
Michigan State Housing Development Authority

(a component unit of the State of Michigan)

Federal Awards Supplemental Information

June 30, 2025

Independent Auditor's Reports

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

We have audited the financial statements of the business-type activities of Michigan State Housing Development Authority (the "Authority"), a component unit of the State of Michigan, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 27, 2025, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 27, 2025.

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*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

March 24, 2026

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management; the Board of Directors; and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Michigan State Housing Development Authority (the "Authority") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

To Management; the Board of Directors; and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

The Authority's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and 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 the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 27, 2025

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Michigan State Housing Development Authority's (the "Authority"), a component unit of the State of Michigan, compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2025. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "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.

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.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance 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 with 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.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA,
Auditor General, State of Michigan
Michigan State Housing Development Authority

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.

Plante & Moran, PLLC

March 24, 2026

Michigan State Housing Development Authority

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Section 8 Project-Based Cluster: Section 8 - Project-Based Rental Assistance	14.195		\$ -	\$ 474,031,170
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871		-	301,784,680
COVID-19 - Section 8 Housing Choice Vouchers	14.871		-	7,347,422
Mainstream Vouchers	14.879		-	1,548,516
Total Housing Voucher Cluster			-	310,680,618
Housing Counseling Assistance Program	14.169		1,152,054	1,152,054
Community Development Block Grants/State's program and Non-Entitlement				
Grants in Hawaii:				
Community Development Block Grants	14.228		-	100,235
Recovery Housing Program	14.228		-	776,419
Neighborhood Stabilization Program	14.228		825,331	825,331
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			825,331	1,701,985
Emergency Solutions Grants Program	14.231		6,027,849	6,027,849
COVID-19 - Emergency Solutions Grants Program	14.231		(74,046)	(74,046)
Total Emergency Solutions Grants Program			5,953,803	5,953,803
Home Investment Partnerships Program	14.239		-	9,113,757
COVID-19 - Home Investment Partnerships Program	14.239		2,874,180	5,737,486
Total Home Investment Partnerships Program			2,874,180	14,851,243
ARRA - Neighborhood Stabilization Program	14.256		-	964,200
Continuum of Care Program	14.267		2,798,395	2,798,395
Housing Trust Fund	14.275		-	15,403,992
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811				
Supportive Housing for Persons with Disabilities	14.326		1,359,740	1,379,740
Performance Based Contract Administration Program	14.327		-	15,934,143
Family Self-Sufficiency Program	14.896		-	1,463,382
Total U.S. Department of Housing and Urban Development			14,963,503	846,314,726
U.S. Department of the Treasury				
COVID-19 - Coronavirus Relief Fund	21.019		-	(168,404)
COVID-19 - Emergency Rental Assistance Program	21.023		5,800,543	47,252,770
COVID-19 - Homeowner Assistance Fund	21.026		-	(114,617)
COVID-19 - State and Local Fiscal Recovery Funds - MI-HOPE Program	21.027		10,888,447	11,436,177
COVID-19 - State and Local Fiscal Recovery Funds - Missing Middle Program	21.027		-	61,178,302
COVID-19 - State and Local Fiscal Recovery Funds - Housing and Community Development Fund Program	21.027		13,065,358	20,260,008
Total COVID-19 - State and Local Fiscal Recovery Funds			23,953,805	92,874,487
Total U.S. Department of the Treasury			29,754,346	139,844,236
Total expenditures of federal awards			<u>\$ 44,717,851</u>	<u>\$ 986,158,961</u>

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Michigan State Housing Development Authority (the “Authority”) under programs of the federal government for the year ended June 30, 2025. The information in the 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* (the “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 position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Michigan State Housing Development Authority

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
14.195	Section 8 Project-Based Cluster	Unmodified
14.231	Emergency Solutions Grants Program	Unmodified
14.239	Home Investment Partnerships Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? _____ Yes X No

Michigan State Housing Development Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

Section II - Financial Statement Audit Findings

Reference Number	Finding
2025-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - In accordance with good business practices, a timely and complete year-end close process is essential to ensure accurate and reliable financial reporting. The general ledger should be finalized and free of adjustments prior to the commencement of audit fieldwork. Manual financial statements, such as the Crosswalk, should be completed and reviewed as part of the close process to support the preparation of complete and accurate financial statements in accordance with generally accepted accounting principles (GAAP).</p> <p>Condition - Quarterly and year-end close processes were not performed timely, resulting in delayed reconciliations and various entries received subsequent to receipt of the trial balance. Also, certain general ledger account balances were not appropriately stated on the trial balance and manual financial statements received.</p> <p>Context - Certain account balances required adjustments that were not material after follow-up during the audit procedures. These adjustments were not identified by management during the closing process.</p> <p>Cause - Components of the year-end close process are completed in manual schedules outside of the general ledger system to produce the financial statement. Intermittent staff departures caused strain in providing timely and effective review of general ledger activity and reconciliations.</p> <p>Effect - Certain account reconciliations and journal entry adjustments were provided late in the audit process subsequent to the trial balance being received.</p> <p>Recommendation - To assist with the timeliness of quarterly and year-end close process, additional staffing should be considered. The Authority should implement additional procedures to ensure a timely closing process, including the preparation of the financial statements. We recommend recording entries from manual schedules in the general ledger system to streamline the year-end close process.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Authority acknowledges that adjustments were made after audit fieldwork began. Given the size and scope of the work of the Authority and its finance department, errors and entries to correct discrepancies will happen. The finding type, significant deficiency, recognizes that these adjustments and the timing of adjustment are not material. The Authority agrees with this finding.</p> <p>During and leading up to the audit, the Authority experienced significant temporary staff reduction in positions with important and active roles in the completion of the Authority's audit. The Authority's finance leadership will evaluate and, if necessary, increase its accounting staff.</p>

Section III - Federal Program Audit Findings

Current Year None



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

AMY HOVEY
CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR

Michigan State Housing Development Authority
June 30, 2025
Summary Schedule of Prior Audit Findings

Prior Year Finding Number:

2024-001

Fiscal Year in Which the Finding Initially Occurred:

2024

Federal Program, Assistance Listing Number and Name:

N/A

Original Finding Description:

Unique transactions entered into during fiscal years 2023 and 2024 were not reflected appropriately in the general ledger.

Status/Partial Corrective Action (as applicable):

Fully corrected

Planned Corrective Action:

N/A

Prior Year Finding Number:

2024-002

Fiscal Year in Which the Finding Initially Occurred:

2024

Federal Program, Assistance Listing Number and Name:

N/A

Original Finding Description:

The Authority did not accrue for expenses incurred by subrecipients but not yet paid by the Authority through June 30, 2024. Additionally, the Authority did not record cash advances held by certain subrecipients as an asset at June 30, 2024.

Status/Partial Corrective Action (as applicable):

Fully corrected

Planned Corrective Action:
N/A.



STATE OF MICHIGAN

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GRETCHEN WHITMER
GOVERNOR

AMY HOVEY
CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR

Michigan State Housing Development Authority

June 30, 2025

Corrective Action Plan

Finding Number: 2025-001

Condition: Quarterly and year-end close processes were not performed timely, resulting in delayed reconciliations and various entries received subsequent to receipt of the trial balance. Also, certain general ledger account balances were not appropriately stated on the trial balance and manual financial statements received.

Planned Corrective Action: The Authority acknowledges that adjustments were made after audit fieldwork began. Given the size and scope of the work of the Authority and its finance department, errors and entries to correct discrepancies will happen. The finding type "significant deficiency" recognizes that these adjustments and the timing of adjustment are not material. The Authority agrees with this finding.

During and leading up to the audit, the Authority experienced significant temporary staff reduction in positions with important and active roles in the completion of the Authority's audit. The Authority's finance leadership will evaluate and if necessary increase its accounting staff.

Contact person responsible for corrective action: Jason Fedewa

Anticipated Completion Date: 06/30/2026