

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

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

MARCH 31, 2023

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 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, 2023, 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, 2023, 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, 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.

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, the statement and certification of actual modernization costs, 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, the statement and certification of actual modernization costs, and the 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 25, 2023, 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 25, 2023

**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, 2023

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, 2023. 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 278 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 55 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 8-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, 2023

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, 2023 by \$12,224,781 (net position).
- The Housing Authority's net investment in capital assets as of March 31, 2023 was \$8,213,417.
- The Housing Authority's total revenue for the fiscal year ended March 31, 2023 was \$10,262,804.
- The Housing Authority's total expenses for the fiscal year ended March 31, 2023 was \$9,196,696.
- The Housing Authority's total combined revenue exceed its total combined expenses by \$1,066,108.

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>	<u>INCREASE (DECREASE)</u>
ASSETS			
Cash and investments	\$ 4,184,905	\$ 3,679,764	\$ 505,141
Other current assets	227,002	220,423	6,579
Noncurrent assets	<u>8,747,775</u>	<u>7,616,874</u>	<u>1,130,901</u>
TOTAL ASSETS	<u>13,159,682</u>	<u>11,517,061</u>	<u>1,642,621</u>
LIABILITIES			
Current liabilities	<u>368,041</u>	<u>358,388</u>	<u>9,653</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	<u>566,860</u>	<u>-</u>	<u>566,860</u>
NET POSITION			
Net investment in capital assets	8,213,417	7,611,590	601,827
Restricted	178,374	183,341	(4,967)
Unrestricted	<u>3,832,990</u>	<u>3,363,742</u>	<u>469,248</u>
TOTAL NET POSITION	<u>12,224,781</u>	<u>11,158,673</u>	<u>1,066,108</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2023

ANALYSIS OF FINANCIAL STATEMENTS - Continued:

The net increase in cash and investments is due to positive earnings and Public Housing operating reserve legal settlement.

The net increase in noncurrent assets is due to adding antenna leases for the implementation of GASB 87 in 2023 and the addition of capital assets.

The deferred inflows of resources - leases is due to the implementation of GASB 87 in 2023.

Net increase in investment in capital assets is due to the Civic domestic water pipe and Mason landscape capital fund projects.

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,			
	2023		2022	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
REVENUE				
Tenant rental revenue	\$ 1,602,224	16	\$ 1,477,642	16
HUD operating and capital grants	8,125,964	79	7,174,192	79
Other operating revenue	464,669	4	419,951	5
Interest	69,947	1	1,081	-
TOTAL REVENUE	<u>10,262,804</u>	<u>100</u>	<u>9,072,866</u>	<u>100</u>
EXPENSES				
Administrative expenses	1,742,319	19	1,560,004	18
Tenant services	33,224	-	44,715	-
Utilities	185,811	2	206,201	2
Maintenance and operations	881,416	10	846,645	10
General expenses	397,017	4	354,226	4
Protective services	864	-	1,548	-
Housing assistance payments	5,104,179	56	5,018,942	57
Depreciation	841,021	9	767,677	9
Interest expense	7	-	239	-
Loss on disposition of capital asset	10,838	-	7,630	-
TOTAL EXPENSES	<u>9,196,696</u>	<u>100</u>	<u>8,807,827</u>	<u>100</u>
CHANGE IN NET POSITION	<u>\$ 1,066,108</u>		<u>\$ 265,039</u>	

The increase in tenant rental revenue is due to more rent collected which is related to changes in tenant income. The net increase in HUD operating and capital grants is due to an increase 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 increased due to interest rates. Administrative expense increase is due to wages and employee benefits. Maintenance and operations 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 increased in FY23 due to adding new assets.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB

DeKalb, Illinois

MANAGEMENT DISCUSSION AND ANALYSIS - Continued

YEAR ENDED MARCH 31, 2023

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 in progress during the year include Civic domestic water pipe replacement and Mason landscape project. Ordinary maintenance was closely monitored and finished 4.05% below budget. Capital projects completed using reserves include unit flooring, appliance replacement, TSP elevator pit ladder, new maintenance truck, new truck snow plow, Garden HVAC unit and Civic concrete bike pad. Collection loss was over budget due to extensive rehab costs for vacated units. The program ended with net earnings of \$287,549.

Section 8 Choice Vouchers - The Housing Authority earned \$5,065,705 in annual contributions. The Restricted Net Position (consisting of excess housing assistance payments contributed) decreased to \$178,374 from \$183,341 the previous fiscal year, and annual budget authority was utilized to assist 90% of the 611 baseline units. The program ended with net earnings of (\$30,753).

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 \$383,566 through rental assistance payments which assisted 55 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 \$56,486.

Business Activities - Since the purchase of Briarwood apartments in December 2012, occupancy has increased from 80% to 95%. Capital projects completed include unit flooring, appliance replacement, new HVAC unit, two hot water heaters and a new copier. Briarwood ended with net earnings of \$176,198. The Sunset View property operates as an affordable housing complex. The property finished the year with net earnings of \$30,553. The Sunset house net earnings were \$6,256.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets

As of year-end, the Housing Authority had \$8,213,417 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions, and depreciation) of \$596,543 from the end of 2022. The net increase is due to capital asset additions.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS - Continued
YEAR ENDED MARCH 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued:

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

	2023	2022
Land	\$ 957,985	\$ 957,985
Land improvements	924,295	920,407
Buildings and improvements	20,162,025	19,018,216
Equipment	2,154,753	2,039,603
Construction work in progress	252,440	153,198
SUBTOTAL	24,451,498	23,089,409
Less accumulated depreciation	(16,238,081)	(15,472,535)
NET CAPITAL ASSETS	\$ 8,213,417	\$ 7,616,874

FUTURE EVENTS (NEW BUSINESS):

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

- In Fiscal Year 2023, HACD undertook a near complete overhaul of executive leadership. HACD welcomed a new Board Commissioner, a new Executive Director, Operations Director, HCV Administrator, and Admission’s Manager. We anticipate this refresh of staffing will lead to improved program performance and improved associated financials.
- After an 18 month decline in HCV Utilization, voucher utilization has increased and is accelerating. It is anticipated that HCV utilization will return to 100% in December 2023.
- Public Housing occupancy remained strong in FY 2023 and continues to improve. Occupancy finished the Fiscal Year at 98.2%. Maintaining high occupancy will be critical to securing ongoing operating subsidy.
- The agency continues to manage expenses diligently and will explore more ways to reduce costs. Outsourced snow removal costs increased significantly in FY2023. In FY2024, we anticipate bringing more snow removal services back in house.

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, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,901,398
Cash and cash equivalents - restricted	283,507
Receivables	
Tenants, net of allowance for doubtful accounts	2,040
Other, net of allowance for doubtful accounts	54,699
Leases receivable	32,502
Notes receivable	17,472
Interest	30,722
Inventory	27,916
Prepaid expenses	61,651
TOTAL CURRENT ASSETS	<u>4,411,907</u>

NONCURRENT ASSETS

Leases receivable	534,358
Land	957,985
Land improvements	924,295
Buildings and improvements	20,162,025
Equipment	2,154,753
Construction work in progress	252,440
Less accumulated depreciation	<u>(16,238,081)</u>
TOTAL NONCURRENT ASSETS	<u>8,747,775</u>

TOTAL ASSETS

\$ 13,159,682

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 19,845
Accrued payroll liabilities	55,306
Compensated absences	21,036
Unearned revenue	55,402
Due to other governments	95,177
Tenants' security deposits	105,133
Other current liabilities	16,142
TOTAL LIABILITIES	<u>368,041</u>

DEFERRED INFLOWS OF RESOURCES

Leases	<u>566,860</u>
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NET POSITION

Net investment in capital assets	8,213,417
Restricted	178,374
Unrestricted	3,832,990
TOTAL NET POSITION	<u>12,224,781</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION**

\$ 13,159,682

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, 2023

OPERATING REVENUE	
Dwelling rental	\$ 1,602,224
Operating grants	6,858,981
Other operating revenue	<u>464,669</u>
TOTAL OPERATING REVENUE	<u>8,925,874</u>
OPERATING EXPENSES	
Administration	1,742,319
Tenant services	33,224
Utilities	185,811
Maintenance and operations	881,416
General expenses	397,017
Protective services	864
Housing assistance payments	5,104,179
Depreciation	<u>841,021</u>
TOTAL OPERATING EXPENSES	<u>9,185,851</u>
OPERATING (LOSS)	<u>(259,977)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest income	69,947
(Loss) on disposition of fixed assets	(10,838)
Interest expense	<u>(7)</u>
NET NONOPERATING REVENUE	<u>59,102</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(200,875)
CAPITAL GRANTS	<u>1,266,983</u>
CHANGE IN NET POSITION	1,066,108
NET POSITION AT BEGINNING OF YEAR	<u>11,158,673</u>
NET POSITION AT END OF YEAR	<u>\$ 12,224,781</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	\$ 1,596,581
Cash received from operating grants	6,879,076
Other income received	481,842
Cash payments to vendors	(1,932,464)
Cash payments to employees	(1,303,455)
Cash payments for housing assistance	(5,104,179)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>617,401</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	1,266,983
Acquisition of capital assets	(1,448,818)
Proceeds from sale of capital assets	418
Principal payments	(783)
Interest paid	(7)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(182,207)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>69,947</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	505,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,679,764</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,184,905</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, 2023

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

Cash and cash equivalents	\$ 3,901,398
Cash and cash equivalents - restricted	283,507
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 4,184,905</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (259,977)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	841,021
Changes in assets and liabilities	
Decrease (increase) in assets	
Accounts receivable	42,240
Notes receivable	4,611
Due from other governments	20,095
Interest receivable	(30,722)
Inventory	(6,207)
Prepaid expenses	(4,094)
(Decrease) increase in liabilities	
Accounts payable	(9,395)
Accrued expenses	(24,317)
Unearned revenue	25,477
Due to other governments	15,521
Tenants' security deposits	3,148
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 617,401</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, 2023

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, 2023

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 \$10,000 for Section 8 Choice Vouchers at March 31, 2023.

Note Receivable - At March 31, 2023, the Housing Authority has a note receivable balance of \$17,472, 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 acquisition 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, 2023.

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, 2023 was \$21,036, 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, 2023

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 has one item that qualifies for reporting in this category: leases. The amount representing leases is the revenue to be collected in future periods for the leases receivable.

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, 2023. 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.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

Changes in Accounting Principle - The Housing Authority has implemented GASB Statement No. 87, Leases, in fiscal year 2023. At the beginning of the period, where the Housing Authority was the lessor, leases recorded as operating leases under previous guidance were recorded in the statement of net position as deferred inflows of resources and corresponding lease receivables in the public housing program in the amount of \$601,247. The change resulted in no adjustments to net position or fund balances.

Subsequent Events - The Housing Authority has evaluated subsequent events through September 25, 2023, the date which the financial statements were available to be issued.

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, 2023, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 3,901,398
Cash and cash equivalents - restricted	283,507
TOTAL	<u>\$ 4,184,905</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, 2023, 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, 2023, \$3,710,282 of the Housing Authority's bank balance of \$4,210,882 was exposed to custodial credit risk as follows:

Uninsured, collateralized by bank	<u>\$ 3,710,282</u>
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HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2023

NOTE 3 - Capital Assets

A summary of changes in capital assets is as follows:

	BALANCE <u>04/01/22</u>	ADDITIONS	RETIREMENTS	TRANSFERS	BALANCE <u>03/31/23</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 957,985	\$ -	\$ -	\$ -	\$ 957,985
Construction in progress	<u>153,198</u>	<u>1,266,983</u>	<u>-</u>	<u>(1,167,741)</u>	<u>252,440</u>
Total capital assets not being depreciated	<u>1,111,183</u>	<u>1,266,983</u>	<u>-</u>	<u>(1,167,741)</u>	<u>1,210,425</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	19,018,216	84,759	(22,672)	1,081,722	20,162,025
Land improvements	920,407	3,888	-	-	924,295
Equipment	<u>2,039,603</u>	<u>93,188</u>	<u>(64,057)</u>	<u>86,019</u>	<u>2,154,753</u>
Total capital assets being depreciated	21,978,226	181,835	(86,729)	1,167,741	23,241,073
Less accumulated depreciation	<u>(15,472,535)</u>	<u>(841,021)</u>	<u>75,475</u>	<u>-</u>	<u>(16,238,081)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>6,505,691</u>	<u>(659,186)</u>	<u>(11,254)</u>	<u>1,167,741</u>	<u>7,002,992</u>
NET CAPITAL ASSETS	<u>\$ 7,616,874</u>	<u>\$ 607,797</u>	<u>\$ (11,254)</u>	<u>\$ -</u>	<u>\$ 8,213,417</u>

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>04/01/22</u>	ADDITIONS	REDUCTIONS	BALANCE <u>03/31/23</u>	AMOUNT DUE WITHIN <u>ONE YEAR</u>
Compensated absences	\$ 22,041	\$ -	\$ (1,005)	\$ 21,036	\$ 21,036
Financed purchase	<u>783</u>	<u>-</u>	<u>(783)</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,824</u>	<u>\$ -</u>	<u>\$ (1,788)</u>	<u>\$ 21,036</u>	<u>\$ 21,036</u>

Financed Purchase

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

Copier Financed purchase	\$ 19,780
Less: Accumulated Depreciation	<u>19,780</u>
	<u>\$ -</u>

Depreciation expense on financed assets was \$659 for the year ended March 31, 2023.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2023

NOTE 5 - Leases Receivable

In November 2000, the Housing Authority entered into a lease with a communications and internet service provider. Under the lease, the provider is to pay the Housing Authority \$1,725 per month, with the amount increasing 15 percent for the extension periods effective November 2025 and November 2030, to lease space on the Housing Authority's Taylor Street Plaza. The agreement runs for five years and ends on October 31, 2025, with an automatic renewal for two successive five-year periods. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.0 percent, which is the rate stated in the lease. In fiscal year 2023, in AMP 1, the Housing Authority recognized \$11,721 of lease revenue and \$8,979 of interest revenue under the lease. The lease receivable and deferred inflows of resources related to the lease is \$239,390 as of March 31, 2023.

In June 2015, the Housing Authority entered into a lease with a communications and internet service provider. Under the lease, the provider is to pay the Housing Authority \$2,473 per month, with the amount increasing 7.5 percent on the first day of each renewal term, to lease space on the Housing Authority's Taylor Street Plaza. The agreement runs for five years and ends on May 31, 2035, with an automatic renewal for two successive five-year periods. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.0 percent, which is the rate stated in the lease. In fiscal year 2023, in AMP 1, the Housing Authority recognized \$18,019 of lease revenue and \$11,651 of interest revenue under the lease. The lease receivable and deferred inflows of resources related to the lease is \$309,219 as of March 31, 2023.

In January 2022, the Housing Authority entered into a lease with a communications and internet service provider. Under the lease, the provider is to pay the Housing Authority \$450 per month, with the amount increasing 3 percent on April 1 each year of the lease, to lease space on the Housing Authority's Taylor Street Plaza. The agreement runs for five years and ends on December 31, 2026. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.0 percent, which is the rate stated in the lease. In fiscal year 2023, in the AMP 1, the Housing Authority recognized \$4,646 of lease revenue and \$754 of interest revenue under the lease. The lease receivable and deferred inflows of resources related to the lease is \$18,251 as of March 31, 2023.

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. The 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 \$148,062 for the year ended March 31, 2023. Total payroll expense for the Housing Authority was \$1,057,588.

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
MARCH 31, 2023

NOTE 7 - Net Position

The following is a summary of individual net position restrictions at March 31, 2023:

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Section 8 Choice Vouchers	Future HAP expenditures	\$ 171,939
Emergency Housing Vouchers	Future HAP expenditures	<u>6,435</u>
TOTAL		<u>\$ 178,374</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
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2023

<u>ASSETS</u>	PUBLIC HOUSING			BUSINESS	SECTION 8	BUSINESS
	AMP 1	AMP 2	AMP 3	ACTIVITIES - HINCKLEY	NEW CONSTRUCTION	ACTIVITIES
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,077,992	\$ 157,394	\$ 406,517	\$ 157,357	\$ 651,912	\$ 958,987
Cash and cash equivalents - restricted	29,880	6,700	21,907	5,212	4,447	36,987
Receivables						
Tenants, net of allowance for doubtful accounts	31	162	101	29	63	1,654
Other, net of allowance for doubtful accounts	-	-	-	-	-	-
Leases receivable	32,502	-	-	-	-	-
Notes receivable	2,399	11,432	3,641	-	-	-
Interest	14,973	-	-	-	6,230	9,519
Due from other programs	117	-	-	-	-	-
Inventory	5,644	1,634	6,506	50	-	1,745
Prepaid expenses	30,145	3,187	9,140	724	1,100	6,754
TOTAL CURRENT ASSETS	<u>1,193,683</u>	<u>180,509</u>	<u>447,812</u>	<u>163,372</u>	<u>663,752</u>	<u>1,015,646</u>
NONCURRENT ASSETS						
Leases receivable	534,358	-	-	-	-	-
Land	130,027	515,273	158,685	27,000	12,000	115,000
Land improvements	283,888	222,180	283,293	21,783	90,544	22,607
Buildings and improvements	8,961,977	2,083,769	4,962,253	446,721	660,252	1,542,594
Equipment	657,788	186,088	621,943	46,144	59,315	313,581
Construction work in progress	-	-	-	-	-	-
Less accumulated depreciation	(6,798,225)	(2,351,990)	(4,773,551)	(433,647)	(646,302)	(760,769)
TOTAL NONCURRENT ASSETS	<u>3,769,813</u>	<u>655,320</u>	<u>1,252,623</u>	<u>108,001</u>	<u>175,809</u>	<u>1,233,013</u>
TOTAL ASSETS	<u>\$ 4,963,496</u>	<u>\$ 835,829</u>	<u>\$ 1,700,435</u>	<u>\$ 271,373</u>	<u>\$ 839,561</u>	<u>\$ 2,248,659</u>

(Continued on page 22)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2023

<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>ELIMINATING ENTRY</u>	<u>TOTAL</u>
CURRENT ASSETS							
Cash and cash equivalents	\$ 23,919	\$ -	\$ 252,269	\$ 45,981	\$ 169,070	\$ -	\$ 3,901,398
Cash and cash equivalents - restricted	-	-	171,939	6,435	-	-	283,507
Receivables							
Tenants, net of allowance for doubtful accounts	-	-	-	-	-	-	2,040
Other, net of allowance for doubtful accounts	-	-	53,222	1,477	-	-	54,699
Leases receivable	-	-	-	-	-	-	32,502
Notes receivable	-	-	-	-	-	-	17,472
Interest	-	-	-	-	-	-	30,722
Due from other programs	-	-	-	-	100	(217)	-
Inventory	-	-	-	-	12,337	-	27,916
Prepaid expenses	-	-	965	-	9,636	-	61,651
TOTAL CURRENT ASSETS	<u>23,919</u>	<u>-</u>	<u>478,395</u>	<u>53,893</u>	<u>191,143</u>	<u>(217)</u>	<u>4,411,907</u>
NONCURRENT ASSETS							
Leases receivable	-	-	-	-	-	-	534,358
Land	-	-	-	-	-	-	957,985
Land improvements	-	-	-	-	-	-	924,295
Buildings and improvements	-	1,227,740	-	-	276,719	-	20,162,025
Equipment	-	86,019	51,844	-	132,031	-	2,154,753
Construction work in progress	-	252,440	-	-	-	-	252,440
Less accumulated depreciation	-	(68,575)	(45,844)	-	(359,178)	-	(16,238,081)
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>1,497,624</u>	<u>6,000</u>	<u>-</u>	<u>49,572</u>	<u>-</u>	<u>8,747,775</u>
TOTAL ASSETS	<u>\$ 23,919</u>	<u>\$ 1,497,624</u>	<u>\$ 484,395</u>	<u>\$ 53,893</u>	<u>\$ 240,715</u>	<u>\$ (217)</u>	<u>\$ 13,159,682</u>

(Continued on page 23)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2023

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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	\$ 4,570	\$ 635	\$ 4,516	\$ 200	\$ 57	\$ 1,895
Accrued payroll liabilities	32,042	1,275	6,243	-	-	2,677
Compensated absences	4,902	648	3,038	-	-	1,108
Unearned revenue	4,020	2,870	5,314	2	76	4,951
Due to other programs	100	117	-	-	-	-
Due to other governments	44,108	10,513	35,267	-	-	-
Tenants' security deposits	29,880	6,700	21,907	5,212	4,447	36,987
Other current liabilities	<u>6,915</u>	<u>140</u>	<u>3,219</u>	<u>121</u>	<u>1,594</u>	<u>3,438</u>
TOTAL LIABILITIES	<u>126,537</u>	<u>22,898</u>	<u>79,504</u>	<u>5,535</u>	<u>6,174</u>	<u>51,056</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	<u>566,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	3,235,455	655,320	1,252,623	108,001	175,809	1,233,013
Restricted	-	-	-	-	-	-
Unrestricted	<u>1,034,644</u>	<u>157,611</u>	<u>368,308</u>	<u>157,837</u>	<u>657,578</u>	<u>964,590</u>
TOTAL NET POSITION	<u>4,270,099</u>	<u>812,931</u>	<u>1,620,931</u>	<u>265,838</u>	<u>833,387</u>	<u>2,197,603</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 4,963,496</u>	<u>\$ 835,829</u>	<u>\$ 1,700,435</u>	<u>\$ 271,373</u>	<u>\$ 839,561</u>	<u>\$ 2,248,659</u>

(Continued on page 24)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
MARCH 31, 2023

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 3,207	\$ -	\$ 4,765	\$ -	\$ 19,845
Accrued payroll liabilities	-	-	5,305	-	7,764	-	55,306
Compensated absences	-	-	2,475	-	8,865	-	21,036
Unearned revenue	-	-	-	37,371	798	-	55,402
Due to other programs	-	-	-	-	-	(217)	-
Due to other governments	-	-	5,289	-	-	-	95,177
Tenants' security deposits	-	-	-	-	-	-	105,133
Other current liabilities	-	-	-	-	715	-	16,142
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>16,276</u>	<u>37,371</u>	<u>22,907</u>	<u>(217)</u>	<u>368,041</u>
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	566,860
NET POSITION							
Net investment in capital assets	-	1,497,624	6,000	-	49,572	-	8,213,417
Restricted	-	-	171,939	6,435	-	-	178,374
Unrestricted	23,919	-	290,180	10,087	168,236	-	3,832,990
TOTAL NET POSITION	<u>23,919</u>	<u>1,497,624</u>	<u>468,119</u>	<u>16,522</u>	<u>217,808</u>	<u>-</u>	<u>12,224,781</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 23,919</u>	<u>\$ 1,497,624</u>	<u>\$ 484,395</u>	<u>\$ 53,893</u>	<u>\$ 240,715</u>	<u>\$ (217)</u>	<u>\$ 13,159,682</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2023

	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
OPERATING REVENUE						
Dwelling rental	\$ 534,951	\$ 107,002	\$ 399,567	\$ 64,000	\$ 44,041	\$ 452,663
Operating grants	521,120	122,481	355,376	-	77,395	-
Other operating revenue	76,946	12,148	23,640	55,728	4,018	31,232
TOTAL OPERATING REVENUE	<u>1,133,017</u>	<u>241,631</u>	<u>778,583</u>	<u>119,728</u>	<u>125,454</u>	<u>483,895</u>
OPERATING EXPENSES						
Administration	430,654	104,415	302,269	28,151	28,071	128,726
Tenant services	9,404	-	22,770	650	-	400
Utilities	93,857	2,072	46,881	3,685	8,229	24,309
Maintenance and operations	264,996	80,874	294,120	46,357	31,782	115,763
General expenses	138,985	37,005	75,633	11,454	8,658	40,522
Protective services	150	-	714	-	-	-
Housing assistance payments	-	-	-	-	-	-
Depreciation	373,757	60,791	173,027	22,081	31,306	107,111
TOTAL OPERATING EXPENSES	<u>1,311,803</u>	<u>285,157</u>	<u>915,414</u>	<u>112,378</u>	<u>108,046</u>	<u>416,831</u>
OPERATING (LOSS) INCOME	<u>(178,786)</u>	<u>(43,526)</u>	<u>(136,831)</u>	<u>7,350</u>	<u>17,408</u>	<u>67,064</u>
NONOPERATING REVENUE (EXPENSES)						
Interest income	39,242	598	1,928	1,120	7,920	12,269
(Loss) on disposition of fixed assets	(1,229)	(606)	(195)	(5,731)	-	(3,077)
Interest expense	-	-	-	-	-	-
NET NONOPERATING REVENUE (EXPENSES)	<u>38,013</u>	<u>(8)</u>	<u>1,733</u>	<u>(4,611)</u>	<u>7,920</u>	<u>9,192</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>(140,773)</u>	<u>(43,534)</u>	<u>(135,098)</u>	<u>2,739</u>	<u>25,328</u>	<u>76,256</u>
CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(140,773)</u>	<u>(43,534)</u>	<u>(135,098)</u>	<u>2,739</u>	<u>25,328</u>	<u>76,256</u>
NET POSITION AT BEGINNING 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>
NET POSITION AT END OF YEAR	<u>\$ 4,270,099</u>	<u>\$ 812,931</u>	<u>\$ 1,620,931</u>	<u>\$ 265,838</u>	<u>\$ 833,387</u>	<u>\$ 2,197,603</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, 2023

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	COCC	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE							
Dwelling rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,602,224
Operating grants	383,566	130,472	5,065,705	202,866	-	-	6,858,981
Other operating revenue	-	-	70,005	2,724	842,352	(654,124)	464,669
TOTAL OPERATING REVENUE	<u>383,566</u>	<u>130,472</u>	<u>5,135,710</u>	<u>205,590</u>	<u>842,352</u>	<u>(654,124)</u>	<u>8,925,874</u>
OPERATING EXPENSES							
Administration	14,183	130,472	543,421	10,817	674,976	(653,836)	1,742,319
Tenant services	-	-	-	-	-	-	33,224
Utilities	-	-	-	-	6,778	-	185,811
Maintenance and operations	-	-	28,673	528	18,611	(288)	881,416
General expenses	-	-	55,180	689	28,891	-	397,017
Protective services	-	-	-	-	-	-	864
Housing assistance payments	369,383	-	4,555,250	179,546	-	-	5,104,179
Depreciation	-	55,678	1,000	-	16,270	-	841,021
TOTAL OPERATING EXPENSES	<u>383,566</u>	<u>186,150</u>	<u>5,183,524</u>	<u>191,580</u>	<u>745,526</u>	<u>(654,124)</u>	<u>9,185,851</u>
OPERATING (LOSS) INCOME	<u>-</u>	<u>(55,678)</u>	<u>(47,814)</u>	<u>14,010</u>	<u>96,826</u>	<u>-</u>	<u>(259,977)</u>
NONOPERATING REVENUE (EXPENSES)							
Interest income	289	-	4,633	-	1,948	-	69,947
(Loss) on disposition of fixed assets	-	-	-	-	-	-	(10,838)
Interest expense	-	-	-	-	(7)	-	(7)
NET NONOPERATING REVENUE	<u>289</u>	<u>-</u>	<u>4,633</u>	<u>-</u>	<u>1,941</u>	<u>-</u>	<u>59,102</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>289</u>	<u>(55,678)</u>	<u>(43,181)</u>	<u>14,010</u>	<u>98,767</u>	<u>-</u>	<u>(200,875)</u>
CAPITAL GRANTS	<u>-</u>	<u>1,266,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,266,983</u>
CHANGE IN NET POSITION	<u>289</u>	<u>1,211,305</u>	<u>(43,181)</u>	<u>14,010</u>	<u>98,767</u>	<u>-</u>	<u>1,066,108</u>
NET POSITION AT BEGINNING 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>
NET POSITION AT END OF YEAR	<u>\$ 23,919</u>	<u>\$ 1,497,624</u>	<u>\$ 468,119</u>	<u>\$ 16,522</u>	<u>\$ 217,808</u>	<u>\$ -</u>	<u>\$ 12,224,781</u>

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	PUBLIC HOUSING			BUSINESS ACTIVITIES - HINCKLEY	SECTION 8 NEW CONSTRUCTION	BUSINESS ACTIVITIES
	AMP 1	AMP 2	AMP 3			
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	\$ 529,285	\$ 107,065	\$ 378,218	\$ 71,552	\$ 45,181	\$ 465,280
Cash received from operating grants	521,120	122,481	355,376	-	77,395	-
Other income received	63,058	12,281	25,356	55,706	(2,178)	24,317
Cash (paid to) received from interfund services provided	(17)	117	-	-	-	-
Cash payments to vendors	(590,130)	(152,583)	(449,135)	(89,627)	(77,004)	(211,035)
Cash payments to employees	(341,005)	(71,821)	(269,021)	-	-	(108,831)
Cash payments for housing assistance	-	-	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>182,311</u>	<u>17,540</u>	<u>40,794</u>	<u>37,631</u>	<u>43,394</u>	<u>169,731</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	-	-	-	-	-
Acquisition of capital assets	(75,752)	(16,002)	(31,938)	-	(3,311)	(51,366)
Proceeds from sale of capital assets	-	-	-	-	-	418
Principal payments	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(75,752)</u>	<u>(16,002)</u>	<u>(31,938)</u>	<u>-</u>	<u>(3,311)</u>	<u>(50,948)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	<u>39,242</u>	<u>598</u>	<u>1,928</u>	<u>1,120</u>	<u>7,920</u>	<u>12,269</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	145,801	2,136	10,784	38,751	48,003	131,052
CASH AND CASH EQUIVALENTS AT BEGINNING 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>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,107,872</u>	<u>\$ 164,094</u>	<u>\$ 428,424</u>	<u>\$ 162,569</u>	<u>\$ 656,359</u>	<u>\$ 995,974</u>

(Continued on page 28)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,596,581
Cash received from operating grants	383,566	130,472	5,065,705	222,961	-	-	6,879,076
Other income received	-	-	93,481	30,997	832,948	(654,124)	481,842
Cash (paid to) received from interfund services provided	-	-	-	-	(100)	-	-
Cash payments to vendors	(1,634)	(130,472)	(626,854)	(12,034)	(246,080)	654,124	(1,932,464)
Cash payments to employees	(14,183)	-	-	-	(498,594)	-	(1,303,455)
Cash payments for housing assistance	(369,383)	-	(4,555,250)	(179,546)	-	-	(5,104,179)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,634)</u>	<u>-</u>	<u>(22,918)</u>	<u>62,378</u>	<u>88,174</u>	<u>-</u>	<u>617,401</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital grants	-	1,266,983	-	-	-	-	1,266,983
Acquisition of capital assets	-	(1,266,983)	-	-	(3,466)	-	(1,448,818)
Loan proceeds	-	-	-	-	-	-	418
Principal payments	-	-	-	-	(783)	-	(783)
Interest paid	-	-	-	-	(7)	-	(7)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,256)</u>	<u>-</u>	<u>(182,207)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	<u>289</u>	<u>-</u>	<u>4,633</u>	<u>-</u>	<u>1,948</u>	<u>-</u>	<u>69,947</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,345)	-	(18,285)	62,378	85,866	-	505,141
CASH AND CASH EQUIVALENTS AT BEGINNING 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>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 23,919</u>	<u>\$ -</u>	<u>\$ 424,208</u>	<u>\$ 52,416</u>	<u>\$ 169,070</u>	<u>\$ -</u>	<u>\$ 4,184,905</u>

(Continued on page 29)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2023

	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	\$ 1,077,992	\$ 157,394	\$ 406,517	\$ 157,357	\$ 651,912	\$ 958,987
Cash and cash equivalents - restricted	29,880	6,700	21,907	5,212	4,447	36,987
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 1,107,872</u>	<u>\$ 164,094</u>	<u>\$ 428,424</u>	<u>\$ 162,569</u>	<u>\$ 656,359</u>	<u>\$ 995,974</u>
<u>RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
Operating (loss) income	\$ (178,786)	\$ (43,526)	\$ (136,831)	\$ 7,350	\$ 17,408	\$ 67,064
Adjustments to reconcile operating (loss) income to net cash provided by operating activities						
Depreciation	373,757	60,791	173,027	22,081	31,306	107,111
Changes in assets and liabilities						
Decrease (increase) in assets						
Accounts receivable	464	(38)	186	7,452	315	11,862
Notes receivable	3,325	1	1,285	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other programs	(117)	-	-	-	-	-
Interest receivable	(14,973)	-	-	-	(6,230)	(9,519)
Inventory	(2,134)	(972)	1,693	-	-	171
Prepaid expenses	(1,509)	(502)	(1,271)	118	(143)	(1,089)
(Decrease) increase in liabilities						
Accounts payable	(7,908)	348	2,607	198	57	(6,285)
Accrued expenses	3,001	(1,097)	(5,485)	(296)	(178)	(3,343)
Unearned revenue	666	133	1,716	(22)	34	2,604
Due to other programs	100	117	-	-	-	-
Due to other governments	6,057	2,185	3,917	-	-	-
Tenants' security deposits	368	100	(50)	750	825	1,155
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 182,311</u>	<u>\$ 17,540</u>	<u>\$ 40,794</u>	<u>\$ 37,631</u>	<u>\$ 43,394</u>	<u>\$ 169,731</u>

(Continued on page 30)

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED MARCH 31, 2023

	CONTINUUM OF CARE	CAPITAL FUNDS	SECTION 8 CHOICE VOUCHERS	EMERGENCY HOUSING 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	\$ 23,919	\$ -	\$ 252,269	\$ 45,981	\$ 169,070	\$ -	\$ 3,901,398
Cash and cash equivalents - restricted	-	-	171,939	6,435	-	-	283,507
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 23,919</u>	<u>\$ -</u>	<u>\$ 424,208</u>	<u>\$ 52,416</u>	<u>\$ 169,070</u>	<u>\$ -</u>	<u>\$ 4,184,905</u>
<u>RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</u>							
Operating (loss) income	\$ -	\$ (55,678)	\$ (47,814)	\$ 14,010	\$ 96,826	\$ -	\$ (259,977)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities							
Depreciation	-	55,678	1,000	-	16,270	-	841,021
Changes in assets and liabilities							
Decrease (increase) in assets							
Accounts receivable	-	-	23,476	(1,477)	-	-	42,240
Notes receivable	-	-	-	-	-	-	4,611
Due from other governments	-	-	-	20,095	-	-	20,095
Due from other programs	-	-	-	-	(100)	217	-
Interest receivable	-	-	-	-	-	-	(30,722)
Inventory	-	-	-	-	(4,965)	-	(6,207)
Prepaid expenses	-	-	(104)	-	406	-	(4,094)
(Decrease) increase in liabilities							
Accounts payable	-	-	2,922	-	(1,334)	-	(9,395)
Accrued expenses	(1,634)	-	(5,760)	-	(9,525)	-	(24,317)
Unearned revenue	-	-	-	29,750	(9,404)	-	25,477
Due to other programs	-	-	-	-	-	(217)	-
Due to other governments	-	-	3,362	-	-	-	15,521
Tenants' security deposits	-	-	-	-	-	-	3,148
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (1,634)</u>	<u>\$ -</u>	<u>\$ (22,918)</u>	<u>\$ 62,378</u>	<u>\$ 88,174</u>	<u>\$ -</u>	<u>\$ 617,401</u>

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

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
 YEAR ENDED MARCH 31, 2023

ANNUAL CONTRIBUTIONS CONTRACT

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

	<u>IL01P089501-20</u>
Funds approved	\$ 744,622
Funds expended	<u>744,622</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 744,622
Funds expended	<u>744,622</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated November 9, 2022, 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, 2023

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANT IDENTIFICATION NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Programs</u>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	-	\$ 5,065,705
Section 8 Housing Choice Vouchers - EHV	14.871	N/A	-	<u>202,866</u>
Total Housing Voucher Cluster				5,268,571
Public and Indian Housing				
Public Housing	14.850	N/A	-	998,977
Section 8 Project-Based Cluster				
Section 8 New Construction	14.182	N/A	-	77,395
Continuum of Care Program	14.267	N/A	-	383,566
Public Housing Capital Funds	14.872	N/A	-	<u>1,397,455</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 8,125,964</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, 2023.

The Housing Authority of the County of DeKalb had no loans or loan guarantees required to be disclosed for the year ended March 31, 2023.

**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, 2023, 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 25, 2023.

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.

Hankins Ash CPAs, LLP

La Crosse, Wisconsin
September 25, 2023



**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

Opinion on Each Major Federal Program

We have audited the Housing Authority of the County of DeKalb's (the "Housing Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended March 31, 2023. 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.

In our opinion, the Housing Authority complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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 25, 2023

HOUSING AUTHORITY OF THE COUNTY OF DEKALB
DeKalb, Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2023

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>Assistance Listing Number</u>	<u>Name of Federal Program</u>
14.871	Housing Voucher Cluster
14.850	Public and Indian Housing
14.872	Public Housing Capital Funds

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 – Item 2022-001 SEMAP Reporting. Cleared.