

DUPAGE HOUSING AUTHORITY
Wheaton, Illinois

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2018 AND 2017



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YEARS ENDED JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
DuPage Housing Authority
Wheaton, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the DuPage Housing Authority (the Authority), which are comprised of the statements of net position (deficit) as of June 30, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Authority will continue as a going concern. As discussed in Note 7 to the financial statements, the Authority has not made their scheduled payment to the U.S. Department of Housing and Urban Development through March 8, 2019. As a result, the Authority is considered in default of this obligation, resulting in the presentation of the full liability being current, which raises substantial doubt about its ability to continue as a going concern. Management's plan in regard to this matter is also described in Note 7. Our opinion is not modified with respect to this matter.

Emphasis of Matter Regarding Going Concern

As discussed in Note 1 to the financial statements, Ogden Manor Apartments ceased operations as of June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The financial data schedules, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The entity wide summary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The financial data schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2019 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 8, 2019

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

As management of the DuPage Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

Financial Highlights

The liabilities of the Authority were greater than its assets at the close of fiscal year 2018, resulting in net deficit of \$4,139,756.

The Authority's cash and cash equivalents balance (including restricted and unrestricted) at June 30, 2018 was \$3,266,067 representing an increase of \$901,562 from June 30, 2017.

The Authority had revenues of \$30,215,159 from HUD operating grants, \$121,160 from tenant rent, and \$13,804,704 from other revenue sources for the year ended June 30, 2018, compared to \$30,219,093, \$365,823, and \$8,801,429, respectively, for the year ended June 30, 2017.

Using the Annual Report

Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements and notes to financial statements included in this report were prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities in the United States of America for Proprietary Fund types.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of statements of net position (deficit), statements of revenues, expenses, and changes in net position (deficit), and statements of cash flows.

The statements of net position (deficit) present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position (deficit). Increases or decreases in net position (deficit) serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position (deficit) present information showing how the Authority's net deficit changed during the most recent fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

Using the Annual Report (Continued)

Basic Financial Statements (Continued)

The statements of cash flows report the cash flows from operating, investing, and capital and related financing activities.

The basic financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations.

The basic financial statements can be found on pages 9 through 11 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found in this report following the basic financial statements.

Supplementary Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Schedule of Expenditures of Federal Awards can be found on page 43 of this report.

The Authority as a Whole

The Authority's net position decreased during the fiscal year ending June 30, 2018 as detailed on page 7. The Authority's revenues are primarily subsidies received from HUD, payments from other housing authorities for port-in clients, and tenant rent. The Authority receives subsidies each month based on a pre-approved amount by HUD.

The largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants and operate the administrative offices; consequently, these assets are not available for future spending.

Significant account changes from 2017 to 2018 are detailed as follows:

- Ogden Manor Apartments was sold in December 2017, increasing other revenues by \$4.5 million, decreased total liability by \$12.4 million and decreased net assets by \$9.0 million. A net proceed of \$1.2 million cash was received from the sale.
- HUD Operating subsidies decreased \$3,934 (from \$30,219,093 in 2017 to \$30,215,159 in 2018) primarily due to a decrease in vouchers issued and the timing of HUD disbursements.
- Other government grants increased \$57,271 (from \$783,575 in 2017 to \$840,846 in 2018).
- Other revenues increased \$4,701,341 primarily due to the sale of Ogden Manor Apartments and an increase in HAP Port-In payments.

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

The Authority as a Whole (Continued)

- Capital assets (net) decreased \$9,332,668 primarily due to the sale of Ogden Manor Apartments and current year depreciation.
- Total liabilities decreased by \$5,088,093 due to the net impact of the settlement of long-term debt associated with Ogden Manor Apartments upon execution of sale and the recognition of an anticipated liability HUD.
- Operating expenses increased \$8,563,438 primarily because the recognition of \$8,525,708 due to HUD. This is discussed in greater detail in Note 7 to the Financial Statements.

The table below and on page 7 illustrates the changes in asset and liability, and revenue and expense accounts, respectively.

**Table A-1
Entity Wide Assets, Liabilities, and Net Position (Deficit) Comparison
June 30, 2018, 2017, and 2016**

	2018	2017	2016
ASSETS			
Current and Restricted Assets	\$ 3,417,820	\$ 2,538,717	\$ 2,113,641
Capital Assets	1,701,349	11,034,017	11,283,113
Total Assets	<u>5,119,169</u>	<u>13,572,734</u>	<u>13,396,754</u>
LIABILITIES			
Current Liabilities	9,108,758	743,362	827,903
Noncurrent Liabilities	150,167	13,603,656	13,786,423
Total Liabilities	<u>9,258,925</u>	<u>14,347,018</u>	<u>14,614,326</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	1,701,349	(1,370,637)	(1,278,532)
Restricted	414,449	517,434	767,459
Unrestricted	(6,255,554)	78,919	(706,499)
Total Net Position (Deficit)	<u>\$ (4,139,756)</u>	<u>\$ (774,284)</u>	<u>\$ (1,217,572)</u>

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

The Authority as a Whole (Continued)

Table A-2

**Change in Net Position (Deficit) Comparison
June 30, 2018, 2017, and 2016**

	2018	2017	2016
REVENUES			
Tenant Rent	\$ 121,160	\$ 365,823	\$356,993
HUD PHA Operating Grants	30,215,159	30,219,093	27,715,284
Other Government Grants	840,846	783,575	489,311
Interest Income	9,878	447	355
Gain on Sale of Fixed Assets	4,516,337	-	-
Other Revenues	8,437,643	8,017,407	7,856,978
Total Revenues	<u>44,141,023</u>	<u>39,386,345</u>	<u>36,418,921</u>
EXPENSES			
Administration	3,115,802	3,257,750	3,013,149
Tenant Services	3,846	-	29
Utilities	53,494	78,337	87,053
Ordinary Repairs and Maintenance	141,451	290,275	401,704
Protective Services	-	-	-
Insurance Expense	72,980	93,506	86,643
Other General Expenses	8,562,155	48,871	-
Extraordinary Maintenance	-	-	-
Housing Assistance Payments	35,044,584	34,152,402	31,900,654
Depreciation and Amortization	219,429	426,586	388,753
Recognition of HUD Repayment Agreement	-	-	-
Interest Expense	292,754	595,330	629,972
Total Expenses	<u>47,506,495</u>	<u>38,943,057</u>	<u>36,507,957</u>
NET CHANGE	(3,365,472)	443,288	(89,036)
Beginning Net Position (Deficit)	<u>(774,284)</u>	<u>(1,217,572)</u>	<u>(1,128,536)</u>
ENDING NET POSITION (DEFICIT)	<u><u>\$ (4,139,756)</u></u>	<u><u>\$ (774,284)</u></u>	<u><u>\$ (1,217,572)</u></u>

Budgetary Highlights

For the year ended June 30, 2018, individual program budgets were prepared by the Authority and were approved by the board of commissioners. The budgets were primarily used as management tools and have no legal stature. Also, the Authority adopted a comprehensive annual budget. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017**

Capital Assets and Debt Administration

1. Capital Assets

As of June 30, 2018, the Authority's capital assets were \$2,800,292, less accumulated depreciation of \$1,098,943. This investment in capital assets includes land, buildings, and equipment less accumulated depreciation. Additional information on the Authority's capital assets can be found in the notes to the financial statements, which is included in this report.

2. Long-Term Debt

The Authority issued \$12.14 million in bonds through the Illinois Housing Development Agency for the purchase of Ogden Manor Apartments in January 2007. The Authority repaid this debt in full December 2017 as a result of the executive sale of Ogden Manor Apartments.

For more details on the Authority's long-term debt, please refer to Note 6 of the financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2018:

1. The Federal budget and the possible cutback on HUD subsidies for both housing assistance payments and administrative fees.
2. The lack of available cash to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, DuPage Housing Authority, 711 East Roosevelt Road, Wheaton, Illinois 60187, or call (630) 690-3555.

**DUPAGE HOUSING AUTHORITY
STATEMENTS OF NET POSITION (DEFICIT)
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 2,569,267	\$ 1,690,785
Cash and Cash Equivalents - Restricted	696,800	673,720
Total Cash and Cash Equivalents	<u>3,266,067</u>	<u>2,364,505</u>
Accounts Receivable, Net	129,508	154,471
Prepaid Expenses	22,245	19,741
Total Current Assets	<u>3,417,820</u>	<u>2,538,717</u>
NONCURRENT ASSETS		
Other Noncurrent Assets	-	-
Capital Assets, Net	1,701,349	11,034,017
Total Noncurrent Assets	<u>1,701,349</u>	<u>11,034,017</u>
 Total Assets	 <u><u>\$ 5,119,169</u></u>	 <u><u>\$ 13,572,734</u></u>
LIABILITIES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 8,573,212	\$ 111,099
Tenant Security Deposits	-	27,632
Accrued Compensated Absences, Current Portion	37,542	42,230
Unearned Revenue	167,213	194,222
Current Portion of Long-Term Debt	-	159,290
Other Current Liabilities	330,791	208,889
Total Current Liabilities	<u>9,108,758</u>	<u>743,362</u>
NONCURRENT LIABILITIES		
Accrued Compensated Absences, Less Current Portion	150,167	168,921
Other Noncurrent Liabilities	-	1,189,371
Long-Term Debt, Net of Current Portion	-	12,245,364
Total Noncurrent Liabilities	<u>150,167</u>	<u>13,603,656</u>
 Total Liabilities	 9,258,925	 14,347,018
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	1,701,349	(1,370,637)
Restricted	414,449	517,434
Unrestricted	(6,255,554)	78,919
Total Net Position (Deficit)	<u>(4,139,756)</u>	<u>(774,284)</u>
 Total Liabilities and Net Position (Deficit)	 <u><u>\$ 5,119,169</u></u>	 <u><u>\$ 13,572,734</u></u>

See accompanying Notes to Financial Statements.

DUPAGE HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Tenant Rent	\$ 121,160	\$ 365,823
HUD Subsidies	30,215,159	30,219,093
Other Government Grants	840,846	783,575
Portability Revenue	8,204,793	7,781,599
Other Revenues	<u>232,850</u>	<u>235,808</u>
Total Operating Revenues	39,614,808	39,385,898
OPERATING EXPENSES		
Administration	3,115,802	3,257,750
Tenant Services	3,846	-
Utilities	53,494	78,337
Ordinary Repairs and Maintenance	141,451	290,275
Insurance Expense	72,980	93,506
Other General Expenses	8,562,155	48,871
Housing Assistance Payments	<u>35,044,584</u>	<u>34,152,402</u>
Total Operating Expenses	46,994,312	37,921,141
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(7,379,504)	1,464,757
Depreciation	<u>219,429</u>	<u>426,586</u>
TOTAL OPERATING INCOME (LOSS)	(7,598,933)	1,038,171
NONOPERATING REVENUES (EXPENSES)		
Interest Income	9,878	447
Interest Expense	(292,754)	(595,330)
Gain on Sale of Fixed Assets	<u>4,516,337</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	4,233,461	(594,883)
CHANGE IN NET POSITION (DEFICIT)	(3,365,472)	443,288
Total Net Position (Deficit) - Beginning of Year	<u>(774,284)</u>	<u>(1,217,572)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ (4,139,756)</u></u>	<u><u>\$ (774,284)</u></u>

See accompanying Notes to Financial Statements.

**DUPAGE HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from HUD	\$ 30,215,159	\$ 30,219,093
Cash Received from Tenants and Others	9,369,971	9,160,774
Cash Paid for Payments to Employees	(2,398,126)	(2,448,002)
Cash Paid to Suppliers	(993,533)	(1,288,237)
Cash Paid for Housing Assistance Payments	(35,044,584)	(34,152,402)
Net Cash Provided by Operating Activities	<u>1,148,887</u>	<u>1,491,226</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Equipment	-	(177,490)
Payments on Long-Term Debt	(11,747,659)	(156,991)
Interest Paid	(292,754)	(595,330)
Net Cash Used by Capital and Related Financing Activities	<u>(12,040,413)</u>	<u>(929,811)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
HUD Repayment	(1,189,371)	(54,062)
Net Cash Used by Noncapital Financing Activities	<u>(1,189,371)</u>	<u>(54,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Fixed Asset	12,972,581	-
Interest Income	9,878	447
Net Cash Provided by Investing Activities	<u>12,982,459</u>	<u>447</u>
INCREASE IN CASH AND CASH EQUIVALENTS	901,562	507,800
Cash and Cash Equivalents - Beginning of Year	<u>2,364,505</u>	<u>1,856,705</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,266,067</u></u>	<u><u>\$ 2,364,505</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (7,598,933)	\$ 1,038,171
Adjustments to Reconcile Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	219,429	426,586
Effects of Changes in Operating Assets and Liabilities:		
Accounts receivable, Net	24,963	82,636
Prepaid Expenses	(2,504)	88
Accounts Payable and Accrued Expenses	8,462,113	(17,740)
Tenant Security Deposits	(27,632)	(733)
Accrued Compensated Absences	(23,442)	45,137
Unearned Revenue	(27,009)	(87,934)
Other Current Liabilities	121,902	5,015
Net Cash Provided by Operating Activities	<u><u>\$ 1,148,887</u></u>	<u><u>\$ 1,491,226</u></u>

See accompanying Notes to Financial Statements.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The DuPage Housing Authority (the Authority) is a governmental, public corporation created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in DuPage County, Illinois (the County). The Authority is responsible for administering the Housing Choice Voucher (HCV) Program and operating certain low-rent housing programs in the County under programs administered by the U.S. Department of Housing and Urban Development (HUD), the state of Illinois and DuPage County. These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the DuPage County Board. An executive director is appointed by the Authority's board to manage the day-to-day operations of the Authority.

On December 13, 2017, the Authority sold Ogden Manor Apartments to Ogden Housing Partners LP for \$12.9 million. The proceeds of the sale of the property were used to make principal payments on \$12.4 million in outstanding debt. As of June 30, 2018, operations have ceased, as all capital assets have been disposed and related secured mortgages have been settled.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts and depreciable lives of properties and equipment and contingencies. Actual results could differ significantly from these estimates.

Reporting Entity

In accordance with Section 2100 and 2600 of the Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards*, the Authority's financial statements include those of the DuPage Housing Authority (HCV Program, Section 8 New Construction Substantial Rehabilitation Program, State/Local Program) and any component units. Component units are legally separate, tax-exempt organizations that meet all of the following criteria:

1. The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority.
2. The Authority has the ability to access a majority of the economic resources held by the separate organization.
3. The economic resources as referred to below are significant to the Authority.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Based upon the application of these criteria, this report includes the following blended component units:

DHA Management Inc. (DM) – DM was established to provide property management services to landlords in and around DuPage County and to administer the Neighborhood Stabilization Program which was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment through the purchase and redevelopment of foreclosed and abandoned homes and residential properties.

DHA Investment Inc. (DI) – DI was established to invest in and/or finance the development of affordable housing in and around DuPage County. DI did not have any balance or activity as of and for the years ended June 30, 2018 and 2017; Management has refrained currently from using DI to invest and/or finance for the development of affordable housing in and around DuPage County.

DHA Development Inc. (DD) – DD was established to develop affordable housing in and around DuPage County.

Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

Description of Program

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Housing Choice Vouchers Program – The Authority administers a program of rental assistance payments to private building owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Family Self-Sufficiency Program – The Authority administers a program to promote the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Section 8 New Construction Substantial Rehabilitation Program – On January 2, 2007, the Authority purchased a 108-unit development known as Ogden Manor Apartments (the Project). The Project received a housing assistance payment contract through HUD. The Project was purchased through the issuance of \$12.14 million in bonds and \$1.53 million in other state and local government loans.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program (Continued)

Section 8 New Construction Substantial Rehabilitation Program (Continued) – The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase, and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidized rents once the units are occupied. On December 13, 2017, the Authority sold Ogden Manor Apartments to Ogden Housing Partners LP for \$12.9 million. The proceeds of the sale of the property were used to make principal payments on \$12.4 million in outstanding debt. As of June 30, 2018, operations have ceased, as all capital assets have been disposed and related secured mortgages have been settled.

State and Local Program – The Authority administers a Rental Housing Support Program (RHSP) through the Illinois Housing Development Authority through the Illinois Department of Human Services. The programs assist qualified individuals in securing affordable housing. The Authority previously administered the Bridge Subsidy Program which ended its contract with Illinois Department of Human Services in December 2015.

Business Activities – The Authority created the Business Activities program to account for the transactions that have been generated as a result of the repayment agreement that the Authority has entered into with HUD. Further details with respect to the agreement have been disclosed in Note 7 – Other Noncurrent Liabilities in the notes to the financial statements.

Neighborhood Stabilization Program – DHA Management, Inc., a component unit of the Authority, has entered into developer agreements with the County of DuPage, Illinois and the Illinois Housing Development Authority (IHDA) to perform specific activities needed to execute the Neighborhood Stabilization Program (NSP). DHA Management, Inc. earns a management fee based on eligible program costs. The NSP program has not been active since 2015, with all previously owned properties transferred to other local low income housing providers.

The program's grant activity is recorded as revenue and expenses in the financial statements.

Measurement Focus and Basis of Accounting

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying out specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The funds of the Authority are all considered enterprise

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

funds that are used to account for activities that are operated in a manner similar to those found in the private sector.

All enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions (GASB 33)*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

Both administrative fees and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended.

Any investment income earned on these funds is reflected in the net position account on which the investment income was earned. That is, investment income earned on housing assistance payments (HAP) cash balances are credited to the HAP restricted net position account and investment income earned on administrative fee cash balances are credited to the unrestricted net position account.

Budgets and Budgetary Accounting

The Authority adopts annual operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on an accrual basis, which is materially consistent with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the statements of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

HUD requires that deposits be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (FDIC) insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

HUD also requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit, or any other federally insured investment.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Receivables consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD represents reimbursable grant subsidies earned that have not been collected as of June 30, 2018 and 2017, and are considered by management to be fully collectable. Amounts due from other public housing authorities (PHAs) under the HCV portability program are also considered by management to be fully collectable. Some amounts received reflect overpayments made by other PHAs or may require further research to apply to the correct tenant. These amounts are reflected as unearned revenue until identified. Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason.

Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the statements of revenues, expenses, and changes in net position (deficit). Expenditures determined to represent additions or betterments are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

Fixtures and Equipment	5 Years
Site Improvements	15 Years
Buildings	40 Years

The Authority has established a capitalization threshold of \$5,000 for use beginning July 1, 2015. Prior to this date, the Authority used a capitalization threshold of \$1,000. The change was implemented prospectively.

Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated personal time off (PTO) leave earned in accordance with the Authority's Personnel Policy. Employees are compensated for accumulated earned PTO in the event of retirement or employment termination at their current salary up to a maximum of 60 workdays or 450 hours.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

The Authority is a unit of local government under Illinois state law and is exempt from real estate, sales, and income taxes.

Inter-Program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Section 8 Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, inter-program receivables and payables are eliminated for financial statement purposes.

Net Position (Deficit)

Net position (deficit) is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

On January 30, 2008, HUD issued PHI Notice 2008-9 which among other things clarifies HUD's reporting position that unused HAP under proprietary fund reporting should be reported as restricted, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the Financial Data Schedule (FDS) as unrestricted.

Certain assets including cash may be classified as restricted on the statement of net position (deficit) because their use is restricted for specific purposes. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The Authority defines its operating revenues as government subsidies and grants used for operating purposes as well as income derived from charges to residents. Operating expenses are costs incurred in the operation of its program activities to provide services to residents. The Authority classifies all other revenues as nonoperating.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2018 and 2017, the Authority had funds on deposit in checking accounts with financial institutions. Deposits with financial institutions are deposit accounts in banks and financial management institutions. All deposits of the Authority are secured as required under HUD regulations.

For the fiscal years ended June 30, 2018 and 2017, the carrying amount of the Authority's cash and cash equivalents was \$3,266,067 and \$2,364,505 and the bank balances were \$3,297,353 and \$2,382,655, respectively. The Authority's deposits with financial institutions were fully collateralized as of June 30, 2018 and 2017.

Cash and cash equivalents consist of the following:

<u>Cash Category</u>	<u>2018</u>	<u>2017</u>
Operating	\$ 2,569,267	\$ 1,690,785
Total Unrestricted	<u>\$ 2,569,267</u>	<u>\$ 1,690,785</u>
Tenant Security Deposits	\$ -	\$ 27,632
Section 8 HAP Reserves	249,943	26,187
Section 8 Current Liabilities	274,355	154,828
RHSP Funds	172,502	139,562
Ogden Manor Escrow	-	325,511
Total Restricted	<u>\$ 696,800</u>	<u>\$ 673,720</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority typically limits its investment portfolio to maturities three months or less. The Authority has no specific policy regarding interest rate risk. The Authority does not have any deposits or investments subject to interest rate risk.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk – The Authority's policy does not address credit risk. There are no deposits subject to credit risk as of June 30, 2018 and 2017.

Custodial Credit Risk – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments in money markets are collateralized by the securities and are held by the counterparty, or by its trust department. The Authority has no policy on custodial credit risk.

Restrictions of Cash

Housing assistance payment reserves are restricted for use only in the HCV Program for future housing assistance payments.

Family Self Sufficiency (FSS) program escrows are restricted for use in the Housing Choice Voucher Program for FSS program participants.

Rental Housing Support Program payments are restricted for use under guidelines administered by the IHDA.

Fair Value Measurements

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Authority follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Authority has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Fair Value Measurements (Continued)

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The Authority does not have any assets that are subject to fair value measurements.

NOTE 3 ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30:

	2018	2017
HUD	\$ 8,640	\$ 21,097
Other Governments	111,773	90,439
Miscellaneous	9,095	42,935
Total	<u>\$ 129,508</u>	<u>\$ 154,471</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 CAPITAL ASSETS

A summary of the changes in capital assets is as follows:

	Balance June 30, 2017	Additions	Transfers and Deletions	Balance June 30, 2018
Land	\$ 1,495,555	\$ -	\$ (1,340,000)	\$ 155,555
Total Assets not being Depreciated	1,495,555	-	(1,340,000)	155,555
Buildings and Improvements	14,378,218	-	(12,034,041)	2,344,177
Furniture and Equipment	427,424	-	(126,864)	300,560
Total Property and Equipment	14,805,642	-	(12,160,905)	2,644,737
Less Accumulated Depreciation	(5,267,180)	(219,429)	4,387,666	(1,098,943)
Net Book Value	<u>\$ 11,034,017</u>	<u>\$ (219,429)</u>	<u>\$ (9,113,239)</u>	<u>\$ 1,701,349</u>

	Balance June 30, 2016	Additions	Transfers and Deletions	Balance June 30, 2017
Land	\$ 1,495,555	\$ -	\$ -	\$ 1,495,555
Total Assets not being Depreciated	1,495,555	-	-	1,495,555
Buildings and Improvements	14,234,205	144,013	-	14,378,218
Furniture and equipment	422,881	33,477	(28,934)	427,424
Total Property and Equipment	14,657,086	177,490	(28,934)	14,805,642
Less Accumulated Depreciation	(4,869,528)	(426,586)	28,934	(5,267,180)
Net Book Value	<u>\$ 11,283,113</u>	<u>\$ (249,096)</u>	<u>\$ -</u>	<u>\$ 11,034,017</u>

NOTE 5 COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the balance sheet date for which payment is probable. As of June 30, 2018 and 2017, the Authority had accrued approximately \$187,709 and \$211,151, respectively. Compensated absence expenses are included as other general expenses in the statements of revenues, expenses, and changes in net position (deficit). Compensated absences activity for the years ended June 30 consisted of the following:

	2018	2017
Beginning Compensated Absences	\$ 211,151	\$ 166,014
Addition (Redemption) of Compensated Absences	(23,442)	45,137
Total	<u>\$ 187,709</u>	<u>\$ 211,151</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 LONG-TERM DEBT

After the sale of Ogden Manor Apartments in December 2017, and the payoff of the related debt, long-term debt consists of the following at June 30:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Bonds issued by the Illinois Housing Development Authority in the original amount of \$12,140,000 in connection with the purchase of Ogden Manor Apartments payable in monthly installments of \$61,708 including interest at 5.39%. The bonds mature in January 2047.	\$ -	\$ 10,939,535
2nd mortgage loan in the original amount of \$138,418, payable in 40 annual installments of \$3,460, subject to available cash flow. The interest free loan matures January 2, 2048.	-	124,311
3rd mortgage loan in the original amount of \$185,834, payable in 40 annual installments of \$4,645, subject to available cash flow. The interest free loan matures January 2, 2048.	-	139,376
4th mortgage loan in the original amount of \$235,000. Interest shall not accrue and the loan will be forgiven January 2, 2027 if the property is maintained as affordable housing.	-	235,000
5th mortgage loan in the original amount of \$750,000. Interest shall not accrue and the loan will be forgiven January 2, 2027 if the property is maintained as affordable housing.	-	750,000
6th mortgage loan in the original amount of \$216,432. Interest shall not accrue and the loan will be forgiven January 2, 2027 if the property is maintained as affordable housing.	-	216,432
Total Ogden Manor Debt	-	12,404,654
Mortgage loan in the original amount of \$712,500, payable in 59 monthly installments of \$5,474 and a balloon payment of the remaining balance at December 23, 2018. The mortgage bears interest at 4.5%.	-	-
Total 711 E. Roosevelt Office Debt	-	-
Total Long-Term Debt	-	12,404,654
Less: Current Portion	-	(159,290)
Long-Term Debt, Net of Current Portion	<u>\$ -</u>	<u>\$ 12,245,364</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Debt service activity for the years ended June 30, 2018 and 2017 consisted of the following:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Ogden Manor Bonds	\$ 10,939,535	\$ -	\$ (10,939,535)	\$ -
2nd Mortgage Loan	124,311	-	(124,311)	-
3rd Mortgage Loan	139,376	-	(139,376)	-
4th Mortgage Loan	235,000	-	(235,000)	-
5th Mortgage Loan	750,000	-	(750,000)	-
6th Mortgage Loan	216,432	-	(216,432)	-
Total Ogden Manor Debt	12,404,654	-	(12,404,654)	-
Mortgage Loan	-	-	-	-
Total 711 E. Roosevelt	-	-	-	-
Office Debt	-	-	-	-
Total	<u>\$ 12,404,654</u>	<u>\$ -</u>	<u>\$ (12,404,654)</u>	<u>\$ -</u>

Debt service activity for the years ended June 30, 2017 and 2016 consisted of the following:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Ogden Manor Bonds	\$ 11,085,669	\$ -	\$ (146,134)	\$ 10,939,535
2nd Mortgage Loan	130,524	-	(6,213)	124,311
3rd Mortgage Loan	144,020	-	(4,644)	139,376
4th Mortgage Loan	235,000	-	-	235,000
5th Mortgage Loan	750,000	-	-	750,000
6th Mortgage Loan	216,432	-	-	216,432
Total Ogden Manor Debt	12,561,645	-	(156,991)	12,404,654
Mortgage Loan	-	-	-	-
Total 711 E. Roosevelt	-	-	-	-
Office Debt	-	-	-	-
Total	<u>\$ 12,561,645</u>	<u>\$ -</u>	<u>\$ (156,991)</u>	<u>\$ 12,404,654</u>

Ogden Manor Bonds

On December 13, 2017, the Authority sold Ogden Manor Apartments to Ogden Housing Partners LP for \$12.9 million. The proceeds of the sale of the property were used to make principal payments on \$12.4 million in outstanding debt. As of June 30, 2018, operations have ceased, as all capital assets have been disposed and related secured mortgages have been settled.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 OTHER NONCURRENT LIABILITIES

HUD Repayment Agreement

On June 1, 2010, the Authority signed a repayment agreement with HUD. The agreement is based on the results of audit findings due to the actions taken by the previous administration and Board of Commissioners. In the Office of Inspector General (OIG) report dated March 31, 2008, the Authority performed improper and unauthorized disbursements from Section 8 Housing Choice Voucher program to fund expenses and legal fees related to the lawsuit filed against the Village of Oakbrook in September 2002 for \$478,518. The Authority was reimbursing \$15,951 from non-Federal, non-Section 8 sources annually. As of June 30, 2014, \$414,965 remained payable from the blended component units to the Housing Choice Voucher program.

On April 15, 2015, the Authority entered into an agreement to amend the repayment agreement signed on June 1, 2010.

Under the terms of the new agreement, the Authority agreed to pay \$54,062 out of non-HUD, non-federal funds, in annual installments for 25 years. Payments are to be made each year on or before the 31st day of October. The Authority must reimburse HUD \$54,062 from non-Federal, non-Section 8 sources annually. The new agreement includes the \$399,014 due from the June 1, 2010 agreement as of April 15, 2015 and an additional \$952,794 resulting from the continued finding for the remaining deficiency in restricted cash. As of the date of the amended agreement, the Authority had returned \$79,755 of the original \$1,431,312, leaving \$1,351,557 to be returned to the Authority's Program Reserve Account. As of June 30, 2018, \$1,243,433 remained payable to HUD, with \$54,062 being the current portion.

Certain reservation of rights exists if the Authority fails to submit a payment within 60 days of its due date, HUD reserves the right to charge a 3% monthly interest charge on the total amount owed from the beginning of the repayment term October 2015 throughout its balance and to initiate enforcement action including appropriate administrative sanctions. If the Authority submits a payment more than 90 days late and/or breaches any other part of this agreement, HUD reserves the right to declare this agreement null and void and to pursue appropriate administrative sanctions and appropriate legal remedies. As of June 30, 2018, the Authority has complied with the agreement.

As of March 8, 2019, the Authority has not made their October 2018 scheduled payment. Per discussions with management and a determination by the Quality Assurance Division (QAD) in their onsite assessment of an inability to repay, their intent is to begin the default process associated with this Repayment Agreement and consolidate any remaining balance due with the anticipated future obligations to HUD.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 OTHER NONCURRENT LIABILITIES (CONTINUED)

Contingent Balance Due to HUD

The Quality Assurance Division (QAD) staff conducted an on-site Financial Management Review and an on-site Ability to Repay Assessment at the Authority in April 2018. The results of this assessment were provided in a letter dated September 25, 2018 and showed an amount to be repaid of \$8,525,708. The Authority will be required to repay HUD for the amount provided in the letter, and HUD will maintain those funds in the Authority's reserves. As of June 30, 2018, HUD has received repayment on the expected liability in the amount of \$1.2 million, which was obtained as proceeds from the sale of Ogden Manor. A formal repayment agreement has yet to be signed and this information used to estimate this liability is not final, thus further liability may exist that has yet to be recognized.

DHA has sold Ogden Manor to help relieve the debt. DHA continues to evaluate contracts and operations to reduce costs. In the past six years staffing has been reduced from 35 to 28, while the number of families being served has increased by almost 300. DHA is working with QAD and HUD towards a resolution.

NOTE 8 DEFERRED COMPENSATION PLAN

The Authority administers a Section 457 deferred compensation program that allows employees to defer a portion of their salaries to future years. All compensation deferred under the plan and income attributable are 100% vested to the participant.

NOTE 9 DEFINED CONTRIBUTION PENSION PLAN

The Authority provides pension benefits for all its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amount contributed to the plan plus investment earnings. Employees are eligible to participate after the first 90 days of employment. The Authority contributes 10% of the employee's base salary each month, while the employee does not contribute.

Employees fully vest in the Authority's contributions (and interest allocated to the employee's account) after five years of continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Authority's current-period contribution requirement.

The Authority's total covered payroll in fiscal years 2018 and 2017 was approximately \$1,462,025 and \$1,607,122, respectively. The Authority's contributions were calculated using a defined contribution pension plan. For the years ending June 30, 2018 and 2017, the Authority's portion approximated \$147,441 and \$160,712, respectively, which has been charged to the employee fringe benefit account.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 10 INTERPROGRAM BALANCES

Due To/From

The Authority accounts for interprogram transactions by using interprogram receivables and payables. As of June 30, 2018, the HCV Program is owed \$8,640 from the Family Self-Sufficiency Program and \$9,676,109 from the Component Unit – DHA Management, the Component Unit – DHA Development is owed \$2,034 from the HCV Program, and the State/Local Program is owed \$233 from the HCV Program.

Generally, interprogram balances resulted from the time lag between the dates that 1) interprogram goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Transfers In/Out

During the fiscal year ending June 30, 2018, the Authority transferred \$291,458 from the Component Unit – DHA Development to the Component Unit – DHA Management. The purpose of this transfer was to close-out the remaining net position of the Component Unit – DHA Development. The Authority also transferred \$1,000,000 from the Section 8 New Construction Substantial Rehabilitation Program to the Component Unit – DHA Management. The purpose of this transfer was to reflect the transfer of funds related to the proceeds from the sale of Ogden Manor.

All intercompany activity has been eliminated for the purpose of the presentation of the Authority's basic financial statements.

NOTE 11 CONTINGENCIES

The Authority is involved in various legal proceedings and litigation arising in the normal course of business. Management does not believe that the settlement of any such claims or litigation will have a material adverse effect on the Authority's financial position or results of operations.

As of June 30, 2018, the Authority is currently subject to review by HUD. The Section 8 Housing Choice Voucher Program expenditures are being reviewed for the purpose of determining a potential repayment agreement between HUD and the Authority due to the actions of previous administration and Board of Directors. As of June 30, 2018 the Authority has recognized a liability related to items disclosed in Note 7 based on communication from HUD. Information is not final, thus further liability may exist that has yet to be recognized.

The Authority has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Other than the amounts shown as due to HUD as disclosed in Note 7, management believes such disallowances, if any, would be immaterial.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 12 RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the past three years.

NOTE 13 RESTRICTED NET POSITION

Restricted net position for the years ended June 30, 2018 and 2017 was restricted for the following purposes:

	2018	2017
Housing Choice Voucher Program	\$ 249,943	\$ 26,187
Escrow and Reserve Requirements	-	325,511
Other Housing Grant Activities	164,506	165,736
Total	<u>\$ 414,449</u>	<u>\$ 517,434</u>

NOTE 14 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

Condensed combining information for the Authority's three blended component units as of and for the year ended June 30, 2018 is provided as follows:

Condensed Statement of Net Position (Deficit) – June 30, 2018

	Blended Component Units				
	DHA Management Inc.	DHA Investment Inc.	DHA Development Inc.	DuPage Housing Authority	Primary Government
ASSETS					
Current Assets	\$ 733,701	\$ -	\$ -	\$ 2,684,119	\$ 3,417,820
Interprogram Assets	35,463	-	-	(35,463)	-
Capital Assets, Net	-	-	-	1,701,349	1,701,349
Total Assets	<u>\$ 769,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,350,005</u>	<u>\$ 5,119,169</u>
LIABILITIES					
Interprogram Liabilities	\$ 9,676,109	\$ -	\$ -	\$ (9,676,109)	\$ -
Current Liabilities	1,525	-	-	9,107,233	9,108,758
Noncurrent Liabilities	-	-	-	150,167	150,167
Total Liabilities	<u>\$ 9,677,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418,709)</u>	<u>\$ 9,258,925</u>
NET POSITION					
Net Investment in Capital					
Assets	\$ -	\$ -	\$ -	\$ 1,701,349	\$ 1,701,349
Restricted	-	-	-	414,449	414,449
Unrestricted	(8,908,470)	-	-	2,652,916	(6,255,554)
Total Net Position (Deficit)	<u>\$ (8,908,470)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,768,714</u>	<u>\$ (4,139,756)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

**NOTE 14 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position (Deficit)
– June 30, 2018**

	Blended Component Units			DuPage	Primary
	DHA	DHA	DHA	Housing	Government
	Management	Investment	Development	Authority	
	Inc.	Inc.	Inc.		
OPERATING REVENUES					
Government Grants	\$ 79,236	\$ -	\$ -	\$ 30,976,769	\$ 31,056,005
Other Revenues	313,014	-	-	12,762,126	13,075,140
Total Operating Revenues	392,250	-	-	43,738,895	44,131,145
OPERATING EXPENSES					
Administration	210,901	-	-	2,904,901	3,115,802
Tenant Services	-	-	-	3,846	3,846
Utilities	-	-	-	53,494	53,494
Ordinary Maintenance and Operations	-	-	-	141,451	141,451
Insurance Expense	-	-	-	72,980	72,980
General Expenses	9,653,097	-	-	(1,090,942)	8,562,155
Housing Assistance Payments	-	-	-	35,044,584	35,044,584
Total Operating Expenses	9,863,998	-	-	37,130,314	46,994,312
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(9,471,748)	-	-	6,608,581	(2,863,167)
Depreciation	-	-	-	219,429	219,429
OPERATING INCOME (LOSS)	(9,471,748)	-	-	6,389,152	(3,082,596)
NONOPERATING REVENUES (EXPENSES)					
Interest Income	-	-	-	9,878	9,878
Interest Expense	-	-	-	(292,754)	(292,754)
Income (Loss) Before Transfers	(9,471,748)	-	-	6,106,276	(3,365,472)
TRANSFERS IN (OUT)	1,491,456	-	(491,456)	(1,000,000)	-
CHANGE IN NET POSITION (DEFICIT)	(7,980,292)	-	(491,456)	5,106,276	(3,365,472)
Total Net Position (Deficit) - Beginning of Year	315,255	-	491,456	(1,580,995)	(774,284)
Prior Period Adjustment	(1,243,433)	-	-	1,243,433	-
TOTAL NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (8,908,470)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,768,714</u>	<u>\$ (4,139,756)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

**NOTE 14 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

Condensed Statement of Cash Flows – June 30, 2018

	Blended Component Units			DuPage	Primary
	DHA Management Inc.	DHA Investment Inc.	DHA Development Inc.	Housing Authority	Government
NET CASH PROVIDED (USED) BY					
Operating Activities	\$ 414,791	\$ -	\$ (33,932)	\$ 768,028	\$ 1,148,887
Capital and Related Financing Activities	-	-	-	(12,040,413)	\$ (12,040,413)
Noncapital Financing Activities	-	-	-	(1,189,371)	\$ (1,189,371)
Investing Activities	-	-	-	12,982,459	12,982,459
Net Increase (Decrease) in Cash	414,791	-	(33,932)	520,703	901,562
Cash and Cash Equivalents - Beginning of Year	318,910	-	33,932	2,065,725	2,364,505
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 733,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,586,428</u>	<u>\$ 3,266,067</u>

Condensed combining information for the Authority's three blended component units as of and for the year ended June 30, 2017 is provided as follows:

Condensed Statement of Net Position (Deficit) – June 30, 2017

	Blended Component Units			DuPage	Primary
	DHA Management Inc.	DHA Investment Inc.	DHA Development Inc.	Housing Authority	Government
ASSETS					
Current Assets	\$ 315,255	\$ -	\$ 37,587	\$ 2,185,875	\$ 2,538,717
Interprogram Assets	-	-	453,869	(453,869)	-
Capital Assets, Net	-	-	-	11,034,017	11,034,017
Total Assets	<u>\$ 315,255</u>	<u>\$ -</u>	<u>\$ 491,456</u>	<u>\$ 12,766,023</u>	<u>\$ 13,572,734</u>
LIABILITIES					
Interprogram Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Current Liabilities	-	-	-	743,362	743,362
Noncurrent Liabilities	-	-	-	13,603,656	13,603,656
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,347,018</u>	<u>\$ 14,347,018</u>
NET POSITION					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ (1,370,637)	\$ (1,370,637)
Restricted	-	-	-	517,434	517,434
Unrestricted	315,255	-	491,456	(727,792)	78,919
Total Net Position (Deficit)	<u>\$ 315,255</u>	<u>\$ -</u>	<u>\$ 491,456</u>	<u>\$ (1,580,995)</u>	<u>\$ (774,284)</u>

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

**NOTE 14 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

Condensed Statement of Revenues, Expenses, and Changes in Net Position (Deficit)
– June 30, 2017

	Blended Component Units				
	DHA Management Inc.	DHA Investment Inc.	DHA Development Inc.	DuPage Housing Authority	Primary Government
OPERATING REVENUES					
Government Grants	\$ -	\$ -	\$ -	\$ 31,002,668	\$ 31,002,668
Other Revenues	280,299	-	1,400	8,101,531	8,383,230
Total Operating Revenues	280,299	-	1,400	39,104,199	39,385,898
OPERATING EXPENSES					
Administration	13,883	-	1,190	3,242,677	3,257,750
Tenant Services	-	-	-	-	-
Utilities	-	-	-	78,337	78,337
Ordinary Maintenance and Operations	-	-	-	290,275	290,275
Insurance Expense	-	-	-	93,506	93,506
General Expenses	-	-	-	48,871	48,871
Housing Assistance Payments	-	-	-	34,152,402	34,152,402
Total Operating Expenses	13,883	-	1,190	37,906,068	37,921,141
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	266,416	-	210	1,198,131	1,464,757
Depreciation	-	-	-	426,586	426,586
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	266,416	-	210	771,545	1,038,171
NONOPERATING REVENUES (EXPENSES)					
Interest Income	-	-	-	447	447
Interest Expense	-	-	-	(595,330)	(595,330)
Loss before Transfers Out	266,416	-	210	176,662	443,288
TRANSFERS IN (OUT)	-	-	(54,062)	54,062	-
CHANGE IN NET POSITION (DEFICIT)	266,416	-	(53,852)	230,724	443,288
Total Net Position (Deficit) - Beginning of Year	48,839	-	545,308	(1,811,719)	(672,264)
TOTAL NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 315,255</u>	<u>\$ -</u>	<u>\$ 491,456</u>	<u>\$ (1,580,995)</u>	<u>\$ (774,284)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

**NOTE 14 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

Condensed Statement of Cash Flows – June 30, 2017

	Blended Component Units			DuPage Housing Authority	Primary Government
	DHA Management Inc.	DHA Investment Inc.	DHA Development Inc.		
NET CASH PROVIDED (USED) BY					
Operating Activities	\$ 266,416	\$ -	\$ 210	\$ 1,224,600	\$ 1,491,226
Capital and Related Financing Activities	-	-	(66,032)	(863,779)	(929,811)
Noncapital Financing Activities	-	-	-	(54,062)	(54,062)
Investing Activities	-	-	-	447	447
Net Increase (Decrease) in Cash	266,416	-	(65,822)	307,206	507,800
Cash and Cash Equivalents - Beginning of Year	52,494	-	99,754	1,758,519	1,856,705
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 318,910</u>	<u>\$ -</u>	<u>\$ 33,932</u>	<u>\$ 2,065,725</u>	<u>\$ 2,364,505</u>

NOTE 15 SUBSEQUENT EVENTS

On February 7, 2019, U.S. Department of Housing and Urban Development (HUD) issued a letter to the Authority notifying them that:

- (a) \$9,956,920 in Housing Choice Voucher (HCV) housing assistance payment (HAP) funds and administrative fees must be repaid to HUD and/or their program administrative fund account from non-federal funds.
- (b) An additional cash shortage for the Authority's unrestricted net position, in the amount \$1,127,389 was identified.

HUD provided the Authority with two options in response to the above:

- (1.) Make full payment within 60 days.
- (2.) If the Authority is unable to make full payment in 60 days or disputes the amount owed, HUD would initiate evaluation procedures over the Authority to determine their ability to repay the funds.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 15 SUBSEQUENT EVENTS (CONTINUED)

HUD requested a response by February 22, 2019 from the Authority on the specific course of action. On February 22, 2019, the Authority notified HUD that they would be pursuing option 2. The Authority has insufficient eligible reserves and is therefore unable to make full payment of the amount demanded within the 60-day time period required in the Demand Letter. The Authority also has no additional sources of funding to repay these amounts within any reasonable time period; resulting in an inability to estimate a date of repayment. The Authority has captured the outstanding liability on its statements as noted in Note 7. To correct the cash shortage, the Authority recorded an accounts receivable entry within HCV and payable within the Component Unit – DHA Management for the amount of \$1,127,389.

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	Family Self- Sufficiency Program	N/C S/R Section 8 Programs	Blended Component Units	State/Local	Business Activities	Elimination	Total
CURRENT ASSETS									
Cash:									
111	Cash - Unrestricted	\$ 1,559,882	\$ -	\$ 269,634	\$ 733,701	\$ 6,050	\$ -	\$ -	\$ 2,569,267
112	Cash - Restricted - Modernization/Develop	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	249,943	-	-	-	172,502	-	-	422,445
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	274,355	-	-	-	-	-	-	274,355
100	Total Cash	2,084,180	-	269,634	733,701	178,552	-	-	3,266,067
Receivables:									
121	Accounts Receivable - Other PHA Projects	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD	-	8,640	-	-	-	-	-	8,640
124	Accounts receivable - Other Government	78,344	-	-	33,429	-	-	-	111,773
125	Accounts receivable - Miscellaneous	9,095	-	-	-	-	-	-	9,095
126	Accounts receivable - Tenant	-	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	87,439	8,640	-	33,429	-	-	-	129,508
142	Prepaid expenses and Other Assets	22,245	-	-	-	-	-	-	22,245
144	Inter-Program - Due From	9,684,972	-	-	2,034	-	-	(9,687,006)	-
150	Total Current Assets	11,878,836	8,640	269,634	769,164	178,552	-	(9,687,006)	3,417,820
NONCURRENT ASSETS									
161	Land	155,555	-	-	-	-	-	-	155,555
162	Buildings	2,344,177	-	-	-	-	-	-	2,344,177
163	Furniture, Equipment, and Machinery - Dwell	-	-	-	-	-	-	-	-
164	Furniture, Equipment, and Machinery - Admin	300,560	-	-	-	-	-	-	300,560
166	Accumulated Depreciation	(1,098,943)	-	-	-	-	-	-	(1,098,943)
160	Total Fixed Assets, Net of Accumulated Depreciation	1,701,349	-	-	-	-	-	-	1,701,349
290	Total Assets	\$ 13,580,185	\$ 8,640	\$ 269,634	\$ 769,164	\$ 178,552	\$ -	\$ (9,687,006)	\$ 5,119,169

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	Family Self- Sufficiency Program	N/C S/R Section 8 Programs	Blended Component Units	State/Local	Business Activities	Elimination	Total
CURRENT LIABILITIES									
312	Accounts Payable <= 90 Days	\$ 9,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,018
321	Accrued Wage/Payroll Taxes Payable	33,727	-	-	1,525	-	-	-	35,252
322	Accrued Compensated Absences - Current	37,542	-	-	-	-	-	-	37,542
331	Accounts Payable - HUD PHA Programs	8,515,079	-	-	-	-	-	-	8,515,079
333	Accounts Payable - Other Government	40	-	-	-	13,823	-	-	13,863
341	Tenant Security Deposits	-	-	-	-	-	-	-	-
342	Unearned Revenues	167,213	-	-	-	-	-	-	167,213
343	Current Portion of Long-Term Debt - Capital	-	-	-	-	-	-	-	-
345	Other Current Liabilities	267,267	-	63,524	-	-	-	-	330,791
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-
347	Inter-Program - Due To	2,034	8,640	-	9,676,109	223	-	(9,687,006)	-
310	Total Current Liabilities	9,031,920	8,640	63,524	9,677,634	14,046	-	(9,687,006)	9,108,758
NONCURRENT LIABILITIES									
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	-	-	-	-	-
353	Other Noncurrent Liabilities	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Noncurrent	150,167	-	-	-	-	-	-	150,167
350	Total Noncurrent Liabilities	150,167	-	-	-	-	-	-	150,167
300	Total Liabilities	9,182,087	8,640	63,524	9,677,634	14,046	-	(9,687,006)	9,258,925
NET POSITION (DEFICIT)									
508.4	Net Investment in Capital Assets	1,701,349	-	-	-	-	-	-	1,701,349
511.4	Restricted Net Position	249,943	-	-	-	164,506	-	-	414,449
512.4	Unrestricted Net Position (Deficit)	2,446,806	-	206,110	(8,908,470)	-	-	-	(6,255,554)
513	Total Net Position (Deficit)	4,398,098	-	206,110	(8,908,470)	164,506	-	-	(4,139,756)
600	Total Liabilities an Net Position (Deficit)	\$ 13,580,185	\$ 8,640	\$ 269,634	\$ 769,164	\$ 178,552	\$ -	\$ (9,687,006)	\$ 5,119,169

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	Family Self-Sufficiency Program	N/C S/R Section 8 Programs	Blended Component Units	State/Local	Business Activities	Elimination	Total
REVENUES									
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ 109,388	\$ -	\$ -	\$ -	\$ -	\$ 109,388
70400	Tenant Revenue - Other	-	-	11,772	-	-	-	-	11,772
70500	Total Tenant Revenue	-	-	121,160	-	-	-	-	121,160
70600	HUD PHA Operating Grants	29,594,796	110,400	509,963	-	-	-	-	30,215,159
70610	Capital Grants	-	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	79,236	761,610	-	-	840,846
71100	Investment Income - Unrestricted	7,671	-	12	2,195	-	-	-	9,878
71400	Fraud Recovery	232,850	-	-	-	-	-	-	232,850
71500	Other Revenue	9,021,363	-	-	310,819	-	-	(1,127,389)	8,204,793
71600	Gain/Loss on Sale of Fixed Assets	-	-	4,516,337	-	-	-	-	4,516,337
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-
70000	Total Revenues	38,856,680	110,400	5,147,472	392,250	761,610	-	(1,127,389)	44,141,023
EXPENSES									
Administrative:									
91100	Administrative Salaries	1,462,025	83,284	39,983	72,211	-	-	-	1,657,503
91200	Auditing Fees	37,200	-	10,300	-	-	-	-	47,500
91300	Management Fees	-	-	-	-	-	-	-	-
91310	Bookkeeping fees	-	-	-	-	-	-	-	-
91400	Advertising Expenses	2,292	-	-	-	-	-	-	2,292
91500	Employee Benefit Contributions	615,533	27,116	15,454	29,717	-	-	-	687,820
91600	Office Expenses	148,849	-	62	-	-	-	-	148,911
91700	Legal Expenses	9,131	-	963	234	-	-	-	10,328
91800	Travel Expenses	45,356	-	92	47	247	-	-	45,742
91900	Other	286,798	-	39,859	108,692	80,357	-	-	515,706
	Total Administrative	2,607,184	110,400	106,713	210,901	80,604	-	-	3,115,802
Tenant Services:									
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	-	-	3,846	-	-	-	-	3,846
	Total Tenant Services	-	-	3,846	-	-	-	-	3,846
Utilities:									
93100	Water	1,591	-	22,379	-	-	-	-	23,970
93200	Electricity	10,682	-	11,930	-	-	-	-	22,612
93300	Gas	2,446	-	3,841	-	-	-	-	6,287
93600	Sewer	625	-	-	-	-	-	-	625
93800	Other Utilities Expense	-	-	-	-	-	-	-	-
	Total Utilities	15,344	-	38,150	-	-	-	-	53,494
Ordinary Maintenance and Operations:									
94100	Ordinary Maint and Oper - Labor	-	-	29,361	-	-	-	-	29,361
94200	Ordinary Maint and Oper - Materials/Other	-	-	11,523	-	-	-	-	11,523
94300	Ordinary Maint and Oper - Contract Costs	47,790	-	52,777	-	-	-	-	100,567
	Total Ordinary Maintenance and Operations	47,790	-	93,661	-	-	-	-	141,451

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	Family Self- Sufficiency Program	N/C S/R Section 8 Programs	Blended Component Units	State/Local	Business Activities	Elimination	Total
	EXPENSES (Continued)								
	Insurance Premiums:								
96110	Property Insurance	\$ 8,926	\$ -	\$ 14,295	\$ -	\$ -	\$ -	\$ -	\$ 23,221
96120	Liability Insurance	1,599	-	9,140	-	-	-	-	10,739
96130	Workers' Compensation	-	-	-	-	-	-	-	-
96140	All Other Insurance	36,847	-	2,173	-	-	-	-	39,020
	Total Insurance Premiums	<u>47,372</u>	<u>-</u>	<u>25,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,980</u>
	General Expenses:								
96200	Other General Expenses	-	-	-	9,653,097	-	-	(1,127,389)	8,525,708
96210	Compensated Absences	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	-	-	18,716	-	-	-	-	18,716
96600	Bad Debt - Other	17,731	-	-	-	-	-	-	17,731
	Total General Expenses	<u>17,731</u>	<u>-</u>	<u>18,716</u>	<u>9,653,097</u>	<u>-</u>	<u>-</u>	<u>(1,127,389)</u>	<u>8,562,155</u>
	Interest Expense:								
96710	Interest of Mortgage Payable	-	-	292,754	-	-	-	-	292,754
96720	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
	Total Interest Expense	<u>-</u>	<u>-</u>	<u>292,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,754</u>
96900	Total Operating Expenses	<u>2,735,421</u>	<u>110,400</u>	<u>579,448</u>	<u>9,863,998</u>	<u>80,604</u>	<u>-</u>	<u>(1,127,389)</u>	<u>12,242,482</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>36,121,259</u>	<u>-</u>	<u>4,568,024</u>	<u>(9,471,748)</u>	<u>681,006</u>	<u>-</u>	<u>-</u>	<u>31,898,541</u>
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	27,084,263	-	-	-	682,236	-	-	27,766,499
97350	HAP Portability - In	7,278,085	-	-	-	-	-	-	7,278,085
97400	Depreciation expense	109,848	-	109,581	-	-	-	-	219,429
90000	Total expenses	<u>37,207,617</u>	<u>110,400</u>	<u>689,029</u>	<u>9,863,998</u>	<u>762,840</u>	<u>-</u>	<u>(1,127,389)</u>	<u>47,506,495</u>
	OTHER FINANCING SOURCES (USES)								
10010	Operating Transfer In	-	-	-	1,291,458	-	-	-	1,291,458
10020	Operating Transfer Out	-	-	(1,000,000)	-	-	-	-	(1,000,000)
10030	Operating Transfer From/To Primary Government	-	-	-	(291,458)	-	-	-	(291,458)
10040	Operating Transfer From/To Component Unit	-	-	-	-	-	-	-	-
10000	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>\$ 1,649,063</u>	<u>\$ -</u>	<u>\$ 3,458,443</u>	<u>\$ (8,471,748)</u>	<u>\$ (1,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,365,472)</u>

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	Family Self- Sufficiency Program	N/C S/R Section 8 Programs	Blended Component Units	State/Local	Business Activities	Elimination	Total
	Memo Account Information:								
11020	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ 12,404,654	\$ -	\$ -	\$ -	\$ -	\$ 12,404,654
11030	Beginning Equity	2,749,035	-	(3,252,333)	806,711	165,736	(1,243,433)	-	(774,284)
11040	Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-	(1,243,433)	-	1,243,433	-	-
11170	Administrative Fee Equity	3,020,770	-	-	-	-	-	-	3,020,770
11180	Housing Assistance Payments Equity	249,943	-	-	-	-	-	-	249,943
11190	Unit Months Available	35,355	-	648	-	-	-	-	36,003
11210	Number of Unit Months Leased	33,311	-	623	-	-	-	-	33,934
11270	Excess Cash	-	-	-	-	-	-	-	-
11620	Building Purchase	-	-	-	-	-	-	-	-



**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***

Board of Commissioners
DuPage Housing Authority
Wheaton, 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 DuPage Housing Authority (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated March 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiency. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

Authority's Response to Findings

The Authority's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 8, 2019



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

Board of Commissioners
DuPage Housing Authority
Wheaton, Illinois

Report on Compliance for Each Major Federal Program

We have audited DuPage Housing Authority (the Authority)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal program for the year ended June 30, 2018. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be material weakness.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subject to the 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 8, 2019

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Agency Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)			
Housing Choice Voucher Program	14.871	Not Applicable	\$ 37,207,617
Section 8 New Construction and Substantial Rehabilitation	14.182	Not Applicable	509,963
Family Self-Sufficiency Program	14.896	Not Applicable	<u>110,400</u>
Total Expenditures of Federal Awards			<u><u>\$ 37,827,980</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

DUPAGE HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the DuPage Housing Authority and is presented in accordance with Title 2 U.S. Code of Federal Regulations 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 preparation of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 NONCASH FEDERAL ASSISTANCE

The Authority did not receive any noncash Federal assistance for the year ended June 30, 2018.

NOTE 4 INDIRECT COSTS

The Authority has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 SUBRECIPIENTS

The Authority did not pass any federal or state grant funding to any subrecipients for the year ended June 30, 2018.

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? x yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? x yes no

Identification of Major Federal Programs

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,134,839

Auditee qualified as low-risk auditee?

 x yes no

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

See Finding 2018-001.

Section III – Findings and Questioned Costs – Major Federal Programs

2018-001

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Housing Choice Voucher Program

CFDA Number: 14.871

Type of Finding: Noncompliance, Material Weakness

Condition: During our testing, we noted that previous administrations did not properly monitor the use of funds from the Housing Choice Voucher Program.

Criteria or specific requirement: 24 CFR Section 985.109 states that housing assistance payment (HAP) funding can only be used to support the payment of HAP expenses. Transfers of HAP funds advanced to the Authority, even temporarily, to support another program are not allowed. HUD also issued Public and Indian Housing (PIH) Notice 2008-9 which requires PHAs to maintain sufficient cash to cover HAP Equity.

Context: HUD cited previous administrations of the Authority for improper and unauthorized transfers of restricted funds from the Housing Choice Voucher Program to pay for the expenses of other programs.

Effect: The Authority has intentions to work with HUD to proceed into default on their previous repayment agreement and negotiate a new agreement which would include the additional liability recognized in 2018. As of June 30, 2018 the balance due to HUD is \$8,515,079 as a result of the net impact of the funds remitted to HUD after the sale of Ogden Manor. The information used to estimate this liability is not final, thus further liability may exist that has yet to be recognized.

Cause: The Authority's previous administration performed improper and unauthorized transfers of \$1,431,312 from the Section 8 Housing Choice Voucher Program to pay for expenses of other programs. The current repayment agreement signed on April 15, 2015, stipulates the Authority must make repayments by October 31 of each year an annual payment of \$54,062 from non-federal funds until the balance is repaid. The Authority had repaid \$79,755 at the time of the repayment agreement, leaving \$1,351,557 as an outstanding balance. In the current year a prior period adjustment related to the previous administration was posted to properly recognize this liability within the HCV Program. An additional \$8,525,708 due to HUD was recognized as a result of the Quality Assurance Division (QAD) Financial Management Review dated September 25, 2018. Subsequently, the payment scheduled for October 31, 2018 was not paid out and as a result the Authority is currently in default of their agreement.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2017-001.

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs: The repayment agreement and balance due to HUD in effect is not a new finding, but is required to be reported until all repayments have been resolved. There are no new or additional questioned costs to be reported as the liability shown is attributed to actions by previous administrations.

Recommendation: We recommend the Authority to work toward making a new repayment agreement with HUD to address this newly recognized balance due. We also recommend the Authority continue to review the financial statements for proper treatment of all transactions, including those of an unusual nature.

Views of responsible officials: There is no disagreement with the audit finding.

Management's response: DuPage Housing Authority has yet to receive communication from HUD in regards to the missing payment through March 8, 2019. The Authority's intention is to discuss possible future actions with the Chicago HUD field office. The Authority will also continue to review the financial statements for proper treatment of all material transactions, including those of an unusual nature.

Anticipated completion date: June 30, 2019

Person responsible: Christine Celeste-Wade, Finance Manager



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DUPAGE HOUSING AUTHORITY CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2018

US Department of Housing and Urban Development

The DuPage Housing Authority respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: July 1, 2017 – June 30, 2018

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2018-001 Federal Agency: U.S. Department of Housing and Urban Development

Federal Program title: Housing Choice Voucher Program

CFDA Numbers: 14.871

Recommendation: We recommend the Authority to work toward making a new repayment agreement with HUD to address this newly recognized balance due. We also recommend the Authority continue to review the financial statements for proper treatment of all transactions, including those of an unusual nature.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The debts owed back to HUD have been realized by the Authority, with the proper financial treatment. To aid in relief of the debt, the DuPage Housing Authority sold Ogden Manor Apartments in December 2017. The Authority continues to evaluate contracts and operations to reduce costs. The Authority continues to process at the high performer status. In the past six years, the Authority decreased staffing and administrative costs, while increasing the number of families served. The Authority will also continue to work closely with HUD to ensure a repayment agreement is signed and continue down path towards resolution and forgiveness on the debts owed.

Name(s) of the contact person(s) responsible for corrective action: Christine Celeste-Wade, Finance Manager

Planned completion date for corrective action plan: June 2019

If the Chicago Housing and Urban Development has questions regarding this plan, please email contact Christine Celeste-Wade at cwade@dupagehousing.org.



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**DUPAGE HOUSING AUTHORITY
STATUS OF PRIOR YEAR FINDING
YEAR ENDED JUNE 30, 2018**

2017-001 Housing Choice Voucher Program

Condition: HUD cited previous administrations of the Authority for improper and unauthorized transfers of restricted funds from the Housing Choice Voucher Program to pay for the expenses of other programs.

Status: This is a repeated finding as the Authority's corrective actions are not yet completed and the noted condition noted still exists. See discussion of current year finding 2018-001.

