

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

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

MARCH 31, 2022

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois

TABLE OF CONTENTS

MARCH 31, 2022

Page

2-4	Independent Auditors' Report
5-9	Management's Discussion and Analysis (MD&A)
	<u>BASIC FINANCIAL STATEMENTS</u>
10	Statement of Net Position
11	Statement of Revenue, Expenses, and Changes in Net Position
12-13	Statement of Cash Flows
14-19	Notes to the Basic Financial Statements
	<u>SUPPLEMENTARY INFORMATION</u>
20-23	Combining Statement of Net Position
24-25	Combining Statement of Revenue, Expenses, and Changes in Net Position
26-29	Combining Statement of Cash Flows
30	Schedule of Expenditures of Federal Awards
	<u>OTHER REPORTS</u>
31-32	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 <i>Government Auditing Standards</i>
33-35	Independent Auditors' Report on Compliance for Each Major Federal Program and Internal Control Over Compliance Required by the Uniform Guidance
36-37	Schedule of Findings and Questioned Costs



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinion

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements and the schedule of expenditures of federal awards are 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* (Uniform Guidance), and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements 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 7, 2022 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
September 7, 2022

**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, 2022

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, 2022. 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 begin 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 also administers 17 Emergency Housing 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 50 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, 2022

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, 2022 by \$11,158,673 (net position).
- The Housing Authority's net investment in capital assets as of March 31, 2022 was \$7,611,590.
- The Housing Authority's total revenue for the fiscal year ended March 31, 2022 was \$9,072,866.
- The Housing Authority's total expenses for the fiscal year ended March 31, 2022 was \$8,807,827.
- The Housing Authority's total combined revenue exceed its total combined expenses by \$265,039.

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENT OF NET POSITION

	<u>2022</u>	<u>2021</u>	<u>INCREASE (DECREASE)</u>
ASSETS			
Cash and investments	\$ 3,679,764	\$ 3,133,132	\$ 546,632
Other current assets	220,423	184,658	35,765
Capital assets	<u>7,616,874</u>	<u>7,959,646</u>	<u>(342,772)</u>
TOTAL ASSETS	<u>11,517,061</u>	<u>11,277,436</u>	<u>239,625</u>
LIABILITIES			
Current liabilities	358,388	383,019	(24,631)
Noncurrent liabilities	<u>-</u>	<u>783</u>	<u>(783)</u>
TOTAL LIABILITIES	<u>358,388</u>	<u>383,802</u>	<u>(25,414)</u>
NET POSITION			
Net investment in capital assets	7,611,590	7,954,362	(342,772)
Restricted	183,341	55,651	127,690
Unrestricted	<u>3,363,742</u>	<u>2,883,621</u>	<u>480,121</u>
TOTAL NET POSITION	<u>11,158,673</u>	<u>10,893,634</u>	<u>265,039</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2022

ANALYSIS OF FINANCIAL STATEMENTS - Continued:

The net decrease in capital assets is due to depreciation expense for 2022.

The net decrease in current liabilities is due to a decrease in accounts payable in 2022.

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,			
	2022		2021	
	AMOUNT	%	AMOUNT	%
REVENUE				
Tenant rental revenue	\$ 1,477,642	16	\$ 1,405,035	16
HUD operating and capital grants	7,174,192	79	7,230,965	80
Other operating revenue	419,951	5	327,326	4
Interest	1,081	-	5,672	-
TOTAL REVENUE	<u>9,072,866</u>	<u>100</u>	<u>8,968,998</u>	<u>100</u>
EXPENSES				
Administrative expenses	1,560,004	18	1,512,236	17
Tenant services	44,715	-	30,074	-
Utilities	206,201	2	197,716	2
Maintenance and operations	846,645	10	841,933	10
General expenses	354,226	4	306,552	4
Protective services	1,548	-	11,175	-
Housing assistance payments	5,018,942	57	4,937,529	57
Depreciation	767,677	9	830,192	10
Interest expense	239	-	9,418	-
Loss on disposition of capital asset	7,630	-	18,374	-
TOTAL EXPENSES	<u>8,807,827</u>	<u>100</u>	<u>8,695,199</u>	<u>100</u>
CHANGE IN NET POSITION	<u>\$ 265,039</u>		<u>\$ 273,799</u>	

The increase in tenant rental revenue is due to more rent collected which is related to changes in tenant income. The net decrease in HUD operating and capital grants is due to a decrease in CARES funding received, and a decrease in capital fund hard costs. Other operating revenue increase is due to an increase in insurance proceeds and an increase in fraud recovery. Interest income decreased due to interest rates. Administrative expense increase is due to wages and employee benefits. General expense increase is due to port out admin fees, payment in lieu of taxes and bad debt. Depreciation decreased in FY22 due to assets becoming fully depreciated.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2022

BUDGETARY HIGHLIGHTS:

Low-Rent Public Housing (Operations Only) – All AMPs ended with a higher net income, before depreciation, than budgeted, which is added to the reserves for each of the AMPS. Capital projects completed during the year include Garden dumpster surround, Civic rooftop AC condensing unit, TSP heat pump replacement, TSP East sidewalk to patio and Lewis exterior door replacement. Ordinary maintenance was closely monitored and finished 6.6% above budget. Projects contributing to the overage are tree trimming, Civic roof walkway pad, plumbing repairs, mulch, window cleaning, TSP boiler room shop light installation, asbestos abatement, and pest control. The program ended with net earnings of \$416,029.

Section 8 Choice Vouchers - The Housing Authority earned \$5,102,615 in annual contributions. The Restricted Net Position (consisting of excess housing assistance payments contributed) increased to \$183,341 from \$55,651 the previous fiscal year, and annual budget authority was utilized to assist 95% of the 611 baseline units. The program ended with net earnings of (\$54,705).

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 \$380,309 through rental assistance payments which assisted 50 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 \$59,204.

Business Activities - Since the purchase of Briarwood apartments in December 2012, occupancy has increased from 80% to 95%. Capital projects completed during the year include unit flooring and appliance replacements during unit rehabs. Briarwood ended with net earnings of \$163,904. The Sunset View property operates as an affordable housing complex. The property finished the year with net earnings of \$9,382. The Sunset house net earnings were \$5,912.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets

As of year-end, the Housing Authority had \$7,616,874 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$342,772 from the end of 2021. The net decrease is due to capital asset retirements and depreciation expense.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued:

Capital Assets at Year-End (Net of Depreciation)		
	2022	2021
Land	\$ 957,985	\$ 957,985
Land improvements	920,407	903,538
Buildings and improvements	19,018,216	18,893,241
Equipment	2,039,603	1,987,985
Construction work in progress	153,198	32,530
SUBTOTAL	23,089,409	22,775,279
Less accumulated depreciation	(15,472,535)	(14,815,633)
NET CAPITAL ASSETS	\$ 7,616,874	\$ 7,959,646

FUTURE EVENTS (NEW BUSINESS):

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

- The agency hired new Executive Director, David Siegel, in July 2022.
- The agency continues to respond very well to the COVID19 pandemic with staff resuming in person HCV briefers meetings and HCV new applicant eligibility workshops.
- 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 be de-concentration and additional affordable housing needs for the county. The Board will discuss plans with staff in the future.
- An increase in payroll expense is planned to reinstate a case manager supervisor position that has been vacant for several years and to accommodate succession planning for employee retirements.
- In October 2021, the four-unit building located at 180 N. Garfield in Hinckley had a fire which resulted in a total loss of the building. Staff is working on getting rebuild estimates to provide to the insurance company to finalize the property loss claim.
- The agency is exploring outsourcing maintenance tasks to assist in unit rehabs.

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 David Siegel, 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, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,394,438
Cash and cash equivalents - restricted	285,326
Receivables	
Tenants, net of allowance for doubtful accounts	21,862
Other, net of allowance for doubtful accounts	77,117
Notes receivable	22,083
Due from other governments	20,095
Inventory	21,709
Prepaid expenses	57,557
TOTAL CURRENT ASSETS	<u>3,900,187</u>

NONCURRENT ASSETS

Land	957,985
Land improvements	920,407
Buildings and improvements	19,018,216
Equipment	2,039,603
Construction work in progress	153,198
Less accumulated depreciation	<u>(15,472,535)</u>
TOTAL NONCURRENT ASSETS	<u>7,616,874</u>

TOTAL ASSETS

\$ 11,517,061

LIABILITIES AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 30,872
Accrued payroll liabilities	75,965
Compensated absences	22,041
Unearned revenue	29,925
Due to other governments	79,656
Tenants' security deposits	101,985
Other current liabilities	17,161
Current portion of long term debt	783
TOTAL LIABILITIES	<u>358,388</u>

NET POSITION

Net investment in capital assets	7,616,091
Restricted	183,341
Unrestricted	<u>3,359,241</u>
TOTAL NET POSITION	<u>11,158,673</u>

TOTAL LIABILITIES AND NET POSITION

\$ 11,517,061

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, 2022

OPERATING REVENUE	
Dwelling rental	\$ 1,477,642
Operating grants	6,887,079
Other operating revenue	419,951
TOTAL OPERATING REVENUE	<u>8,784,672</u>
OPERATING EXPENSES	
Administration	1,560,004
Tenant services	44,715
Utilities	206,201
Maintenance and operations	846,645
General expenses	354,226
Protective services	1,548
Housing assistance payments	5,018,942
Depreciation	767,677
TOTAL OPERATING EXPENSES	<u>8,799,958</u>
OPERATING (LOSS)	<u>(15,286)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	1,081
(Loss) on disposition of fixed assets	(7,630)
Interest expense	(239)
NET NONOPERATING (EXPENSES)	<u>(6,788)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(22,074)
CAPITAL GRANTS	<u>287,113</u>
CHANGE IN NET POSITION	265,039
NET POSITION AT BEGINNING OF YEAR	<u>10,893,634</u>
NET POSITION AT END OF YEAR	<u>\$ 11,158,673</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	\$ 1,416,921
Cash received from operating grants	6,866,984
Other income received	435,535
Cash payments to vendors	(1,832,466)
Cash payments to employees	(1,172,319)
Cash payments for housing assistance	<u>(5,018,942)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>695,713</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	287,113
Acquisition of capital assets	(432,535)
Principal payments	(4,501)
Interest paid	<u>(239)</u>
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(150,162)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,081</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	546,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,133,132</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,679,764</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, 2022

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

Cash and cash equivalents	\$ 3,394,438
Cash and cash equivalents - restricted	285,326
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 3,679,764</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (15,286)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	767,677
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(8,230)
Notes receivable	806
Due from other governments	(20,095)
Interest receivable	96
Inventory	(2,996)
Prepaid expenses	(5,346)
Increase (decrease) in liabilities	
Accounts payable	2,024
Accrued expenses	(29,494)
Unearned revenue	6,431
Due to other governments	(350)
Tenants' security deposits	476
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 695,713</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, 2022

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 Housing Voucher Cluster 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, 2022

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 \$25,000 for Section 8 Choice Vouchers at March 31, 2022.

Note Receivable - At March 31, 2022, the Housing Authority has a note receivable balance of \$22,083, 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, 2022.

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, 2022 was \$22,041, 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, 2022

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 Old National 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, 2022. These include the Civic waterpipe replacement project and 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 7, 2022, 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, 2022

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, 2022, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 3,394,438
Cash and cash equivalents - restricted	285,326
TOTAL	<u>\$ 3,679,764</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, 2022, 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, 2022, \$3,141,271 of the Housing Authority's bank balance of \$3,641,871 was exposed to custodial credit risk as follows:

Uninsured, collateralized by bank	<u>\$ 3,141,271</u>
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NOTE 3 - Capital Assets

A summary of changes in capital assets is as follows:

	BALANCE 04/01/21	ADDITIONS	RETIREMENTS	ADJUSTMENTS	BALANCE 03/31/22
<i>Capital assets not being depreciated:</i>					
Land	\$ 957,985	\$ -	\$ -	\$ -	\$ 957,985
Construction in progress	<u>32,530</u>	<u>287,113</u>	<u> </u>	<u>(166,445)</u>	<u>153,198</u>
	<u>990,515</u>	<u>287,113</u>	<u> </u>	<u>(166,445)</u>	<u>1,111,183</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	18,893,241	75,232	(78,149)	127,892	19,018,216
Land improvements	903,538	6,740	-	10,129	920,407
Capital lease	19,780	-	-	-	19,780
Equipment	<u>1,968,205</u>	<u>63,450</u>	<u>(40,256)</u>	<u>28,424</u>	<u>2,019,823</u>
Total capital assets being depreciated	21,784,764	145,422	(118,405)	166,445	21,978,226
Less accumulated depreciation	<u>(14,815,633)</u>	<u>(767,677)</u>	<u>110,775</u>	<u> </u>	<u>(15,472,535)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>6,969,131</u>	<u>(622,255)</u>	<u>(7,630)</u>	<u>166,445</u>	<u>6,505,691</u>
NET CAPITAL ASSETS	<u>\$ 7,959,646</u>	<u>\$ (335,142)</u>	<u>\$ (7,630)</u>	<u>\$ -</u>	<u>\$ 7,616,874</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2022

NOTE 4 - Long-Term Obligations

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

Summary of Long-Term Obligations

	<u>BALANCE</u> <u>04/01/21</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>03/31/22</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Compensated absences	\$ 21,554	\$ 487	\$ -	\$ 22,041	\$ 22,041
Capital lease	<u>5,284</u>	<u>-</u>	<u>(4,501)</u>	<u>783</u>	<u>783</u>
	<u>\$ 26,838</u>	<u>\$ 487</u>	<u>\$ (4,501)</u>	<u>\$ 22,824</u>	<u>\$ 22,824</u>

At March 31, 2022, long-term debt for the Housing Authority consists of:

Capital lease	\$ 783
Less current portion	<u>783</u>
LONG-TERM PORTION	<u>\$ -</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>19,121</u>
	<u>\$ 659</u>

Depreciation expense on capitalized lease assets was \$3,956 for the year ended March 31, 2022.

Maturities of Long-Term Debt

Maturities of the note payable and capital lease at March 31, 2022, are:

<u>YEARS</u>	<u>CAPITAL LEASE</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2023	<u>\$ 783</u>	<u>\$ 7</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2022

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 2022 totaled \$78,165 and is included in other operating revenue in the accompanying financial statements. The minimum future receipts under these leases are as follows:

2023	\$ 77,730
2024	77,730
2025	35,335
2026	23,453
2027	25,005
	<u>\$ 239,253</u>

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 Old National Bank. The entity that administers the Plan is also the Old National 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 \$148,986 for the year ended March 31, 2022. Total payroll expense for the Housing Authority was \$1,064,130.

NOTE 7 - Net Position

The following is a summary of individual net position restrictions at March 31, 2022:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Section 8 Choice Vouchers	Future HAP expenditures	<u>\$ 183,341</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.

NOTE 9 - Economic Dependency

The Housing Authority received approximately 79 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.

**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, 2022

<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	\$ 932,559	\$ 155,358	\$ 395,683	\$ 119,356	\$ 604,734	\$ 829,090
Cash and cash equivalents - restricted	29,512	6,600	21,957	4,462	3,622	35,832
Receivables						
Tenants, net of allowance for doubtful accounts	76	124	287	7,481	378	13,516
Other, net of allowance for doubtful accounts	419	-	-	-	-	-
Notes receivable	5,724	11,433	4,926	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	3,510	662	8,199	50	-	1,916
Prepaid expenses	28,636	2,685	7,869	842	957	5,665
TOTAL CURRENT ASSETS	1,000,436	176,862	438,921	132,191	609,691	886,019
NONCURRENT ASSETS						
Land	130,027	515,273	158,685	27,000	12,000	115,000
Land improvements	283,888	222,180	279,405	21,783	90,544	22,607
Buildings and improvements	8,936,553	2,079,760	4,943,536	459,235	660,252	1,519,609
Equipment	619,638	180,358	614,987	59,595	57,102	298,275
Construction work in progress	-	-	-	-	-	-
Less accumulated depreciation	(6,435,417)	(2,296,856)	(4,602,706)	(431,802)	(616,094)	(663,238)
TOTAL NONCURRENT ASSETS	3,534,689	700,715	1,393,907	135,811	203,804	1,292,253
TOTAL ASSETS	\$ 4,535,125	\$ 877,577	\$ 1,832,828	\$ 268,002	\$ 813,495	\$ 2,178,272

(Continued on page 21)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2022

<u>ASSETS</u>	<u>CONTINUUM OF CARE</u>	<u>CAPITAL FUNDS</u>	<u>SECTION 8 CHOICE VOUCHERS</u>	<u>EMERGENCY HOUSING VOUCHERS</u>	<u>COCC</u>	<u>TOTAL</u>
CURRENT ASSETS						
Cash and cash equivalents	\$ 25,264	\$ -	\$ 259,152	\$ (9,962)	\$ 83,204	\$ 3,394,438
Cash and cash equivalents - restricted	-	-	183,341	-	-	285,326
Receivables						
Tenants, net of allowance for doubtful accounts	-	-	-	-	-	21,862
Other, net of allowance for doubtful accounts	-	-	76,698	-	-	77,117
Notes receivable	-	-	-	-	-	22,083
Due from other governments	-	-	-	20,095	-	20,095
Inventory	-	-	-	-	7,372	21,709
Prepaid expenses	-	-	861	-	10,042	57,557
TOTAL CURRENT ASSETS	<u>25,264</u>	<u>-</u>	<u>520,052</u>	<u>10,133</u>	<u>100,618</u>	<u>3,900,187</u>
NONCURRENT ASSETS						
Land	-	-	-	-	-	957,985
Land improvements	-	-	-	-	-	920,407
Buildings and improvements	-	146,018	-	-	273,253	19,018,216
Equipment	-	-	51,844	-	157,804	2,039,603
Construction work in progress	-	153,198	-	-	-	153,198
Less accumulated depreciation	-	(12,897)	(44,844)	-	(368,681)	(15,472,535)
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>286,319</u>	<u>7,000</u>	<u>-</u>	<u>62,376</u>	<u>7,616,874</u>
TOTAL ASSETS	<u>\$ 25,264</u>	<u>\$ 286,319</u>	<u>\$ 527,052</u>	<u>\$ 10,133</u>	<u>\$ 162,994</u>	<u>\$ 11,517,061</u>

(Continued on page 22)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2022

<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	\$ 12,478	\$ 287	\$ 1,909	\$ -	\$ -	\$ 8,180
Accrued payroll liabilities	30,250	2,148	10,853	-	-	4,335
Compensated absences	4,447	837	3,677	-	-	1,773
Unearned revenue	3,354	2,737	3,598	24	42	2,347
Due to other governments	38,051	8,328	31,350	-	-	-
Tenants' security deposits	29,512	6,600	21,957	4,462	3,622	35,832
Other current liabilities	6,161	175	3,455	417	1,772	4,458
Current portion of long term debt	-	-	-	-	-	-
TOTAL LIABILITIES	<u>124,253</u>	<u>21,112</u>	<u>76,799</u>	<u>4,903</u>	<u>5,436</u>	<u>56,925</u>
NET POSITION						
Net investment in capital assets	3,534,689	700,715	1,393,907	135,811	203,804	1,292,253
Restricted	-	-	-	-	-	-
Unrestricted	<u>876,183</u>	<u>155,750</u>	<u>362,122</u>	<u>127,288</u>	<u>604,255</u>	<u>829,094</u>
TOTAL NET POSITION	<u>4,410,872</u>	<u>856,465</u>	<u>1,756,029</u>	<u>263,099</u>	<u>808,059</u>	<u>2,121,347</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,535,125</u>	<u>\$ 877,577</u>	<u>\$ 1,832,828</u>	<u>\$ 268,002</u>	<u>\$ 813,495</u>	<u>\$ 2,178,272</u>

(Continued on page 23)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2022

<u>LIABILITIES AND NET POSITION</u>	<u>CONTINUUM OF CARE</u>	<u>CAPITAL FUNDS</u>	<u>SECTION 8 CHOICE VOUCHERS</u>	<u>EMERGENCY HOUSING VOUCHERS</u>	<u>COCC</u>	<u>TOTAL</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 1,634	\$ -	\$ 285	\$ -	\$ 6,099	\$ 30,872
Accrued payroll liabilities	-	-	10,591	-	17,788	75,965
Compensated absences	-	-	2,949	-	8,358	22,041
Unearned revenue	-	-	-	7,621	10,202	29,925
Due to other governments	-	-	1,927	-	-	79,656
Tenants' security deposits	-	-	-	-	-	101,985
Other current liabilities	-	-	-	-	723	17,161
Current portion of long term debt	-	-	-	-	783	783
TOTAL LIABILITIES	<u>1,634</u>	<u>-</u>	<u>15,752</u>	<u>7,621</u>	<u>43,953</u>	<u>358,388</u>
NET POSITION						
Net investment in capital assets	-	286,319	7,000	-	61,593	7,616,091
Restricted	-	-	183,341	-	-	183,341
Unrestricted	<u>23,630</u>	<u>-</u>	<u>320,959</u>	<u>2,512</u>	<u>57,448</u>	<u>3,359,241</u>
TOTAL NET POSITION	<u>23,630</u>	<u>286,319</u>	<u>511,300</u>	<u>2,512</u>	<u>119,041</u>	<u>11,158,673</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 25,264</u>	<u>\$ 286,319</u>	<u>\$ 527,052</u>	<u>\$ 10,133</u>	<u>\$ 162,994</u>	<u>\$ 11,517,061</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2022

	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
OPERATING REVENUE						
Dwelling rental	\$ 485,801	\$ 85,590	\$ 360,789	\$ 72,129	\$ 37,110	\$ 436,223
Operating grants	564,260	127,062	389,651	-	83,282	-
Other operating revenue	109,064	13,019	64,859	6,708	2,196	17,068
TOTAL OPERATING REVENUE	<u>1,159,125</u>	<u>225,671</u>	<u>815,299</u>	<u>78,837</u>	<u>122,588</u>	<u>453,291</u>
OPERATING EXPENSES						
Administration	408,365	97,688	278,264	29,060	27,934	126,288
Tenant services	8,987	-	4,287	1,370	-	-
Utilities	105,279	2,517	47,263	8,183	8,220	27,393
Maintenance and operations	274,368	66,479	297,768	26,686	22,906	99,889
General expenses	99,401	24,564	65,547	4,199	4,654	30,237
Protective services	210	-	1,338	-	-	-
Housing assistance payments	-	-	-	-	-	-
Depreciation	329,135	77,488	153,408	23,135	32,343	117,751
TOTAL OPERATING EXPENSES	<u>1,225,745</u>	<u>268,736</u>	<u>847,875</u>	<u>92,633</u>	<u>96,057</u>	<u>401,558</u>
OPERATING (LOSS) INCOME	<u>(66,620)</u>	<u>(43,065)</u>	<u>(32,576)</u>	<u>(13,796)</u>	<u>26,531</u>	<u>51,733</u>
NONOPERATING REVENUE (EXPENSES)						
Interest income	226	45	152	40	182	257
(Loss) on disposition of fixed assets	(2,353)	-	(555)	(3,588)	(731)	(403)
Interest expense	-	-	-	-	-	-
NET NONOPERATING (EXPENSES) REVENUE	<u>(2,127)</u>	<u>45</u>	<u>(403)</u>	<u>(3,548)</u>	<u>(549)</u>	<u>(146)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>(68,747)</u>	<u>(43,020)</u>	<u>(32,979)</u>	<u>(17,344)</u>	<u>25,982</u>	<u>51,587</u>
CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(68,747)</u>	<u>(43,020)</u>	<u>(32,979)</u>	<u>(17,344)</u>	<u>25,982</u>	<u>51,587</u>
NET POSITION AT BEGINNING OF YEAR	4,012,254	899,485	1,668,054	280,443	782,077	2,069,760
RESIDUAL EQUITY TRANSFER IN	<u>467,365</u>	<u>-</u>	<u>120,954</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 4,410,872</u>	<u>\$ 856,465</u>	<u>\$ 1,756,029</u>	<u>\$ 263,099</u>	<u>\$ 808,059</u>	<u>\$ 2,121,347</u>

(Continued on page 25)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued
YEAR ENDED MARCH 31, 2022

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE							
Dwelling rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,477,642
Operating grants	380,309	88,056	5,136,512	117,947	-	-	6,887,079
Other operating revenue	-	-	147,497	-	699,321	(639,781)	419,951
TOTAL OPERATING REVENUE	<u>380,309</u>	<u>88,056</u>	<u>5,284,009</u>	<u>117,947</u>	<u>699,321</u>	<u>(639,781)</u>	<u>8,784,672</u>
OPERATING EXPENSES							
Administration	11,714	88,056	506,879	8,152	617,097	(639,493)	1,560,004
Tenant services	-	-	-	30,071	-	-	44,715
Utilities	-	-	-	-	7,346	-	206,201
Maintenance and operations	-	-	30,836	579	27,422	(288)	846,645
General expenses	-	-	97,148	150	28,326	-	354,226
Protective services	-	-	-	-	-	-	1,548
Housing assistance payments	368,595	-	4,573,864	76,483	-	-	5,018,942
Depreciation	-	12,897	1,000	-	20,520	-	767,677
TOTAL OPERATING EXPENSES	<u>380,309</u>	<u>100,953</u>	<u>5,209,727</u>	<u>115,435</u>	<u>700,711</u>	<u>(639,781)</u>	<u>8,799,958</u>
OPERATING (LOSS) INCOME	<u>-</u>	<u>(12,897)</u>	<u>74,282</u>	<u>2,512</u>	<u>(1,390)</u>	<u>-</u>	<u>(15,286)</u>
NONOPERATING REVENUE (EXPENSES)							
Interest income	8	-	145	-	26	-	1,081
(Loss) on disposition of fixed assets	-	-	-	-	-	-	(7,630)
Interest expense	-	-	-	-	(239)	-	(239)
NET NONOPERATING REVENUE (EXPENSES)	<u>8</u>	<u>-</u>	<u>145</u>	<u>-</u>	<u>(213)</u>	<u>-</u>	<u>(6,788)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>8</u>	<u>(12,897)</u>	<u>74,427</u>	<u>2,512</u>	<u>(1,603)</u>	<u>-</u>	<u>(22,074)</u>
CAPITAL GRANTS	<u>-</u>	<u>287,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,113</u>
CHANGE IN NET POSITION	<u>8</u>	<u>274,216</u>	<u>74,427</u>	<u>2,512</u>	<u>(1,603)</u>	<u>-</u>	<u>265,039</u>
NET POSITION AT BEGINNING OF YEAR	23,622	600,422	436,873	-	120,644	-	10,893,634
RESIDUAL EQUITY TRANSFER (OUT)	<u>-</u>	<u>(588,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 23,630</u>	<u>\$ 286,319</u>	<u>\$ 511,300</u>	<u>\$ 2,512</u>	<u>\$ 119,041</u>	<u>\$ -</u>	<u>\$ 11,158,673</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

	PUBLIC HOUSING			BUSINESS ACTIVITIES -	SECTION 8 NEW	BUSINESS
	AMP 1	AMP 2	AMP 3	HINCKLEY	CONSTRUCTION	ACTIVITIES
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	\$ 478,734	\$ 84,963	\$ 360,655	\$ 62,953	\$ 38,346	\$ 421,341
Cash received from interfund services provided	48	-	(8)	-	-	-
Cash received from operating grants	564,260	127,062	389,651	-	83,282	-
Other income received	106,428	14,098	66,455	6,696	2,207	18,459
Cash payments to vendors	(591,382)	(124,067)	(456,260)	(68,714)	(64,075)	(179,942)
Cash payments to employees	(296,971)	(65,451)	(241,845)	-	-	(96,702)
Cash payments for housing assistance	-	-	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>261,117</u>	<u>36,605</u>	<u>118,648</u>	<u>935</u>	<u>59,760</u>	<u>163,156</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	-	-	-	-	-
Acquisition of capital assets	(48,554)	(12,966)	(38,943)	(4,955)	(5,302)	(29,574)
Principal payments	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(48,554)</u>	<u>(12,966)</u>	<u>(38,943)</u>	<u>(4,955)</u>	<u>(5,302)</u>	<u>(29,574)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	<u>226</u>	<u>45</u>	<u>152</u>	<u>40</u>	<u>182</u>	<u>257</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,789	23,684	79,857	(3,980)	54,640	133,839
CASH AND CASH EQUIVALENTS AT BEGINNING 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>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 962,071</u>	<u>\$ 161,958</u>	<u>\$ 417,640</u>	<u>\$ 123,818</u>	<u>\$ 608,356</u>	<u>\$ 864,922</u>

(Continued on page 27)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2022

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from tenants/participants	\$ -	\$ -	\$ -	\$ (30,071)	\$ -	\$ -	\$ 1,416,921
Cash received from interfund services provided	-	-	-	-	(40)	-	-
Cash received from operating grants	380,309	88,056	5,136,512	97,852	-	-	6,866,984
Other income received	-	-	156,879	7,621	696,473	(639,781)	435,535
Cash payments to vendors	(31,366)	(88,056)	(641,250)	(8,881)	(218,254)	639,781	(1,832,466)
Cash payments to employees	(11,714)	-	-	-	(459,636)	-	(1,172,319)
Cash payments for housing assistance	(368,595)	-	(4,573,864)	(76,483)	-	-	(5,018,942)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(31,366)</u>	<u>-</u>	<u>78,277</u>	<u>(9,962)</u>	<u>18,543</u>	<u>-</u>	<u>695,713</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital grants	-	287,113	-	-	-	-	287,113
Acquisition of capital assets	-	(287,113)	-	-	(5,128)	-	(432,535)
Principal payments	-	-	-	-	(4,501)	-	(4,501)
Interest paid	-	-	-	-	(239)	-	(239)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,868)</u>	<u>-</u>	<u>(150,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	8	-	145	-	26	-	1,081
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(31,358)	-	78,422	(9,962)	8,701	-	546,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>56,622</u>	<u>-</u>	<u>364,071</u>	<u>-</u>	<u>74,503</u>	<u>-</u>	<u>3,133,132</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 25,264</u>	<u>\$ -</u>	<u>\$ 442,493</u>	<u>\$ (9,962)</u>	<u>\$ 83,204</u>	<u>\$ -</u>	<u>\$ 3,679,764</u>

(Continued on page 28)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2022

GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER	ASSISTANCE LISTING 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>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	-	\$ 5,102,615
Section 8 Housing Choice Vouchers - EHV	14.871	N/A	-	117,947
Other Public Housing Authorities	14.871	Unknown	-	33,897
Total Housing Voucher Cluster				<u>5,254,459</u>
Public and Indian Housing	14.850	N/A	-	
Public Housing				1,080,973
Section 8 New Construction	14.182	N/A	-	83,282
Continuum of Care Program	14.267	N/A	-	380,309
Public Housing Capital Funds	14.872	N/A	-	<u>375,169</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 7,174,192</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, 2022.

The Housing Authority of the County of DeKalb had no loans or loan guarantees required to be disclosed for the year ended March 31, 2022.

**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, 2022, 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 7, 2022.

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 7, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON 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

Qualified and Unmodified Opinions

We have audited the Housing Authority of the County of DeKalb's (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Housing Voucher Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Housing Voucher Cluster for the year ended March 31, 2022.

Basis for Qualified Opinion on Housing Voucher Cluster

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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Housing Authority of the County of DeKalb 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 Housing Authority of the County of DeKalb's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Housing Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the Housing Authority did not comply with requirements regarding Assistance Listing Number 14.850 Public and Indian Housing as described in 2022-001 for SEMAP Reporting.

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

Responsibilities of Management for Compliance

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

Auditors' 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 Housing 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 Housing 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 Housing 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 Housing 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 Housing 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
September 7, 2022

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2022

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: Qualified

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	Housing Voucher Cluster

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

Auditee qualified as low-risk auditee? Yes No

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2022

Section II - Financial Statement Findings - None

Section III - Federal and State Award Findings and Questioned Costs

Item 2022-001 - SEMAP Reporting

Program: Section 8 Choice Vouchers

Requirement: The SEMAP report must have adequate documentation and sample sizes must be calculated correctly.

Condition: The answer of “at least 98% of units sampled” for indicator 2b on the SEMAP report did not agree to the supporting documentation for the sample selected and the sample size selected from the population was 15 files instead of 16 files.

Questioned Cost: Not determinable.

Effect: The SEMAP report has incorrect points assessed to the Housing Authority because of an incorrect answer.

Cause: Supporting documentation was not reviewed closely for one indicator.

Recommendation: We recommend that the personnel completing the SEMAP report are adequately trained. We further recommend that the Housing Authority has a review process established for the SEMAP report to ensure the report is prepared correctly.

Management’s Response: We concur. Responsible staff will receive SEMAP training. Going forward, the review process will include the responsible staff presenting the data ready for reporting to a review team PRIOR to the SEMAP submission.

Section IV - Status of Prior Year Findings - None