

DUPAGE HOUSING AUTHORITY
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

**DUPAGE HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2022**

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1 - 4
Required Supplementary Information	
Management's Discussion and Analysis (Unaudited)	5 -10
Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13 - 14
Notes to Financial Statements	15 - 29
Other Supplementary Information	
Financial Data Schedule	30 - 33
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36 - 37
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	38 - 40
Schedule of Findings and Questioned Costs	41 - 44
Summary Schedule of Prior Audit Findings	45
Corrective Action Plan	46 - 48



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
DuPage Housing Authority
DuPage, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the DuPage Housing Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedule, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink. The signature is written in a cursive style and reads "Rubins & Company". The word "Rubins" is written in a larger, more prominent script, followed by "&" and "Company".

Bethesda, Maryland
August 31, 2023

DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

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 year ended June 30, 2022. 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 assets of the Authority were less than its liabilities at the close of fiscal year 2022, resulting in net deficit of \$106,351.

The Authority's cash and cash equivalents balance (including restricted and unrestricted) at June 30, 2022 was \$7,549,487, representing an increase of \$1,694,414 from June 30, 2021.

The Authority had revenues of \$37,038,318 from HUD operating grants, and \$10,484,156 from other revenue sources for the year ended June 30, 2022, compared to \$33,763,372 and \$9,217,404, respectively, for the year ended June 30, 2021.

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 a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

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

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position 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 (UNAUDITED)
JUNE 30, 2022

USING THE ANNUAL REPORT (CONTINUED)

The statement of cash flows reports the cash flows from operating, investing, capital and related financing activities, and noncapital 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 11 through 14 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 34 of this report.

A combining HUD-developed and required Financial Data Schedule (FDS) is included. The FDS is a reporting format used to disclose all of the Authority's activities at the program level to HUD. The FDS begins on page 30.

The Authority as a Whole

The Authority's net position increased during the fiscal year ended June 30, 2022. The Authority's revenues are primarily subsidies received from HUD and payments from other housing authorities for port-in clients. The Authority receives subsidies each month based on a pre-approved amount by HUD.

DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

USING THE ANNUAL REPORT (CONTINUED)

The tables below illustrate the changes in asset and liability, and revenue and expense accounts, respectively.

DuPage Housing Authority
Comparative Statement of Net Position
TABLE I

	<u>2022</u>	<u>2021</u>	<u>Total Change</u>	<u>% Change</u>
Cash & Cash Equivalents	\$ 7,549,487	\$ 5,855,073	\$ 1,694,414	28.94%
Other Current Assets	595,995	557,275	38,720	6.95%
Capital Assets	<u>1,450,260</u>	<u>1,476,539</u>	<u>(26,279)</u>	<u>-1.78%</u>
Total Assets	\$ <u>9,595,742</u>	\$ <u>7,888,887</u>	\$ <u>1,706,855</u>	21.64%
Current Liabilities	\$ 933,583	\$ 1,261,868	\$ (328,285)	-26.02%
Noncurrent Liabilities	<u>8,768,510</u>	<u>7,963,356</u>	<u>805,154</u>	<u>10.11%</u>
Total Liabilities	<u>9,702,093</u>	<u>9,225,224</u>	<u>476,869</u>	5.17%
Investment in Capital Assets	1,450,260	1,476,539	(26,279)	-1.78%
Restricted	1,601,980	220,827	1,381,153	625.45%
Unrestricted	<u>(3,158,591)</u>	<u>(3,033,703)</u>	<u>(124,888)</u>	<u>4.12%</u>
Total Net Position	<u>(106,351)</u>	<u>(1,336,337)</u>	<u>1,229,986</u>	-92.04%
Total Liabilities & Net Position	\$ <u>9,595,742</u>	\$ <u>7,888,887</u>	\$ <u>1,706,855</u>	21.64%

Significant account changes from 2021 to 2022 are detailed as follows:

- Cash and cash equivalents increased by \$1,694,414 or 28.94%.
- Noncurrent liabilities increased by \$805,154 or 10.11%, primarily due to an increase in HUD repayment balances.

DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022

DuPage Housing Authority
Comparative Statement of Revenues, Expenses and Changes in Net Position
TABLE II

	<u>2022</u>	<u>2021</u>	<u>Total Change</u>	<u>% Change</u>
Revenue				
HUD operating grants	\$ 37,038,318	\$ 33,763,372	\$ 3,274,946	9.70%
Other government grants	1,301,963	1,162,700	139,263	11.98%
Other revenue	9,163,463	8,052,327	1,111,136	13.80%
Interest income	9,730	2,377	7,353	309.34%
Gain on sale of capital assets	9,000	-	9,000	0.00%
Total Revenue	47,522,474	42,980,776	4,541,698	10.57%
Expenses				
Administrative	3,356,533	3,318,634	37,899	1.14%
Tenant services	-	9,734	(9,734)	-100.00%
Utilities	19,942	16,293	3,649	22.40%
Maintenance and operations	102,128	54,943	47,185	85.88%
Other general expenses	614,028	29,444	584,584	1985.41%
Housing assistance payments	41,229,333	39,540,720	1,688,613	4.27%
Depreciation	73,590	83,401	(9,811)	0.00%
Total Expenses	45,395,554	43,053,169	2,342,385	5.44%
Change in Net Position	2,126,920	(72,393)	2,199,313	-3038.02%
Beginning Net Position (deficit)	(1,336,337)	(1,263,944)	(72,393)	5.73%
Prior Period Adjustment	(896,934)	-	(896,934)	0.00%
Ending Net Position	\$ (106,351)	\$ (1,336,337)	\$ 1,229,986	-92.04%

Significant account changes from 2021 to 2022 are detailed as follows:

- HUD operating grants increased by \$3,274,946 or 9.70%
- Other revenue increased by \$1,111,136 or 13.80%, primarily due to increases in portability revenue
- Housing assistance payments increased by \$1,688,613 or 4.27%
- Other general expenses increased by \$584,584 or 1985.41% primarily due to increases in compensated absences expense and losses from tenant repayment agreements.
- During 2022, there was a prior period adjustment which resulted in a decrease to net position of \$896,934.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2022, 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 (UNAUDITED)
JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the Authority's net capital assets were \$1,450,260, including accumulated depreciation of \$1,432,323. 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.

Repayment Agreements

The HUD Office of Inspector General issued three reports on the operations of the Authority. They were dated September 2009, June 2010, and March 2011. Subsequently, the HUD Office of Housing Voucher Program Quality Assurance Division conducted three onsite financial management reviews. Within the financial management review, it was found during the period of 2010 through 2014 the Authority misused restricted funds and held insufficient cash to support the QAD-validated RNP and UNP balances as of March 31, 2018. The Authority entered into two repayment agreements in September 2019. The Authority must return \$7,309,757 over the period of 43 years. The Authority will pay \$146,195 for the first 21 years. Beginning the 22nd year, October 2040, the Authority will pay \$200,257 towards the program reserve account, and the final payment to the Program Reserve account of \$34,262 by October 2061. Beginning October 2061, the Authority will make payments to their Administration Fee reserve account of \$165,995 for the first year, then 4 payments of \$200,257, and a final payment to the administrative fee reserve account of \$160,366, for a total of \$1,127,389 to be returned to the Administrative Fee Reserve Account.

A Tier 1 repayment agreement was executed in April 2015 based on the repeat Independent Public Accountant (IPA) finding regarding the use of Restricted Housing Assistance Payment funds for the fiscal years ending 2010 through 2014. The IPA determined the Authority must return the amount of \$1,351,557 to the Authority's Program Reserve Account. The terms of the Tier 1 repayment agreement are annual installments beginning October 2015 in the amount of \$54,062 for 25 years. The Authority is currently paying according to the terms of the Tier 1 repayment agreement.

As required within each agreement, the Authority must fund the payments using non-HUD, non-Federal fund sources. Currently the Authority maintains enough reserves to fund 5 years of payments and receive enough non-HUD, non-Federal fund revenue to continue paying according to the terms of the agreements. This is discussed in greater detail in Note 6 to the Financial Statements.

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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, 2022:

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

CONTACTING THE HOUSING 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
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 5,717,886
Cash and cash equivalents - restricted	1,831,601
Accounts receivable, net	531,216
Prepaid expenses	<u>64,779</u>
Total current assets	<u>8,145,482</u>

Noncurrent Assets

Capital Assets, net	<u>1,450,260</u>
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Total assets	<u>\$ 9,595,742</u>
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 147,724
Accrued liabilities	83,920
Accrued compensated absences, current	21,938
HUD repayment agreement, current	200,257
Unearned revenue	248,763
FSS escrows	<u>230,981</u>
Total current liabilities	<u>933,583</u>

Noncurrent Liabilities

Accrued compensated absences, less current portion	197,440
HUD repayment agreement, less current portion	<u>8,571,070</u>
Total noncurrent liabilities	<u>8,768,510</u>

Total liabilities	<u>9,702,093</u>
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Net Position

Invested in capital assets, net of related debt	1,450,260
Restricted	1,601,980
Unrestricted	<u>(3,158,591)</u>
Total net position	<u>(106,351)</u>

Total liabilities, deferred inflow of resources, and net position	<u>\$ 9,595,742</u>
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The accompanying notes are an integral part of these financial statements.

DUPAGE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

Operating Revenues	
HUD operating grants	\$ 37,038,318
Other government grants	1,301,963
Other revenue	<u>9,163,463</u>
Total operating revenue	<u>47,503,744</u>
Operating Expenses	
Administrative	3,356,533
Utilities	19,942
Maintenance and operations	102,128
Other general expenses	614,028
Housing assistance payments	41,229,333
Depreciation	<u>73,590</u>
Total operating expenses	<u>45,395,554</u>
Operating income	<u>2,108,190</u>
Non Operating Revenues (Expenses)	
Interest income	9,730
Gain on sale of capital assets	<u>9,000</u>
Total non operating revenues (expenses)	<u>18,730</u>
Change in net position	2,126,920
Net deficit, beginning of year, as restated	<u>(2,233,271)</u>
Net position, end of year	<u><u>\$ (106,351)</u></u>

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

**DUPAGE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities:	
Cash received from HUD and other governments	\$ 37,857,431
Cash received from others	9,000,243
Cash paid to employees	(2,693,035)
Cash paid to suppliers	(987,486)
Cash paid for housing assistance payments	<u>(41,229,333)</u>
Net cash flows provided (used) by operating activities	<u>1,947,820</u>
 Cash flows from capital and related financing activities:	
Purchases of capital assets	(47,311)
Proceeds from sale of capital assets	<u>9,000</u>
Net cash flows provided (used) by capital and related financing activities	<u>(38,311)</u>
 Cash flows from noncapital financing activities:	
Payments made to HUD	<u>(170,157)</u>
 Cash flows from investing activities:	
Interest received	(54,668)
Tenant escrows paid, net	<u>9,730</u>
Net cash flows provided (used) by investing activities	<u>(44,938)</u>
 Net increase in cash	 <u>1,694,414</u>
Cash and cash equivalents, beginning of year	<u>5,855,073</u>
Cash and cash equivalents, end of year	<u>\$ 7,549,487</u>

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

Cash and cash equivalents - unrestricted	\$ 5,717,886
Cash and cash equivalents - restricted	<u>1,831,601</u>
Cash and cash equivalents per statement of net position	<u>\$ 7,549,487</u>

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

DUPAGE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Reconciliation of operating income to net cash provided (used) by operating activities

Operating income	\$ 2,108,190
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Adjustments to reconcile operating income to net cash provided by (used) operating activities:

Depreciation	73,590
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Changes in operating assets and liabilities

Decrease (increase) in accounts receivable	(80,968)
Decrease (increase) in prepaid expenses	42,248
Increase (decrease) in accounts payable	114,406
Increase (decrease) in accrued liabilities	5,202
Increase (decrease) in accrued compensated absences	(38,857)
Increase (decrease) in unearned revenue	<u>(275,991)</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,947,820</u></u>

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

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND 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.

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.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, HCV CARES Act Funding Program, Emergency Housing Voucher Program, Mainstream Program, Family Self Sufficiency Program, and the State/Local Program) and any component units. Component units are legally separate organizations that meet all 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.

Based on the application of these criteria, this report includes the following blended component unit:

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.

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.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CARES Act Housing Assistance Payment Funding – The Authority is a beneficiary of funding through the CARES Act to provide funding to prevent, prepare for, and respond to COVID-19, including for PHAs to maintain normal operations and take other necessary actions during the period the program is impacted by COVID-19.

Emergency Housing Vouchers Program – The Authority administers a program of rental assistance payments to private building owners on behalf of eligible low-income families under the American Rescue Plan Act (ARPA). The Program assists individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Mainstream Housing Choice Vouchers Program – The Authority administers a program which provides funding to assist non-elderly people with disabilities who are: (1) transitioning out of institutional or other separated settings, (2) at serious risk of institutionalization, homeless, or (3) at risk of becoming homeless. This program helps to further the goals of the Americans with Disabilities Act by helping persons with disabilities live in the most integrated setting. The program also encourages partnerships with health and human service agencies with a demonstrated capacity to coordinate voluntary services and supports to enable individuals to live independently in the community.

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 program 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.

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.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (deficit) (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 programs of the Authority are accounted for as a single enterprise fund. An enterprise fund is 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 Nonexchange Transactions*, 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.

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 awards. All budgets are prepared on an accrual basis, which is materially consistent with accounting principles generally accepted in the United States of America.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022, 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. 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 represents amounts paid as of year-end that will benefit future operations.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated paid 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.

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 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.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position 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’s Board or may otherwise be limited by contractual agreements with outside parties.

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 as unrestricted.

Certain assets including cash may be classified as restricted on the statement of net position 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.

Operating Revenues and Expenses

The Authority defines its operating revenues as government subsidies and grants used for operating purposes. 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.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 2022, 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.

For the fiscal year ended June 30, 2022, the carrying amount of the Authority's cash and cash equivalents was \$7,549,487 and the bank balances were \$7,548,706. Of the \$7,548,706 worth of deposits with financial institutions, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and the remaining \$7,298,706 was collateralized as of June 30, 2022.

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 of 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.

Credit Risk – The Authority's policy does not address credit risk. There are no deposits subject to credit risk as of June 30, 2022.

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. The Authority has no policy on custodial credit risk. Of the \$7,548,706 worth of deposits with financial institutions, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), and the remaining \$7,298,706 was collateralized as of June 30, 2022.

Restricted Cash

For the fiscal year ended June 30, 2022, restricted cash consisted of the following:

Unspent HCV HAP	\$ 842,915
Unspent RHSP Funds	417,951
Unspent EHV Funds	341,114
FSS Escrows	<u>229,621</u>
	<u>\$ 1,831,601</u>

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following at June 30, 2022:

Due from other PHAs - port ins	\$ 398,725
Due from HUD	39,475
Due from other governments	85,026
Fraud recovery (net of allowance of \$993,360)	-
Due from other	7,990
	<u>\$ 531,216</u>

NOTE 4. CAPITAL ASSETS

A summary of changes for the year ended June 30, 2022, is as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u> <u>Balances</u>
Land	\$ 155,555	\$ -	\$ -	\$ 155,555
Total capital assets not being depreciated	155,555	-	-	155,555
Buildings and improvements	2,359,946	-	-	2,359,946
Furniture and equipment	337,888	47,311	(18,117)	367,082
Total capital assets being depreciated	2,697,834	47,311	(18,117)	2,727,028
Accumulated Depreciation	(1,376,850)	(73,590)	18,117	(1,432,323)
Enterprise activity capital assets, net	\$ 1,476,539	\$ (26,279)	\$ -	\$ 1,450,260

NOTE 5. COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the date of the statement of net position for which payment is probable. As of June 30, 2022, the Authority had accrued approximately \$219,378. Compensated absence expenses are included as other general expenses in the statement of revenues, expenses, and changes in net position. Compensated absences activity consists of the following:

	<u>Balance at</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30,</u> <u>2022</u>	<u>Current</u> <u>Portion</u> <u>of Balance</u>
Compensated Absences	\$ 258,235	\$277,821	\$ (316,678)	\$ 219,378	\$ 21,938

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. HUD REPAYMENT AGREEMENTS

The HUD Office of Inspector General issued 3 reports on the operations of the Authority. They were dated September 2009, June 2010, and March 2011. These reports cited significant operational issues within the Authority. These issues were either not addressed or not appropriately addressed by the Authority’s management and its Board of Commissioners. Therefore, the Executive Director and Board of Commissioners were replaced in March 2011 by the Chairman of the DuPage County Board. Although a large portion of the funds identified in the Repayment Agreement were the result of incomplete information in client files, the missing documentation was not available. Other funds in the Repayment Agreement were from federal funds that were not spent in accordance with program requirements. As of June 30, 2022, the outstanding balance due to HUD was \$8,771,327.

The future maturities of the liability due to HUD as of June 30, 2022 are as follows:

Year Ending June 30,	Balance
2023	\$ 200,257
2024	200,257
2025	200,257
2026	200,257
2027	200,257
2028 - 2032	1,001,287
2033 - 2037	1,001,287
2038 - 2042	1,001,189
2043 - 2047	1,001,285
2048 - 2052	1,001,285
2053 - 2057	1,001,285
2058 - 2062	1,001,285
2063 - 2066	761,139
	\$ 8,771,327

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7. OTHER NONCURRENT LIABILITIES

The activities of noncurrent liabilities are as follows:

	Balance 06/30/2021	Increases	Decreases	Balance 6/30/2022	Due within one year
Compensated absences	\$ 258,235	\$ 277,821	\$(316,678)	\$ 219,378	\$ 21,938
HUD repayment agreement	8,044,550	896,934	(170,157)	8,771,327	200,257
	<u>\$8,302,785</u>	<u>\$1,174,755</u>	<u>\$(486,835)</u>	<u>\$8,990,705</u>	<u>\$222,195</u>

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 year 2022 was approximately \$1,825,690. For the years ending June 30, 2022, the Authority's portion approximated \$175,116 which has been charged to the employee fringe benefit account.

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. INTERPROGRAM BALANCES

The Authority accounts for interprogram transactions by using interprogram receivables and payables. As of June 30, 2022, the due to/due from balances consisted of the following:

	<u>Due to HCV</u>
Family Self-Sufficiency	\$ 10,168
Mainstream Vouchers	28,113
Blended Component Unit:	
Due from DHA Management	9,301,978
	<u>\$ 9,340,259</u>

NOTE 11. ECONOMIC DEPENDENCY

The Authority is substantially funded by Federal awards. This funding is subject to Federal government appropriations and potential funding reductions. Management does not anticipate any material change in funding.

NOTE 12. COMMITMENTS, CONTINGENCIES, AND RISK MANAGEMENT

The Authority is exposed to various risks of loss from torts, theft of, damages to, or destruction of assets, business interruption, errors or omissions, job related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure to such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductible and maximums are exceeded, the Authority could suffer losses from any such incidents. The ultimate outcome of such uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims have not exceeded coverage levels for the past three years, and insurance coverage levels and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

The Authority has received several federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon experience, management believes such disallowances, if any, will be immaterial.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13. RESTRICTED NET POSITION

Restricted net position for the year ended June 30, 2022 was restricted for the following purposes:

Unspent HCV HAP	\$ 842,915
Unspent RHSP Funds	417,951
Unspent EHV Funds	<u>341,114</u>
	<u>\$ 1,601,980</u>

NOTE 14. CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNIT

Condensed combining information for the Authority's blended component unit as of and for the year ended June 30, 2022 is provided as follows:

<u>Condensed Statement of Net Deficit - June 30, 2022</u>	
	<u>DHA Management Inc.</u>
ASSETS	
Current assets	<u>\$ 1,561,466</u>
LIABILITIES	
Current liabilities	62
Due to HCV program	<u>9,301,978</u>
Total liabilities	<u>9,302,040</u>
NET DEFICIT	
Unrestricted net position	<u>(7,740,574)</u>
LIABILITIES AND NET DEFICIT	<u>\$ 1,561,466</u>

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14. CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNIT (CONTINUED)

**Condensed Statement of Revenues, Expenses, and Changes in
Net Deficit - June 30, 2022**

	DHA Management Inc.
REVENUE	
Operating revenue	\$ 440,267
Nonoperating revenue	4,975
Total revenues	445,242
EXPENSES	
Administrative	191,742
Maintenance	1,192
General	12,529
Total expenses	205,463
CHANGE IN NET POSITION	239,779
BEGINNING NET POSITION	(7,848,659)
Prior period adjustment	(131,694)
ENDING NET POSITION	\$ (7,740,574)

Condensed Statement of Cash Flows - June 30, 2022

	DHA Management Inc.
Net Cash Provided/ (Used) by	
Operating Activities	\$ 228,743
Net Increase/(Decrease) in Cash	228,743
Cash and Cash Equivalents - Beginning of Year	1,274,363
Cash and Cash Equivalents - End of Year	\$ 1,503,106

DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15. RESTATEMENT – CORRECTION OF ERRORS

The accompanying financial statements for the year ended June 30, 2022, include corrections of errors as the HUD repayment agreement amount was understated. The impact of the corrections on beginning net position, as shown in the accompanying financial statements for the year ended June 30, 2022, resulted in the following change to net position:

Beginning net deficit, as originally presented	\$ (1,336,337)
Priond period adjustment	<u>(896,934)</u>
Beginning net deficit, as restated	<u><u>\$ (2,233,271)</u></u>

NOTE 16. SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through August 31, 2023 (the date the financial statements were available to be issued) and determined that there are no material subsequent events requiring disclosure.

**DUPAGE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022**

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Vouchers	14.879 Mainstream Vouchers	State and Local	6.2 Component Unit - Blended	14.896 Family Self Sufficiency	Subtotal	Eliminations	Total
111 Cash - Unrestricted	\$ 4,025,988	\$ -	\$ 188,532	\$ 260	\$ -	\$ 1,503,106	\$ -	\$ 5,717,886	\$ -	\$ 5,717,886
113 Cash - Other Restricted	1,072,536	-	341,114	-	417,951	-	-	1,831,601	-	1,831,601
100 Total Cash	<u>5,098,524</u>	<u>-</u>	<u>529,646</u>	<u>260</u>	<u>417,951</u>	<u>1,503,106</u>	<u>-</u>	<u>7,549,487</u>	<u>-</u>	<u>7,549,487</u>
121 Accounts Receivable - PHA Projects	398,725	-	-	-	-	-	-	398,725	-	398,725
122 Accounts Receivable - HUD Other Projects	-	-	-	29,307	-	-	10,168	39,475	-	39,475
124 Accounts Receivable - Other Government	26,666	-	-	-	-	58,360	-	85,026	-	85,026
125 Accounts Receivable - Miscellaneous	7,990	-	-	-	-	-	-	7,990	-	7,990
128 Fraud Recovery	988,414	-	-	4,946	-	-	-	993,360	-	993,360
128.1 Allowance for Doubtful Accounts - Fraud	(988,414)	-	-	(4,946)	-	-	-	(993,360)	-	(993,360)
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>433,381</u>	<u>-</u>	<u>-</u>	<u>29,307</u>	<u>-</u>	<u>58,360</u>	<u>10,168</u>	<u>531,216</u>	<u>-</u>	<u>531,216</u>
142 Prepaid Expenses and Other Assets	64,779	-	-	-	-	-	-	64,779	-	64,779
144 Inter Program Due From	9,340,259	-	-	-	-	-	-	9,340,259	(9,340,259)	-
150 Total Current Assets	<u>14,936,943</u>	<u>-</u>	<u>529,646</u>	<u>29,567</u>	<u>417,951</u>	<u>1,561,466</u>	<u>10,168</u>	<u>17,485,741</u>	<u>(9,340,259)</u>	<u>8,145,482</u>
161 Land	155,555	-	-	-	-	-	-	155,555	-	155,555
162 Buildings	2,359,946	-	-	-	-	-	-	2,359,946	-	2,359,946
164 Furniture, Equipment & Machinery - Administration	367,082	-	-	-	-	-	-	367,082	-	367,082
166 Accumulated Depreciation	(1,432,323)	-	-	-	-	-	-	(1,432,323)	-	(1,432,323)
160 Total Capital Assets, Net of Accumulated Depreciation	<u>1,450,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450,260</u>	<u>-</u>	<u>1,450,260</u>
180 Total Non-Current Assets	<u>1,450,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450,260</u>	<u>-</u>	<u>1,450,260</u>
290 Total Assets	<u>\$ 16,387,203</u>	<u>\$ -</u>	<u>\$ 529,646</u>	<u>\$ 29,567</u>	<u>\$ 417,951</u>	<u>\$ 1,561,466</u>	<u>\$ 10,168</u>	<u>\$ 18,936,001</u>	<u>\$ (9,340,259)</u>	<u>\$ 9,595,742</u>

DUPAGE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Vouchers	14.879 Mainstream Vouchers	State and Local	6.2 Component Unit - Blended	14.896 Family Self Sufficiency	Subtotal	Eliminations	Total
312 Accounts Payable <= 90 Days	\$ 134,915	\$ -	\$ 8,807	\$ -	\$ -	\$ -	\$ -	\$ 143,722	\$ -	\$ 143,722
321 Accrued Wage/Payroll Taxes Payable	83,920	-	-	-	-	-	-	83,920	-	83,920
322 Accrued Compensated Absences - Current Portion	21,938	-	-	-	-	-	-	21,938	-	21,938
331 Accounts Payable - HUD PHA Programs	4,002	-	-	-	-	-	-	4,002	-	4,002
342 Unearned Revenue	68,882	-	179,725	156	-	-	-	248,763	-	248,763
344 Current Portion of Long-term Debt - Operating Borrowings	200,257	-	-	-	-	-	-	200,257	-	200,257
345 Other Current Liabilities	229,621	-	-	1,298	-	62	-	230,981	-	230,981
347 Inter Program - Due To	-	-	-	28,113	-	9,301,978	10,168	9,340,259	(9,340,259)	-
310 Total Current Liabilities	743,535	-	188,532	29,567	-	9,302,040	10,168	10,273,842	(9,340,259)	933,583
353 Non-current Liabilities - Other	8,571,070	-	-	-	-	-	-	8,571,070	-	8,571,070
354 Accrued Compensated Absences - Non Current	197,440	-	-	-	-	-	-	197,440	-	197,440
350 Total Non-Current Liabilities	8,768,510	-	-	-	-	-	-	8,768,510	-	8,768,510
300 Total Liabilities	9,512,045	-	188,532	29,567	-	9,302,040	10,168	19,042,352	(9,340,259)	9,702,093
508.4 Net Investment in Capital Assets	1,450,260	-	-	-	-	-	-	1,450,260	-	1,450,260
511.4 Restricted Net Position	842,915	-	341,114	-	417,951	-	-	1,601,980	-	1,601,980
512.4 Unrestricted Net Position	4,581,983	-	-	-	-	(7,740,574)	-	(3,158,591)	-	(3,158,591)
513 Total Equity - Net Assets / Position	6,875,158	-	341,114	-	417,951	(7,740,574)	-	(106,351)	-	(106,351)
600 Total Liabilities and Equity - Net	\$ 16,387,203	\$ -	\$ 529,646	\$ 29,567	\$ 417,951	\$ 1,561,466	\$ 10,168	\$ 18,936,001	\$ (9,340,259)	\$ 9,595,742

**DUPAGE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2022**

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Vouchers	14.879 Mainstream Vouchers	State and Local	6.2 Component Unit - Blended	14.896 Family Self Sufficiency	Subtotal	Eliminations	Total
70600 HUD PHA Operating Grants	\$ 35,509,198	\$ 177,376	\$ 462,691	\$ 819,506	\$ -	\$ -	\$ 69,547	\$ 37,038,318	\$ -	\$ 37,038,318
70800 Other Government Grants	-	-	-	-	1,301,963	-	-	1,301,963	-	1,301,963
71100 Investment Income - Unrestricted	4,270	-	-	-	-	4,975	-	9,245	-	9,245
71400 Fraud Recovery	327,392	-	-	1,614	-	-	-	329,006	-	329,006
71500 Other Revenue	8,391,040	-	-	-	3,150	440,267	-	8,834,457	-	8,834,457
71600 Gain or Loss on Sale of Capital Assets	9,000	-	-	-	-	-	-	9,000	-	9,000
72000 Investment Income - Restricted	485	-	-	-	-	-	-	485	-	485
70000 Total Revenue	44,241,385	177,376	462,691	821,120	1,305,113	445,242	69,547	47,522,474		47,522,474
91100 Administrative Salaries	1,302,172	50,315	-	36,324	-	74,125	35,000	1,497,936	-	1,497,936
91200 Auditing Fees	35,652	-	-	-	-	-	-	35,652	-	35,652
91300 Management Fee	-	-	-	-	86,520	-	-	86,520	-	86,520
91500 Employee Benefit contributions - Administrative	759,794	29,686	-	36,323	-	23,273	34,547	883,623	-	883,623
91600 Office Expenses	443,144	60,995	175	-	2,015	5,379	-	511,708	-	511,708
91700 Legal Expense	10,802	-	-	-	-	-	-	10,802	-	10,802
91800 Travel	14,407	-	-	-	-	21,826	-	36,233	-	36,233
91900 Other	174,790	36,380	15,750	-	-	67,139	-	294,059	-	294,059
91000 Total Operating - Administrative	2,740,761	177,376	15,925	72,647	88,535	191,742	69,547	3,356,533	-	3,356,533
93100 Water	2,000	-	-	-	-	-	-	2,000	-	2,000
93200 Electricity	12,993	-	-	-	-	-	-	12,993	-	12,993
93300 Gas	4,216	-	-	-	-	-	-	4,216	-	4,216
93600 Sewer	733	-	-	-	-	-	-	733	-	733
93000 Total Utilities	19,942	-	-	-	-	-	-	19,942	-	19,942
94200 Ordinary Maintenance and Operations - Materials and Other	21	-	-	-	-	-	-	21	-	21
94300 Ordinary Maintenance and Operations Contracts	100,915	-	-	-	-	1,192	-	102,107	-	102,107
94000 Total Maintenance	100,936	-	-	-	-	1,192	-	102,128	-	102,128

**DUPAGE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2022**

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Vouchers	14.879 Mainstream Vouchers	State and Local	6.2 Component Unit - Blended	14.896 Family Self Sufficiency	Subtotal	Eliminations	Total
96110 Property Insurance	10,117	-	-	-	-	-	-	10,117	-	10,117
96120 Liability Insurance	3,034	-	-	-	-	-	-	3,034	-	3,034
96140 All Other Insurance	33,763	-	-	-	-	-	-	33,763	-	33,763
96100 Total insurance Premiums	46,914	-	-	-	-	-	-	46,914	-	46,914
96200 Other General Expenses	3,844	-	-	-	-	27	-	3,871	-	3,871
96210 Compensated Absences	265,319	-	-	-	-	12,502	-	277,821	-	277,821
96000 Total Other General Expenses	269,163	-	-	-	-	12,529	-	281,692	-	281,692
96900 Total Operating Expenses	3,177,716	177,376	15,925	72,647	88,535	205,463	69,547	3,807,209	-	3,807,209
97000 Excess of Operating Revenue over Operating Expenses	41,063,669	-	446,766	748,473	1,216,578	239,779	-	43,715,265	-	43,715,265
97300 Housing Assistance Payments	31,678,210	-	105,652	735,564	964,749	-	-	33,484,175	-	33,484,175
97350 HAP Portability-In	7,745,158	-	-	-	-	-	-	7,745,158	-	7,745,158
97400 Depreciation Expense	73,590	-	-	-	-	-	-	73,590	-	73,590
97500 Fraud Losses	285,422	-	-	-	-	-	-	285,422	-	285,422
90000 Total Expenses	42,960,096	177,376	121,577	808,211	1,053,284	205,463	69,547	45,395,554	-	45,395,554
10000 Excess of Total Revenue Over Total Expenses	1,281,289	-	341,114	12,909	251,829	239,779	-	2,126,920	-	2,126,920
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(765,240)	-	-	-	-	(131,694)	-	(896,934)	-	(896,934)
11030 Beginning Net Position	6,359,109	-	-	(12,909)	166,122	(7,848,659)	-	(1,336,337)	-	(1,336,337)
Ending Net Position	\$ 6,875,158	\$ -	\$ 341,114	\$ -	\$ 417,951	\$ (7,740,574)	\$ -	\$ (106,351)	\$ -	\$ (106,351)

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD):			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 35,509,198
COVID-19 Section 8 Housing Choice Vouchers	14.871	N/A	177,376
Emergency Housing Vouchers	14.871	N/A	<u>462,691</u>
Total Housing Choice Vouchers			36,149,265
Mainstream Vouchers	14.879	N/A	<u>819,506</u>
Total Housing Voucher Cluster			36,968,771
Family Self-Sufficiency	14.896	N/A	<u>69,547</u>
Total HUD Expenditures			<u>37,038,318</u>
Total Expenditures of Federal Awards			<u><u>\$ 37,038,318</u></u>

DUPAGE HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the DuPage Housing Authority (the Authority) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. SUBRECIPIENTS

The Authority did not pass through any federal awards to subrecipients during the year ended June 30, 2022.

NOTE 4. INDIRECT COST RATE

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



**INDEPENDENT AUDITOR'S 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
DuPage, 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 business-type activities of the DuPage Housing Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding No. 2022-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding No. 2022-02 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Bethesda, Maryland
August 31, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
DuPage Housing Authority
DuPage, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the DuPage Housing Authority's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 Findings No. 2022-02 and 2022-03. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings No. 2022-02 and 2022-03 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of 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.



Bethesda, Maryland
August 31, 2023

DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material Weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | Yes |
| 5. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | Yes |
| 7. Identification of major federal programs: | |

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing No.</u>
Housing Voucher Cluster	14.871/14.879
8. Dollar threshold used to distinguish between Type A and Type B programs:	\$ 1,111,150
9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530?	Yes

DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-01: Inadequate Controls Over Financial Reporting (Material Weakness)

Condition: The Authority did not have adequate controls over the financial reporting process and, as a result, material adjustments were posted related to the prior year.

Criteria: The Authority should maintain appropriate controls over the financial reporting process to prevent or detect and correct material misstatements.

Cause: The Authority did not have the appropriate controls over the financial reporting process to prevent or detect and correct material misstatements.

Effect: The Authority recorded a material prior period adjustment of \$896,934.

Recommendation: The Authority should review and enhance its policies, procedures, and internal controls to ensure that year-end adjustments and reconciliations are performed in a timely and accurate manner.

Views of Responsible Officials: The Authority agrees with the finding.

Finding 2022-02: Late Submission of Financial Statements to FAC and REAC (Significant Deficiency)

Condition: The Authority did not submit its audited financial statements to the Federal Audit Clearinghouse and to REAC by the required due dates.

Criteria: Per 2 CFR Section 200.512, the Authority is required to submit the Data Collection Form and the rest of the reporting package within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period. Per 2 CFR Section 902.33, the Authority is required to submit its audited Financial Data Schedule (FDS) and audited financial statements no later than 9 months after the PHA's fiscal year end.

Cause: The Authority did not have the proper controls in place to ensure the audited financial statements were submitted on time.

Effect: The Authority did not submit its audited financial statements to the Federal Audit Clearinghouse or to REAC by the required due date.

Recommendation: The Authority should review and enhance its policies, procedures, and internal controls to ensure the financial reporting package and audited financial statements are submitted by the required due date.

Views of Responsible Officials: The Authority agrees with the finding.

DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-02: Late Submission of Financial Statements to FAC and REAC (Significant Deficiency)

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Title: Housing Voucher Cluster
Federal Assistance Listing Number: 14.871/14.879
Compliance Requirement: Reporting

Criteria: Per 2 CFR Section 200.512, the Authority is required to submit the Data Collection Form and the rest of the reporting package within the earlier of 30 calendar days after receipt of the auditor’s report or nine months after the end of the audit period. Per 2 CFR Section 902.33, the Authority is required to submit its audited Financial Data Schedule (FDS) and audited financial statements no later than 9 months after the PHA’s fiscal year end.

Condition: The Authority did not submit its audited financial statements to the Federal Audit Clearinghouse and to REAC by the required due dates.

Context: PHAs are required to submit an unaudited FDS to REAC within 3 months of fiscal year end and are required to submit an audited FDS and audited financial statements to REAC within 9 months of year end, as well as submit audited financial statements and a Data Collection Form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of auditor’s report or nine months after the end of the audit period. The Authority did not submit its audited FDS and financial statements by the required due dates

Effect: The Authority did not submit its audited financial statements to the Federal Audit Clearinghouse or to REAC by the required due date.

Cause: The Authority did not have the proper controls in place to ensure the audited financial statements were submitted on time.

Repeat Finding: This is not a repeat finding.

Recommendation: The Authority should review and enhance its policies, procedures, and internal controls to ensure the financial reporting package and audited financial statements are submitted by the required due date.

Views of Responsible Officials: The Authority agrees with the finding.

DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2022

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

Finding 2022-03: Missing Rent Reasonableness Documentation (Significant Deficiency)

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

Federal Program Title: Housing Voucher Cluster

Federal Assistance Listing Number: 14.871/14.879

Compliance Requirement: Special Tests and Provisions

Criteria: Per 24 CFR Section 982, PHAs must determine that rent paid to an owner is reasonable at the time of initial leasing and during the term of the contract.

Condition: The Authority did not maintain adequate documentation supporting its determination that rent amounts were reasonable.

Context: Of the 40 rent amounts reviewed, 19 of them did not have adequate documentation to support the reasonableness of the rent amount.

Effect: The Authority does not maintain adequate documentation for rent reasonableness.

Cause: The Authority did not maintain adequate documentation for rent reasonableness.

Repeat Finding: This is not a repeat finding.

Recommendation: The Authority should review and enhance its internal controls to ensure that rent reasonableness is adequately documented.

Views of Responsible Officials: The Authority agrees with the finding.

**DUPAGE HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022**

The audit for the year ended June 30, 2021, disclosed no findings.



DuPage Housing Authority
711 E Roosevelt Rd, Wheaton, IL 60187
PH: 630.690.3555 FAX: 630.690.0702
www.dupagehousing.org

CORRECTIVE ACTION PLAN
June 30, 2022

Finding 2022-01: Inadequate Controls Over Financial Reporting (Material Weakness)

Corrective Action Plan:

Management has procured the accounting firm BDO USA LLP to provide Forensic Auditing Services to reconstruct the general ledgers from 2017 – 2022 to determine the true and accurate financial position of DuPage Housing Authority, the vendor BDO USA LLP commenced work on December 1, 2022. BDO USA LLP will work with DHA to provide Accounting Policies and Procedures prior to December 31, 2023. Furthermore, DHA has entered into a staffing agreement to perform an executive search for a Comptroller position and has created two Finance Analyst positions that will be staffed through a search firm. Furthermore, management provided staff with training in preparing an FDS conducted by BDO USA LLP. Finally, on January 19, 2023, DHA's Board of Commissioners approved the new DHA Employee/Handbook policy to implement annual required professional development/staff training:

7.16 Professional Development/Required Training

The DuPage Housing Authority is committed to employee development as we strive to enhance our workforce. *All DHA employees are required to obtain 20 hours of job-related CE (Continuing Education) or CPE (Continuing Professional Education) credit hours each fiscal year.* Most departments budget a limited amount of funds annually for the cost of conferences, workshops and/or other job-related professional development activities. Training, professional education and attendance at seminars/conferences should:

- Increase work capabilities and competency.
- Prepare for technological and legal developments (i.e. ADA – 504, etc.)
- Provide and enhance the skills and knowledge necessary for effective work performance to attain DHA goals.
- Assist in the maintenance of continuing professional education requirements (CPE) to obtain or maintain professional certifications and licenses.
- Full-time employees are eligible to participate. Training must be directly or indirectly related to the employee's current duties. All external training must be approved by the Executive Director.

Name of Responsible Person: Cheron Corbett, Executive Director

Projected Completion Date: December 31, 2023



DuPage Housing Authority
711 E Roosevelt Rd, Wheaton, IL 60187
PH: 630.690.3555 FAX: 630.690.0702
www.dupagehousing.org

Finding 2022-02: Late Submission of Financial Statements to FAC and REAC (Significant Deficiency)

Corrective Action Plan:

DuPage Housing Authority (DHA) has existing controls in place, however, DHA had to seek an emergency authorization for a 60-day waiver extension for 2 CFR § 200.512(a)(1) Report Submission and the Financial Reporting Requirements per 24 CFR § 902.33(b) for the FY2022 audit. Regulatory waivers provide relief from HUD requirements upon a finding of good cause, subject to statutory limitations, per 24 CFR 5.110. The DHA IL101 general audit submission date is March 31, 2023. DHA expected to have the financial audit submitted by April 30, 2023, as a result of the following reasons:

- Due to the abrupt quitting of the previously procured audit service provider, on February 7, 2023. DHA had to enter into an emergency Intergovernmental Agreement authorizing DuPage Housing Authority (DHA) to share the RFP process for independent audit service provider, Rubino and Company on February 27, 2023. The DHA IL101 HUD audit report submission per 2 CFR § 200.512(a)(1) audit must be completed, and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The current DHA IL101 audit report submission was due March 31, 2023.
- The 60-Day Waiver extension was submitted to HUD for 2 CFR § 200.512(a)(1) Report Submission and the Financial Reporting Requirements per 24 CFR § 902.33(b) for the FY2022 audit will allow DHA an opportunity to avoid adverse effects including but not limited to:
 - Noncompliance of the audited financial data to HUD on an annual basis
 - Noncompliance of the annual audit being prepared in accordance with Generally Accepted Accounting Principles (GAAP), as further defined by HUD in supplementary guidance.
 - Noncompliance of the audited financial data being submitted electronically in the format prescribed by HUD using the Financial Data Schedule (FDS).
- HUD's National Headquarters went through a recent organizational change; thus, delaying the approval process for the 60-day extension waiver for 2 CFR § 200.512(a)(1) Report Submission and the Financial Reporting Requirements per 24 CFR § 902.33(b) for the FY2022 audit.
- DHA received official verbal approval from HUD's Waiver Team on May 2, 2023, but the 60-day waiver extension for 2 CFR § 200.512(a)(1) Report Submission and the Financial Reporting Requirements per 24 CFR § 902.33(b) for the FY2022 audit is still awaiting final signature from the new HUD Deputy Assistant Secretary.

Name of Responsible Person: Cheron Corbett, Executive Director

Projected Completion Date: December 31, 2023



DuPage Housing Authority
711 E Roosevelt Rd, Wheaton, IL 60187
PH: 630.690.3555 FAX: 630.690.0702
www.dupagehousing.org

Finding 2022-03: Missing Rent Reasonableness (Significant Deficiency)

Corrective Action Plan:

In April 2023, management retained Nan McKay and Associates (NMA) to review the current roles and responsibilities of its HCV support positions. DHA has completed the restructuring of its Program Specialist staff and will continue to restructure additional roles and responsibilities to drive better organizational effectiveness, while addressing missing rent reasonableness deficiencies with the following changes:

- Implement Rent Reasonableness software integration with Yardi to eliminate the time-consuming data entry).
- Separate duties and Inspectors from creating RFTAs and creating new vendors.
- Move creating units in Yardi to the Occupancy (new Program Office) department.

Furthermore, DuPage Housing Authority has created a Procurement Department to retain an electronic filing system vendor. DHA currently utilizes physical file storage space within its DHA and KHA offices and an offsite storage unit. Employees have historically destroyed critical documents without authorized legal signoff.

Name of Responsible Person: Cheron Corbett, Executive Director

Projected Completion Date: December 31, 2023

PHA business address and name and email for point of contact:

Cheron Corbett, Executive Director
DuPage Housing Authority
711 E. Roosevelt Road
Wheaton, IL 60187
Email: ccorbett@dupagehousing.org