472)	0	(520,472)	0	(520,472)
0	0	0	0	0	0	0	0	0	0
156	0	0	0	0	32,353	0	32,353	0	32,353
156	0	0	0	0	30,638	0	30,638	0	30,638

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>Type</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Public Housing:			
Low Rent Public Housing - subsidy	A - Major	14.850	\$ 2,567,559
Capital Fund Program	A - Major	14.872	1,425,076
Section 8 Housing Assistance Program:			
Moderate Rehabilitation - Single Room Occupancy	A - Major	14.249	128,340
New Construction and Substantial Rehabilitation	A - Major	14.182	3,062,133
(State pass through)			
Total Section 8 Project-Based - Cluster			3,190,473
Cluster Programs:			
Housing Choice Voucher Program	A - Major	14.871	24,331,834
Mainstream Voucher Program	A - Major	14.879	2,026,531
Total Housing Choice Voucher - Cluster			26,358,365
Other Programs:			
Resident Opportunity and Supportive Services	B - Nonmajor	14.870	79,200
PIH Family Self-Sufficiency Program	B - Nonmajor	14.896	143,991
TOTAL FEDERAL FINANCIAL AWARDS			\$ 33,764,664
Threshold for Type A & Type B			\$ 1,012,940

The accompanying notes are an integral part of this schedule.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2023**

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended March 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - INDIRECT COST RATE:

The Authority did not elect to use the 10% de minimis cost rate.

NOTE D - SUBRECIPIENTS:

The Authority provided no federal awards to subrecipients during the fiscal year ending March 31, 2023.

NOTE E - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Authority received no federal awards to subrecipients during the fiscal year ended March 31, 2023.
- The Authority had no loans outstanding which were guaranteed, and therefore, qualify as part of the federal financial assistance.
- The Authority maintains the following limits of insurance as of March 31, 2023:

▪ Property	\$159,986,745
▪ Liability	\$1,000,000
▪ Workers Comp	\$1,000,000
▪ Employee Fraud and Dishonesty	\$250,000
▪ Flood	\$250,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

SUPPLEMENTAL INFORMATION
SPECIAL REPORTS

YEAR ENDED MARCH 31, 2023

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

March 31, 2023

MA01P031501-19

- 1 The Actual Capital Grant Program Costs of 501-19 are as follows:

Funds Approved	\$ 1,367,129
Funds Expended	<u>1,367,129</u>
Excess of Funds Approved	\$ <u><u>-</u></u>
 Funds Advanced	 \$ 1,367,129
Funds Expended	<u>1,367,129</u>
Excess of Funds Advanced	\$ <u><u>-</u></u>

- 2 Audit period additions were \$265.13 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The costs as shown on the Annual Statement/Performance and Evaluation Report dated July 11, 2023, are in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval and is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

SOMERVILLE HOUSING AUTHORITY
Somerville, Massachusetts

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

March 31, 2023

MA01P031501-20

- 1 The Actual Capital Grant Program Costs of 501-20 are as follows:

Funds Approved	\$ 1,478,273
Funds Expended	<u>1,478,273</u>
Excess of Funds Approved	\$ <u><u>-</u></u>
Funds Advanced	\$ 1,478,273
Funds Expended	<u>1,478,273</u>
Excess of Funds Advanced	\$ <u><u>-</u></u>

- 2 All costs were spent in a prior period and were not audited in the current year.
- 3 The costs as shown on the Annual Statement/Performance and Evaluation Report dated July 11, 2023, are in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval and is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.