

**HOUSING AUTHORITY OF THE
COUNTY OF DEKALB
DeKalb, Illinois**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

MARCH 31, 2021

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the County of DeKalb
DeKalb, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the County of DeKalb (the "Housing Authority"), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of March 31, 2021, and the respective changes in financial position, and where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements and statement and certification of actual modernization costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The combining financial statements, statement and certification of actual modernization costs, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, statement and certification of actual modernization costs and schedule of expenditures of federal awards 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 September 2, 2021, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
September 2, 2021

**HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois**

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2021

The management of the Housing Authority of the County of DeKalb (the "Housing Authority") offers this narrative overview and analysis of its audited financial statements for fiscal year ended March 31, 2021. The goal is for the reader to better understand the Housing Authority's financial activities and its overall financial position and to show whether current year revenues covered current year expenses and the extent to which the Housing Authority has invested its capital assets. We encourage readers to consider the information presented here in conjunction with the Housing Authority's financial statements, which begins on page 10.

THE HOUSING AUTHORITY'S PROGRAMS:

- *Public Housing* - Under the Public Housing Program, the Housing Authority rents 280 units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Public Housing Program includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Housing Authority's properties. The Housing Authority's Capital Fund Program is referred herein as Modernization.
- *Section 8 Choice Vouchers* - Under the Section 8 Choice Voucher Program, the Housing Authority administers 586 regular vouchers and 25 VASH vouchers for a total baseline of 611 vouchers. The agency contracts with independent landlords that own the property to provide housing for participants. The Housing Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Housing Authority to structure a lease that sets the participants' rent at 30 percent of household income.
- *Continuum of Care* - The Continuum of Care program provides rental subsidy to homeless individuals and families. The program has the capacity to serve 60 households and is currently assisting 58 households.
- *New Construction/Section 8 Program* - The New Construction program is a multifamily project-based voucher program that supports a twelve-unit property that serves elderly and disabled individuals located in Shabbona Illinois.
- *Business Activities* - Business activities consist of a single-family home, Briarwood apartments, a 48-unit affordable housing complex and Sunset View apartments, a 12-unit affordable housing complex. The single-family home and Briarwood apartments are in DeKalb Illinois. Sunset View apartments is in Hinckley Illinois.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS:

The following financial statements are included in this report:

- *Statement of Net Position* - reports the Housing Authority's overall financial position: cash and other current assets, noncurrent assets, current and noncurrent liabilities subtracting total liabilities from total assets results in the net position of the Housing Authority.
- *Statement of Revenue, Expenses, and Changes in Net Position* - reports the Housing Authority's various revenue and expenses for the fiscal year.
- *Statement of Cash Flows* - reports cash inflows and outflows for the Housing Authority's fiscal year.

FINANCIAL HIGHLIGHTS:

- The assets of the Housing Authority exceed its liabilities as of March 31, 2021 by \$10,893,634 (net position).
- The Housing Authority's net investment in capital assets as of March 31, 2021 was \$7,954,362.
- The Housing Authority's total revenue for the fiscal year ended March 31, 2021 was \$8,968,998.
- The Housing Authority's total expenses for the fiscal year ended March 31, 2021 was \$8,695,199. The Housing Authority's total combined revenue exceed its total combined expenses by \$273,799.

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>	<u>INCREASE (DECREASE)</u>
ASSETS			
Cash and investments	\$ 3,133,132	\$ 3,208,074	\$ (74,942)
Other current assets	184,658	191,598	(6,940)
Capital assets	<u>7,959,646</u>	<u>8,079,731</u>	<u>(120,085)</u>
TOTAL ASSETS	<u>11,277,436</u>	<u>11,479,403</u>	<u>(201,967)</u>
LIABILITIES			
Current liabilities	383,019	854,284	(471,265)
Noncurrent liabilities	<u>783</u>	<u>5,284</u>	<u>(4,501)</u>
TOTAL LIABILITIES	<u>383,802</u>	<u>859,568</u>	<u>(475,766)</u>
NET POSITION			
Net investment in capital assets	7,954,362	7,577,870	376,492
Restricted	55,651	89,943	(34,292)
Unrestricted	<u>2,883,621</u>	<u>2,952,020</u>	<u>(68,399)</u>
TOTAL NET POSITION	<u>10,893,634</u>	<u>10,619,833</u>	<u>273,801</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2021

ANALYSIS OF FINANCIAL STATEMENTS - Continued:

The net decrease in capital assets is due to a decrease in construction work in progress for capital fund projects and an increase in depreciation expense.

The net decrease in current liabilities is due to the bond payoff for Briarwood Apartments in October 2020.

Restricted net position represents Section 8 HCV grant funds restricted by HUD for future HAP expenses.

ANALYSIS OF STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION PRIOR AND CURRENT FISCAL YEAR:

	YEAR ENDING			
	MARCH 31,			
	2021		2020	
	AMOUNT	%	AMOUNT	%
REVENUE				
Tenant rental revenue	\$ 1,405,035	16	\$ 1,417,805	16
HUD operating and capital grants	7,230,965	80	7,068,682	80
Other operating revenue	327,326	4	387,813	4
Interest	<u>5,672</u>	-	<u>42,955</u>	-
TOTAL REVENUE	<u>8,968,998</u>	<u>100</u>	<u>8,917,255</u>	<u>100</u>
EXPENSES				
Administrative expenses	1,512,236	17	1,444,368	17
Tenant services	30,074	-	41,410	1
Utilities	197,716	2	220,308	3
Maintenance and operations	841,933	10	787,081	9
General expenses	306,552	4	319,016	4
Protective services	11,175	-	8,045	-
Housing assistance payments	4,937,529	57	4,722,516	57
Depreciation	830,192	10	767,625	9
Interest expense	9,418	-	16,389	-
Loss on disposition of capital asset	<u>18,374</u>	-	<u>10,586</u>	-
TOTAL EXPENSES	<u>8,695,199</u>	<u>100</u>	<u>8,337,344</u>	<u>100</u>
CHANGE IN NET POSITION	<u>\$ 273,799</u>		<u>\$ 579,911</u>	

The decrease in tenant rental revenue is due to less rent collected which is directly related to changes in tenant income. The net increase in HUD operating and capital grants is due to an increase in HCV HAP and admin funding, CARES funding received (Public Housing \$138,301 and HCV \$203,607), and a decrease in capital fund hard costs. Other operating revenue decrease is due decrease in Port In HAP payments. Interest income decreased due to interest rates. Administrative expense increase is due to wages, employee benefits, increased postage due to COVID and the 2020 Housing Needs Study. Utilities decreased due to Public Housing gas expense. Maintenance and operations increased due to Taylor Street Plaza hallway floor abatement and carpet replacement and other property maintenance projects. General expense decrease is due to collection loss. Housing Assistance Payments increased in FY21 due to decrease in participants income. Depreciation increased in FY21 due to asset additions.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2021

BUDGETARY HIGHLIGHTS:

Low-Rent Public Housing (Operations Only) – AMP 1 and 3 ended with a higher net income, before depreciation, than budgeted, which is added to the reserves for each of the AMPS. The program received \$138,301 in CARES funding. Capital projects completed during the year include TSP split heater/AC unit replacement and Civic flat roof replacement. Ordinary maintenance was closely monitored and finished 4% above budget. Projects contributing to the overage are seal coating; window washing; tree removal; TSP hallway floor abatement and carpet replacement; and custodian temp. The program ended with net earnings of \$323,985.

Section 8 Choice Vouchers - The Housing Authority earned \$4,954,896 in annual contributions. The program received \$203,607 in Admin Fee CARES funding. No HAP CARES funding was awarded. The Restricted Net Position (consisting of excess housing assistance payments contributed) decreased to \$55,651 from \$89,943 the previous fiscal year, and annual budget authority was utilized to assist 100% of the 611 baseline units. The program ended with net earnings of \$251,330.

Continuum of Care - The Housing Authority manages the properties associated with this grant for the DeKalb County Residential Development Corporation (DCRDC), a non-profit entity. The program earned \$366,110 through rental assistance payments which assisted 58 units.

New Construction/Section 8 Program - The Shabbona property continues to be a strong performer with high occupancy and improved physical condition due to capital improvements including windows, doors, drainage, sidewalks, driveway and landscaping. The program ended with net earnings of \$39,418.

Business Activities - Since the purchase of Briarwood apartments in December 2012, occupancy has increased from 80% to 96%. Capital projects completed during the year include installation of new security cameras, common area flooring replacement and new building security doors. Briarwood ended with net earnings of \$114,762. The Sunset View property operates as an affordable housing complex. The property finished the year with net earnings of \$1,572. The agency expects continued increases in income for this property. The Sunset house net earnings were \$4,562.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets

As of year-end, the Housing Authority had \$7,959,646 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$120,085 from the end of 2020. The net decrease is due to a decrease in construction work in progress for capital fund projects, and an increase in depreciation expense.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued:

**Capital Assets at Year-End
(Net of Depreciation)**

	2021	2020
Land	\$ 957,985	\$ 957,985
Land improvements	903,538	899,019
Buildings and improvements	18,893,241	18,236,227
Equipment	1,987,985	1,980,222
Construction work in progress	32,530	228,148
SUBTOTAL	22,775,279	22,301,601
Less accumulated depreciation	(14,815,633)	(14,221,870)
NET CAPITAL ASSETS	\$ 7,959,646	\$ 8,079,731

Debt Outstanding

The debt balance was made up of the Briarwood Apartments bond balance. The bond was paid in full in October 2020.

	2021	2020
Note payable	\$ -	\$ 492,392

FUTURE EVENTS (NEW BUSINESS):

The Housing Authority has undergone some changes, which will affect the annual financials in future years:

- The agency continues to respond very well to the COVID19 pandemic with the ability to have staff work remotely as needed and to implement operational changes needed to keep staff and the public safe. The CARES act funding is being used for COVID eligible expenses.
- The Housing Needs Study was completed in October 2020 and provided insight and suggested direction for the agency to invest in a new development. Focus will likely be de-concentration and additional affordable housing needs for the county.
- An increase in payroll expense is planned for the coming years to accommodate succession planning for employee retirements.
- The agency was awarded 17 Emergency Housing Vouchers in May 2021 with a ready to lease date of July 1, 2021. As of August 2021, eight vouchers have been issued.
- The agency is working with HUD on analysis of RAD conversion of its Public Housing Properties.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT:

The financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Michelle Perkins, Executive Director, Housing Authority of the County of DeKalb, 310 North Six Street, DeKalb, IL 60115.

**HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois**

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE COUNTY OF DEKALB

Dekalb, Illinois

STATEMENT OF NET POSITION

MARCH 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,975,972
Cash and cash equivalents - restricted	157,160
Receivables	
Tenants, net of allowance for doubtful accounts	4,574
Other, net of allowance for doubtful accounts	86,174
Notes receivable	22,889
Interest	96
Inventory	18,713
Prepaid expenses	52,212
TOTAL CURRENT ASSETS	<u>3,317,790</u>

NONCURRENT ASSETS

Land	957,985
Land improvements	903,538
Buildings and improvements	18,893,241
Equipment	1,987,985
Construction work in progress	32,530
Less accumulated depreciation	<u>(14,815,633)</u>
TOTAL NONCURRENT ASSETS	<u>7,959,646</u>

TOTAL ASSETS

\$ 11,277,436

LIABILITIES AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 60,214
Accrued payroll liabilities	73,056
Compensated absences	21,554
Unearned revenue	23,494
Due to other governments	80,006
Tenants' security deposits	101,509
Other current liabilities	18,685
Current portion of long term debt	4,501
TOTAL CURRENT LIABILITIES	<u>383,019</u>

NONCURRENT LIABILITIES

Long term debt	<u>783</u>
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TOTAL LIABILITIES

383,802

NET POSITION

Net investment in capital assets	7,954,362
Restricted	55,651
Unrestricted	2,883,621
TOTAL NET POSITION	<u>10,893,634</u>

TOTAL LIABILITIES AND NET POSITION

\$ 11,277,436

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

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2021

OPERATING REVENUE	
Dwelling rental	\$ 1,405,035
Operating grants	6,826,335
Other operating revenue	<u>327,326</u>
TOTAL OPERATING REVENUE	<u>8,558,696</u>
OPERATING EXPENSES	
Administration	1,512,236
Tenant services	30,074
Utilities	197,716
Maintenance and operations	841,933
General expenses	306,552
Protective services	11,175
Housing assistance payments	4,937,529
Depreciation	<u>830,192</u>
TOTAL OPERATING EXPENSES	<u>8,667,407</u>
OPERATING (LOSS)	<u>(108,711)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	5,672
(Loss) on disposition of fixed assets	(18,374)
Interest expense	<u>(9,418)</u>
NET NONOPERATING (EXPENSES)	<u>(22,120)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(130,831)
CAPITAL GRANTS	<u>404,630</u>
CHANGE IN NET POSITION	273,799
NET POSITION AT BEGINNING OF YEAR	10,617,845
PRIOR PERIOD ADJUSTMENTS	<u>1,990</u>
NET POSITION AT END OF YEAR	<u>\$ 10,893,634</u>

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

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	\$ 1,373,485
Cash received from operating grants	6,826,335
Other income received	336,606
Cash payments to vendors	(1,685,433)
Cash payments to employees	(1,164,230)
Cash payments for housing assistance	<u>(4,937,529)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>749,234</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	404,630
Acquisition of capital assets	(728,485)
Principal payments	(496,575)
Interest paid	<u>(9,418)</u>
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(829,848)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>5,672</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(74,942)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,208,074</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,133,132</u>

(Continued on page 13)

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

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois

STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2021

RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION

Cash and cash equivalents	\$ 2,975,972
Cash and cash equivalents - restricted	157,160
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 3,133,132</u>

RECONCILIATION OF (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES

Operating (loss)	\$ (108,711)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	830,192
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(448)
Notes receivable	(2,603)
Interest receivable	13,287
Inventory	(3,215)
Prepaid expenses	(81)
Increase (decrease) in liabilities	
Accounts payable	224
Accrued expenses	16,963
Unearned revenue	(3,661)
Due to other governments	6,057
Tenants' security deposits	1,230
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 749,234</u>

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

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity - The Housing Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

Programs Administered by the Housing Authority - The programs of the Housing Authority are recorded in one enterprise fund. Each program is maintained using a separate set of self-balancing accounts. The programs include Public Housing (which consists of three AMPS), Capital Funds, Section 8 Choice Vouchers, Central Office Cost Center (COCC), Section 8 New Construction, Business Activities, and Continuum of Care (COC).

Basis of Accounting and Measurement Focus - The Housing Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements as well as U.S. GAAP.

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

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue 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 revenue of the Housing Authority are rents collected from tenants and operating grants. Operating expenses for proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Cash and Cash Equivalents - Restricted - Restricted cash and cash equivalents are segregated resources for tenants' security deposits and unspent housing assistance payments.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts was \$650 for Public Housing and \$15,000 for Section 8 Choice Vouchers at March 31, 2021.

Note Receivable - At March 31, 2021, the Housing Authority has a note receivable balance of \$22,889, which represents repayment agreement balances owed by public housing tenants.

Insurance - The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

Inventory - Inventory is valued at average cost, and consists of expendable supplies held for consumption. The cost of inventory is recorded as expenditures when consumed, rather than when purchased.

Capital Assets - Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Land improvements	5-15 years
Buildings and improvements	10-40 years
Equipment	5-10 years

Maintenance and repairs expenses of less than \$1,500 are expensed as incurred. Capital expenses of \$1,500 or more, with a useful life of greater than one year, are capitalized.

Impairment of Long-Lived Assets - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended March 31, 2021.

Compensated Absences - The Housing Authority allows the following compensated absences:

Full and part-time administration employees earn PTO as follows:

YEARS OF SERVICE	ACCRUAL RATE PER HOUR	ANNUAL PTO ACCRUAL
0-4	.0654	136 hours/17 days
5-8	.0846	176 hours/22 days
9-14	.1038	216 hours/27 days
15+	.1192	248 hours/31 days

Part-time employees earn PTO at a prorated rate based on the full-time accrual rates. No employee can accumulate more than 40 hours in excess of earned PTO. Upon termination, all pay for accrued PTO time will be included in the employee's last paycheck.

The amount of accumulated benefits at March 31, 2021 was \$21,554, and is recorded as a liability in the applicable programs.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

Net Position Classifications - Net position represents the difference between the total assets and the total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Federal Aids - Federal aids for reimbursable programs are recognized as revenue in the year the related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

Employee Retirement Plan - The Housing Authority has a retirement plan covering substantially all of its eligible employees which is funded through contributions to the First Midwest Bank.

Due To/From Other Programs - During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position and have been eliminated in the basic financial statements.

Interprogram Transactions - Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

Rental Income - Rental income is recognized as rents become due.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Construction Projects - There are certain major construction projects in progress at March 31, 2021. These include modernizing rental units at many different projects. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Subsequent Events - The Housing Authority has evaluated subsequent events through September 2, 2021, the date which the financial statements were available to be issued.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2021

NOTE 2 - Cash and Cash Equivalents

HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

At March 31, 2021, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 2,975,972
Cash and cash equivalents - restricted	157,160
TOTAL	<u>\$ 3,133,132</u>

The difference between cash and cash equivalents reported below is due to reconciling items such as deposits in transit and outstanding checks.

Fair Value of Deposits - Deposits are reported at fair value. At March 31, 2021, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

Determining Fair Value - Fair value of the Housing Authority's deposits are determined as follows: deposits with stated interest rates (operating accounts, savings accounts, certificates of deposit, repurchase agreements, and money market accounts) are stated at cost.

Income Allocation - Interest income is generally allocated to the program that owns the operating accounts, savings accounts, certificates of deposit, repurchase agreements, and money market accounts.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a formal deposit policy for custodial risk. As of March 31, 2021, \$2,634,094 of the Housing Authority's bank balance of \$3,134,694 was exposed to custodial credit risk as follows:

Uninsured, collateralized by bank	<u>\$ 2,634,094</u>
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NOTE 3 - Capital Assets

A summary of changes in capital assets is as follows:

	BALANCE 04/01/20	ADDITIONS	RETIREMENTS	TRANSFERS	BALANCE 03/31/21
<i>Capital assets not being depreciated:</i>					
Land	\$ 957,985	\$ -	\$ -	\$ -	\$ 957,985
Construction in progress	228,148	404,630	-	(600,248)	32,530
	1,186,133	404,630	-	(600,248)	990,515
<i>Capital assets being depreciated:</i>					
Buildings and improvements	18,236,227	167,007	(110,241)	600,248	18,893,241
Land improvements	899,019	22,748	(18,229)	-	903,538
Equipment	1,980,222	134,100	(126,337)	-	1,987,985
Total capital assets being depreciated	21,115,468	323,855	(254,807)	600,248	21,784,764
Less accumulated depreciation	(14,221,870)	(830,192)	236,433	-	(14,815,633)
Total capital assets being depreciated, net of accumulated depreciation	6,893,598	(506,337)	(18,374)	600,248	6,969,131
NET CAPITAL ASSETS	<u>\$ 8,079,731</u>	<u>\$ (101,707)</u>	<u>\$ (18,374)</u>	<u>\$ -</u>	<u>\$ 7,959,646</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2021

NOTE 4 - Long-Term Obligations

Details of the Housing Authority's long-term obligations are set forth below:

Summary of Long-Term Obligations

	BALANCE <u>04/01/20</u>	ADDITIONS	REDUCTIONS	BALANCE <u>03/31/21</u>	AMOUNT DUE WITHIN <u>ONE YEAR</u>
Compensated absences	\$ 18,222	\$ 3,332	\$ -	\$ 21,554	\$ 21,554
Note payable	492,392	-	(492,392)	-	-
Capital lease	9,467	-	(4,183)	5,284	4,501
	<u>\$ 520,081</u>	<u>\$ 3,332</u>	<u>\$(496,575)</u>	<u>\$ 26,838</u>	<u>\$ 26,055</u>

At March 31, 2021, long-term debt for the Housing Authority consists of:

Capital lease	\$ 5,284
Less current portion	<u>4,501</u>
LONG-TERM PORTION	<u>\$ 783</u>

Capital Lease

The Housing Authority entered into a lease purchase agreement in fiscal year 2018 to acquire two copy machines. The lease agreement qualifies as a capital lease (option for title transfer at the end of the lease) and has been recorded at the present value of the future minimum lease payment as of the date of the inception. The interest rate related to the lease agreement is 7.356 percent and the maturity date is May 24, 2022.

Copier Lease	\$ 19,780
Less: Accumulated Depreciation	<u>15,165</u>
	<u>\$ 4,615</u>

Depreciation expense on capitalized lease assets was \$3,956 for the year ended March 31, 2021.

Maturities of Long-Term Debt

Maturities of the note payable and capital lease at March 31, 2021, are:

<u>YEARS</u>	<u>CAPITAL LEASE</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2022	\$ 4,501	239
2023	783	7
TOTAL	<u>\$ 5,284</u>	<u>\$ 246</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2021

NOTE 5 - Lease Income

The Housing Authority currently receives lease income for rooftop space at one of its Public Housing projects. The lease income is from five cancelable leases with varying expiration dates. The leases require the annual rents to be adjusted. Three of the leases are on five-year fixed rates with rates increasing after five-year increments. Income received from these leases during fiscal year 2021 totaled \$75,810 and is included in other operating revenue in the accompanying financial statements. The minimum future receipts under these leases are as follows:

2022	\$ 73,860
2023	73,860
2024	73,860
2025	54,990
2026	16,375

NOTE 6 - Retirement Plan

The Housing Authority provides retirement benefits for all its full-time employees through a defined contribution plan. The name of the plan is the Housing Authority of the County of DeKalb Retirement Plan. The Board of Commissioners is responsible for establishing and amending the plan benefits. The Plan trustee is the First Midwest Bank. The entity that administers the Plan is also the First Midwest Bank. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate on the first of the month following six months of employment. The Housing Authority contributes an amount equal to 14 percent of the employee's base salary each month. Employees are allowed to contribute voluntary contributions. The Housing Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Housing Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Housing Authority's current-period contributions requirement.

The Housing Authority's actual contribution was \$135,064 for the year ended March 31, 2021. Total payroll expense for the Housing Authority was \$964,742.

NOTE 7 - Net Position

The following is a summary of individual net position restrictions at March 31, 2021:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Section 8 Choice Vouchers	Future HAP expenditures	<u>\$ 55,651</u>

NOTE 8 - Risk Management

Insured Risk - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2021

NOTE 9 - Economic Dependency

The Housing Authority received approximately 81 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

NOTE 10 - Prior Period Adjustment

There was a prior period adjustment of \$1,990 in Capital Funds to adjust soft cost balances.

**HOUSING AUTHORITY OF THE COUNTY OF
DEKALB
DeKalb, Illinois**

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2021

<u>ASSETS</u>	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
CURRENT ASSETS						
Cash and cash equivalents	\$ 720,890	\$ 131,524	\$ 316,576	\$ 123,011	\$ 550,781	\$ 693,645
Cash and cash equivalents - restricted	28,392	6,750	21,207	4,787	2,935	37,438
Receivables						
Tenants, net of allowance for doubtful accounts	848	422	2,137	-	927	240
Other, net of allowance for doubtful accounts	-	-	-	-	-	-
Notes receivable	5,752	10,658	6,479	-	-	-
Interest	37	-	-	-	22	37
Due from other programs	63	-	-	-	-	-
Inventory	3,278	1,715	5,693	50	-	1,682
Prepaid expenses	25,456	2,444	7,232	786	897	5,133
TOTAL CURRENT ASSETS	784,716	153,513	359,324	128,634	555,562	738,175
NONCURRENT ASSETS						
Land	130,027	515,273	158,685	27,000	12,000	115,000
Land improvements	277,148	222,180	269,276	21,783	90,544	22,607
Buildings and improvements	8,513,709	2,076,965	4,804,305	463,845	659,161	1,506,883
Equipment	572,651	177,904	603,671	65,278	55,522	283,432
Construction work in progress	-	-	-	-	-	-
Less accumulated depreciation	(6,143,283)	(2,227,085)	(4,447,957)	(420,326)	(585,651)	(547,090)
TOTAL NONCURRENT ASSETS	3,350,252	765,237	1,387,980	157,580	231,576	1,380,832
TOTAL ASSETS	\$ 4,134,968	\$ 918,750	\$ 1,747,304	\$ 286,214	\$ 787,138	\$ 2,119,007

(Continued on page 22)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2021

<u>ASSETS</u>	<u>CONTINUUM OF CARE</u>	<u>CAPITAL FUNDS</u>	<u>SECTION 8 CHOICE VOUCHERS</u>	<u>COCC</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
CURRENT ASSETS						
Cash and cash equivalents	\$ 56,622	\$ -	\$ 308,420	\$ 74,503	\$ -	\$ 2,975,972
Cash and cash equivalents - restricted	-	-	55,651	-	-	157,160
Receivables						
Tenants, net of allowance for doubtful accounts	-	-	-	-	-	4,574
Other, net of allowance for doubtful accounts	-	-	86,080	94	-	86,174
Notes receivable	-	-	-	-	-	22,889
Interest	-	-	-	-	-	96
Due from other programs	-	-	-	-	(63)	-
Inventory	-	-	-	6,295	-	18,713
Prepaid expenses	-	-	941	9,323	-	52,212
TOTAL CURRENT ASSETS	<u>56,622</u>	<u>-</u>	<u>451,092</u>	<u>90,215</u>	<u>(63)</u>	<u>3,317,790</u>
NONCURRENT ASSETS						
Land	-	-	-	-	-	957,985
Land improvements	-	-	-	-	-	903,538
Buildings and improvements	-	600,248	-	268,125	-	18,893,241
Equipment	-	-	51,844	177,683	-	1,987,985
Construction work in progress	-	32,530	-	-	-	32,530
Less accumulated depreciation	-	(32,356)	(43,844)	(368,041)	-	(14,815,633)
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>600,422</u>	<u>8,000</u>	<u>77,767</u>	<u>-</u>	<u>7,959,646</u>
TOTAL ASSETS	<u>\$ 56,622</u>	<u>\$ 600,422</u>	<u>\$ 459,092</u>	<u>\$ 167,982</u>	<u>\$ (63)</u>	<u>\$ 11,277,436</u>

(Continued on page 23)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2021

<u>LIABILITIES AND NET POSITION</u>	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 11,753	\$ 446	\$ 10,720	\$ 880	\$ 10	\$ 1,230
Accrued payroll liabilities	27,953	2,057	10,286	-	-	4,175
Compensated absences	3,665	771	4,023	-	-	1,541
Unearned revenue	5,608	1,658	2,002	36	53	993
Due to other programs	15	-	8	-	-	-
Due to other governments	35,332	7,261	29,210	-	-	-
Tenants' security deposits	28,392	6,750	21,207	4,787	2,935	37,438
Other current liabilities	10,003	322	1,787	68	2,063	3,870
Current portion of long term debt	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	122,721	19,265	79,243	5,771	5,061	49,247
NONCURRENT LIABILITIES						
Long-term debt	-	-	-	-	-	-
TOTAL LIABILITIES	122,721	19,265	79,243	5,771	5,061	49,247
NET POSITION						
Net investment in capital assets	3,350,252	765,237	1,387,980	157,580	231,576	1,380,832
Restricted	-	-	-	-	-	-
Unrestricted	661,995	134,248	280,081	122,863	550,501	688,928
TOTAL NET POSITION	4,012,247	899,485	1,668,061	280,443	782,077	2,069,760
TOTAL LIABILITIES AND NET POSITION	\$ 4,134,968	\$ 918,750	\$ 1,747,304	\$ 286,214	\$ 787,138	\$ 2,119,007

(Continued on page 24)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2021

<u>LIABILITIES AND NET POSITION</u>	<u>CONTINUUM OF CARE</u>	<u>CAPITAL FUNDS</u>	<u>SECTION 8 CHOICE VOUCHERS</u>	<u>COCC</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 33,000	\$ -	\$ 1,914	\$ 261	\$ -	\$ 60,214
Accrued payroll liabilities	-	-	9,377	19,208	-	73,056
Compensated absences	-	-	2,725	8,829	-	21,554
Unearned revenue	-	-	-	13,144	-	23,494
Due to other programs	-	-	-	40	(63)	-
Due to other governments	-	-	8,203	-	-	80,006
Tenants' security deposits	-	-	-	-	-	101,509
Other current liabilities	-	-	-	572	-	18,685
Current portion of long term debt	-	-	-	4,501	-	4,501
TOTAL CURRENT LIABILITIES	<u>33,000</u>	<u>-</u>	<u>22,219</u>	<u>46,555</u>	<u>(63)</u>	<u>383,019</u>
NONCURRENT LIABILITIES						
Long-term debt	-	-	-	783	-	783
TOTAL LIABILITIES	<u>33,000</u>	<u>-</u>	<u>22,219</u>	<u>47,338</u>	<u>(63)</u>	<u>383,802</u>
NET POSITION						
Net investment in capital assets	-	600,422	8,000	72,483	-	7,954,362
Restricted	-	-	55,651	-	-	55,651
Unrestricted	23,622	-	373,222	48,161	-	2,883,621
TOTAL NET POSITION	<u>23,622</u>	<u>600,422</u>	<u>436,873</u>	<u>120,644</u>	<u>-</u>	<u>10,893,634</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 56,622</u>	<u>\$ 600,422</u>	<u>\$ 459,092</u>	<u>\$ 167,982</u>	<u>\$ (63)</u>	<u>\$ 11,277,436</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2021

	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
OPERATING REVENUE						
Dwelling rental	\$ 455,293	\$ 74,772	\$ 334,069	\$ 75,030	\$ 32,634	\$ 433,237
Operating grants	580,519	129,651	353,922	-	83,897	-
Other operating revenue	130,229	7,390	15,418	1,783	2,526	23,404
TOTAL OPERATING REVENUE	<u>1,166,041</u>	<u>211,813</u>	<u>703,409</u>	<u>76,813</u>	<u>119,057</u>	<u>456,641</u>
OPERATING EXPENSES						
Administration	410,630	92,657	265,019	27,956	41,187	142,683
Tenant services	12,833	264	14,817	1,560	600	-
Utilities	101,948	2,363	41,964	9,910	7,311	26,887
Maintenance and operations	299,185	73,833	248,762	31,851	27,183	110,998
General expenses	101,918	18,900	60,519	4,183	4,525	30,456
Protective services	3,152	-	8,023	-	-	-
Housing assistance payments	-	-	-	-	-	-
Depreciation	344,400	98,904	177,901	21,466	31,719	102,136
TOTAL OPERATING EXPENSES	<u>1,274,066</u>	<u>286,921</u>	<u>817,005</u>	<u>96,926</u>	<u>112,525</u>	<u>413,160</u>
OPERATING (LOSS) INCOME	<u>(108,025)</u>	<u>(75,108)</u>	<u>(113,596)</u>	<u>(20,113)</u>	<u>6,532</u>	<u>43,481</u>
NONOPERATING REVENUE (EXPENSES)						
Interest income	1,285	153	596	178	1,168	2,071
(Loss) on disposition of fixed assets	(3,072)	-	(1,454)	(4,044)	(8,987)	(817)
Interest expense	-	-	-	-	-	(8,861)
NET NONOPERATING (EXPENSES) REVENUE	<u>(1,787)</u>	<u>153</u>	<u>(858)</u>	<u>(3,866)</u>	<u>(7,819)</u>	<u>(7,607)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>(109,812)</u>	<u>(74,955)</u>	<u>(114,454)</u>	<u>(23,979)</u>	<u>(1,287)</u>	<u>35,874</u>
CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(109,812)</u>	<u>(74,955)</u>	<u>(114,454)</u>	<u>(23,979)</u>	<u>(1,287)</u>	<u>35,874</u>
NET POSITION AT BEGINNING OF YEAR	3,378,398	950,116	1,670,562	304,422	783,364	2,033,886
PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-
RESIDUAL EQUITY TRANSFER IN	<u>743,661</u>	<u>24,324</u>	<u>111,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 4,012,247</u>	<u>\$ 899,485</u>	<u>\$ 1,668,061</u>	<u>\$ 280,443</u>	<u>\$ 782,077</u>	<u>\$ 2,069,760</u>

(Continued on page 26)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued
YEAR ENDED MARCH 31, 2021

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE						
Dwelling rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,405,035
Operating grants	366,110	80,675	5,231,561	-	-	6,826,335
Other operating revenue	-	-	90,940	696,814	(641,178)	327,326
TOTAL OPERATING REVENUE	<u>366,110</u>	<u>80,675</u>	<u>5,322,501</u>	<u>696,814</u>	<u>(641,178)</u>	<u>8,558,696</u>
OPERATING EXPENSES						
Administration	12,285	80,675	435,010	645,024	(640,890)	1,512,236
Tenant services	-	-	-	-	-	30,074
Utilities	-	-	-	7,333	-	197,716
Maintenance and operations	-	-	35,362	15,047	(288)	841,933
General expenses	-	-	55,701	30,350	-	306,552
Protective services	-	-	-	-	-	11,175
Housing assistance payments	353,824	-	4,583,705	-	-	4,937,529
Depreciation	-	32,355	1,000	20,311	-	830,192
TOTAL OPERATING EXPENSES	<u>366,109</u>	<u>113,030</u>	<u>5,110,778</u>	<u>718,065</u>	<u>(641,178)</u>	<u>8,667,407</u>
OPERATING INCOME (LOSS)	<u>1</u>	<u>(32,355)</u>	<u>211,723</u>	<u>(21,251)</u>	<u>-</u>	<u>(108,711)</u>
NONOPERATING REVENUE (EXPENSES)						
Interest income	12	-	166	43	-	5,672
(Loss) on disposition of fixed assets	-	-	-	-	-	(18,374)
Interest expense	-	-	-	(557)	-	(9,418)
NET NONOPERATING REVENUE (EXPENSES)	<u>12</u>	<u>-</u>	<u>166</u>	<u>(514)</u>	<u>-</u>	<u>(22,120)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>13</u>	<u>(32,355)</u>	<u>211,889</u>	<u>(21,765)</u>	<u>-</u>	<u>(130,831)</u>
CAPITAL GRANTS	-	404,630	-	-	-	404,630
CHANGE IN NET POSITION	<u>13</u>	<u>372,275</u>	<u>211,889</u>	<u>(21,765)</u>	<u>-</u>	<u>273,799</u>
NET POSITION AT BEGINNING OF YEAR	23,609	1,106,095	224,984	142,409	-	10,617,845
PRIOR PERIOD ADJUSTMENTS	-	1,990	-	-	-	1,990
RESIDUAL EQUITY TRANSFER (OUT)	-	(879,938)	-	-	-	-
NET POSITION AT END OF YEAR	<u>\$ 23,622</u>	<u>\$ 600,422</u>	<u>\$ 436,873</u>	<u>\$ 120,644</u>	<u>\$ -</u>	<u>\$ 10,893,634</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021

	PUBLIC HOUSING			BUSINESS	SECTION 8	BUSINESS
	AMP 1	AMP 2	AMP 3	ACTIVITIES - HINCKLEY	NEW CONSTRUCTION	ACTIVITIES
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	\$ 441,795	\$ 69,841	\$ 320,798	\$ 73,810	\$ 32,682	\$ 434,559
Cash received from interfund services provided	(48)	-	8	-	-	-
Cash received from operating grants	580,519	129,651	353,922	-	83,897	-
Other income received	133,113	7,923	16,875	1,445	5,416	30,140
Cash payments to vendors	(624,499)	(131,258)	(406,473)	(73,712)	(80,614)	(224,266)
Cash payments to employees	(282,021)	(60,208)	(219,420)	-	-	(89,661)
Cash payments for housing assistance	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>248,859</u>	<u>15,949</u>	<u>65,710</u>	<u>1,543</u>	<u>41,381</u>	<u>150,772</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	-	-	-	-	-
Acquisition of capital assets	(101,056)	(12,495)	(61,334)	(21,708)	(17,902)	(105,947)
Principal payments	-	-	-	-	-	(492,392)
Interest paid	-	-	-	-	-	(8,861)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(101,056)</u>	<u>(12,495)</u>	<u>(61,334)</u>	<u>(21,708)</u>	<u>(17,902)</u>	<u>(607,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	<u>1,285</u>	<u>153</u>	<u>596</u>	<u>178</u>	<u>1,168</u>	<u>2,071</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,088	3,607	4,972	(19,987)	24,647	(454,357)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>600,194</u>	<u>134,667</u>	<u>332,811</u>	<u>147,785</u>	<u>529,069</u>	<u>1,185,440</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 749,282</u>	<u>\$ 138,274</u>	<u>\$ 337,783</u>	<u>\$ 127,798</u>	<u>\$ 553,716</u>	<u>\$ 731,083</u>

(Continued on page 28)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2021

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,373,485
Cash received from interfund services provided	-	-	-	40	-	-
Cash received from operating grants	366,110	80,675	5,231,561	-	-	6,826,335
Other income received	-	-	90,688	692,184	(641,178)	336,606
Cash payments to vendors	18,000	(80,675)	(521,361)	(201,753)	641,178	(1,685,433)
Cash payments to employees	(12,285)	-	-	(500,635)	-	(1,164,230)
Cash payments for housing assistance	(353,824)	-	(4,583,705)	-	-	(4,937,529)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>18,001</u>	<u>-</u>	<u>217,183</u>	<u>(10,164)</u>	<u>-</u>	<u>749,234</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	404,630	-	-	-	404,630
Acquisition of capital assets	-	(404,630)	-	(3,413)	-	(728,485)
Principal payments	-	-	-	(4,183)	-	(496,575)
Interest paid	-	-	-	(557)	-	(9,418)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,153)</u>	<u>-</u>	<u>(829,848)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	<u>12</u>	<u>-</u>	<u>166</u>	<u>43</u>	<u>-</u>	<u>5,672</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,013	-	217,349	(18,274)	-	(74,942)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>38,609</u>	<u>-</u>	<u>146,722</u>	<u>92,777</u>	<u>-</u>	<u>3,208,074</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 56,622</u>	<u>\$ -</u>	<u>\$ 364,071</u>	<u>\$ 74,503</u>	<u>\$ -</u>	<u>\$ 3,133,132</u>

(Continued on page 29)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2021

	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and cash equivalents	\$ 720,890	\$ 131,524	\$ 316,576	\$ 123,011	\$ 550,781	\$ 693,645
Cash and cash equivalents - restricted	<u>28,392</u>	<u>6,750</u>	<u>21,207</u>	<u>4,787</u>	<u>2,935</u>	<u>37,438</u>
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 749,282</u>	<u>\$ 138,274</u>	<u>\$ 337,783</u>	<u>\$ 127,798</u>	<u>\$ 553,716</u>	<u>\$ 731,083</u>
<u>RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
Operating (loss) income	\$ (108,025)	\$ (75,108)	\$ (113,596)	\$ (20,113)	\$ 6,532	\$ 43,481
Adjustments to reconcile operating (loss) income to net cash provided by operating activities						
Depreciation	344,400	98,904	177,901	21,466	31,719	102,136
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(869)	(424)	(1,579)	235	1,084	1,451
Notes receivable	(759)	(4,493)	2,649	-	-	-
Due from other programs	(63)	-	-	-	-	-
Interest receivable	2,522	267	1,126	-	2,867	6,505
Inventory	942	(827)	(1,504)	-	-	(613)
Prepaid expenses	1,673	(81)	(171)	(16)	(21)	(295)
Increase (decrease) in liabilities						
Accounts payable	7,563	(816)	(739)	280	(694)	(2,077)
Accrued expenses	(1,723)	413	(1,534)	(76)	307	82
Unearned revenue	362	266	331	(338)	23	231
Due to other programs	15	-	8	-	-	-
Due to other governments	1,858	(2,402)	2,341	-	-	-
Tenants' security deposits	963	250	477	105	(436)	(129)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 248,859</u>	<u>\$ 15,949</u>	<u>\$ 65,710</u>	<u>\$ 1,543</u>	<u>\$ 41,381</u>	<u>\$ 150,772</u>

(Continued on page 30)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2021

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and cash equivalents	\$ 56,622	\$ -	\$ 308,420	\$ 74,503	\$ -	\$ 2,975,972
Cash and cash equivalents - restricted	-	-	55,651	-	-	157,160
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 56,622	\$ -	\$ 364,071	\$ 74,503	\$ -	\$ 3,133,132
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>						
Operating income (loss)	\$ 1	\$ (32,355)	\$ 211,723	\$ (21,251)	\$ -	\$ (108,711)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	-	32,355	1,000	20,311	-	830,192
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	-	-	(252)	(94)	-	(448)
Notes receivable	-	-	-	-	-	(2,603)
Due from other programs	-	-	-	-	63	-
Interest receivable	-	-	-	-	-	13,287
Inventory	-	-	-	(1,213)	-	(3,215)
Prepaid expenses	-	-	17	(1,187)	-	(81)
Increase (decrease) in liabilities						
Accounts payable	-	-	(270)	(3,023)	-	224
Accrued expenses	18,000	-	705	789	-	16,963
Unearned revenue	-	-	-	(4,536)	-	(3,661)
Due to other programs	-	-	-	40	(63)	-
Due to other governments	-	-	4,260	-	-	6,057
Tenants' security deposits	-	-	-	-	-	1,230
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 18,001	\$ -	\$ 217,183	\$ (10,164)	\$ -	\$ 749,234

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
YEAR ENDED MARCH 31, 2021

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IL01P089501-19</u>
Funds approved	\$ 693,587
Funds expended	<u>693,587</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 693,587
Funds expended	<u>693,587</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated April 13, 2021, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2021

GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER	FEDERAL CATALOG NUMBER	PASS-THROUGH GRANT IDENTIFICATION NUMBER	PASS-THROUGH TO SUBRECIPIENTS NUMBER	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Programs</u>				
Section 8 Choice Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	-	\$ 4,954,896
Section 8 Housing Choice Vouchers - CARES	14.871	N/A	-	203,607
Other Public Housing Authorities	14.871	Unknown	-	73,058
Total Section 8 Choice Voucher Cluster				<u>5,231,561</u>
Public and Indian Housing	14.850	N/A	-	
Public Housing				925,791
Public Housing - CARES				138,301
Total Public & Indian Housing				<u>1,064,092</u>
Section 8 New Construction	14.182	N/A	-	83,897
Continuum of Care Program	14.267	N/A	-	366,110
Public Housing Capital Funds	14.872	N/A	-	<u>485,305</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 7,230,965</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the County of DeKalb and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified 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. The Housing Authority of the County of DeKalb has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Disclosure of Other Forms of Assistance

The Housing Authority of the County of DeKalb received no federal awards of non-monetary assistance that are required to be disclosed for the year ended March 31, 2021.

The Housing Authority of the County of DeKalb had no loans or loan guarantees required to be disclosed for the year ended March 31, 2021.

**HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois**

OTHER REPORTS

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

To the Board of Commissioners
Housing Authority of the County of DeKalb
DeKalb, Illinois

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 Housing Authority of the County of DeKalb (the "Housing Authority"), as of and for the year ended March 31, 2021, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report hereon dated September 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
September 2, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Housing Authority of the County of DeKalb
DeKalb, Illinois

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the County of DeKalb's (the "Housing Authority") compliance with the types of compliance requirements described in the OMB *Circular Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended March 31, 2021. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
September 2, 2021

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2021

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of federal major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Voucher

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - None

Section III - Federal and State Award Findings and Questioned Costs - None

Section IV - Status of Prior Year Findings - None