

DUPAGE HOUSING AUTHORITY
Wheaton, Illinois

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**DUPAGE HOUSING AUTHORITY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION (DEFICIT)	10
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)	11
STATEMENTS OF CASH FLOWS	12
NOTES TO FINANCIAL STATEMENTS	13
SUPPLEMENTARY INFORMATION	
ENTITY-WIDE BALANCE SHEET SUMMARY	33
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY	35
SINGLE AUDIT REPORT	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	38
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	42
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	43
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	44



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, 2020 and 2019, 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, 2020 and 2019, 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.

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 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. 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 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.

The financial data 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 February 10, 2021, 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.



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 10, 2021

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019. 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 2020, resulting in net deficit of \$1,263,944.

The Authority's cash and cash equivalents balance (including restricted and unrestricted) at June 30, 2020 was \$6,045,204 representing an increase of \$2,238,212 from June 30, 2019.

The Authority had revenues of \$33,827,898 from HUD operating grants and \$8,232,588 from other revenue sources for the year ended June 30, 2020, compared to \$32,272,926 and \$8,184,757, respectively, for the year ended June 30, 2019.

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, 2020 AND 2019**

Using the Annual Report (Continued)

Basic Financial Statements (Continued)

The statements of cash flows report 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 10 through 12 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 42 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 property and program level to HUD. The FDS begins on page 33.

The Authority as a Whole

The Authority's net position increased during the fiscal year ending June 30, 2020, as detailed on page 11. 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.

Significant account changes from 2019 to 2020 are detailed as follows:

- HUD Operating subsidies increased \$1,385,599 (from \$32,272,926 in 2019 to \$33,827,898 in 2020) primarily due to the timing of HUD disbursements and receipt of new Mainstream Vouchers.
- Portability revenue decreased \$95,137 (from \$7,033,251 in 2019 to \$6,938,114 in 2020).
- Other government grants increased \$199,506 (from \$875,219 in 2019 to \$1,074,725 in 2020).
- Other revenues decreased \$56,538 (from \$276,287 in 2019 to \$219,749 in 2020).

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

The Authority as a Whole (Continued)

- Capital assets (net) decreased \$65,085 primarily due current year depreciation.
- Total liabilities decreased by \$187,333 due to a decrease in non-current liabilities. This is discussed in greater detail in Note 6 to the Financial Statements.
- Operating expenses decreased \$275,264 primarily due to a decrease in housing assistance payments.

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, 2020, 2019, and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current and Restricted Assets	\$ 6,456,134	\$ 4,201,705	\$ 3,417,820
Capital Assets	<u>1,535,210</u>	<u>1,600,295</u>	<u>1,701,349</u>
Total Assets	<u>7,991,344</u>	<u>5,802,000</u>	<u>5,119,169</u>
LIABILITIES			
Current Liabilities	1,057,143	1,060,829	9,108,758
Noncurrent Liabilities	<u>8,198,145</u>	<u>8,381,792</u>	<u>150,167</u>
Total Liabilities	<u>9,255,288</u>	<u>9,442,621</u>	<u>9,258,925</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	1,535,210	1,600,295	1,701,349
Restricted	1,622,697	215,227	414,449
Unrestricted	<u>(4,421,851)</u>	<u>(5,456,143)</u>	<u>(6,255,554)</u>
Total Net Position (Deficit)	<u>\$ (1,263,944)</u>	<u>\$ (3,640,621)</u>	<u>\$ (4,139,756)</u>

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

**The Authority as a Whole (Continued)
Table A-2
Change in Net Position (Deficit) Comparison
June 30, 2020, 2019, and 2018**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES			
Tenant Rent	\$ -	\$ -	\$ 121,160
HUD PHA Operating Grants	33,827,898	32,272,926	30,215,159
Other Government Grants	1,074,725	875,219	840,846
Interest Income	34,307	42,434	9,878
Gain on Sale of Fixed Assets	-	-	4,516,337
Other Revenues	7,157,863	7,309,538	8,437,643
Total Revenues	<u>42,094,793</u>	<u>40,500,117</u>	<u>44,141,023</u>
EXPENSES			
Administration	3,037,934	2,953,716	3,115,802
Tenant Services	-	-	3,846
Utilities	15,327	17,133	53,494
Ordinary Repairs and Maintenance	46,869	57,633	141,451
Insurance Expense	37,533	48,386	72,980
Other General Expenses	-	815	8,562,155
Housing Assistance Payments	36,487,001	36,822,245	35,044,584
Depreciation and Amortization	93,452	101,054	219,429
Interest Expense	-	-	292,754
Total Expenses	<u>39,718,116</u>	<u>40,000,982</u>	<u>47,506,495</u>
NET CHANGE	2,376,677	499,135	(3,365,472)
Beginning Net Position (Deficit)	<u>(3,640,621)</u>	<u>(4,139,756)</u>	<u>(774,284)</u>
ENDING NET POSITION (DEFICIT)	<u>\$ (1,263,944)</u>	<u>\$ (3,640,621)</u>	<u>\$ (4,139,756)</u>

Budgetary Highlights

For the year ended June 30, 2020, 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, 2020 AND 2019**

Capital Assets and Debt Administration

1. Capital Assets

As of June 30, 2020, the Authority's capital assets were \$2,828,659, less accumulated depreciation of \$1,293,449. 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. 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 signed into two repayment agreements in September 2019. The Authority must return \$7,309,757 over the period of 43 years. The Authority will pay \$146,195.14 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 \$34,262.06 by October 2061. Beginning October 2061, the Authority will make payments to their Administration Fee reserve account of \$165,994.94 for the first year, then 4 payments of \$200,257, and a final payment to the administrative fee reserve account of \$160,366.06, 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 \$54,062.28 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 7 to 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, 2020:

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.

**DUPAGE HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019**

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, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 3,786,228	\$ 3,014,098
Cash and Cash Equivalents - Restricted	<u>2,258,976</u>	<u>792,894</u>
Total Cash and Cash Equivalents	6,045,204	3,806,992
Accounts Receivable, Net	382,433	373,107
Prepaid Expenses	<u>28,497</u>	<u>21,606</u>
Total Current Assets	6,456,134	4,201,705
NONCURRENT ASSETS		
Capital Assets, Net	<u>1,535,210</u>	<u>1,600,295</u>
Total Noncurrent Assets	<u>1,535,210</u>	<u>1,600,295</u>
 Total Assets	 <u><u>\$ 7,991,344</u></u>	 <u><u>\$ 5,802,000</u></u>
LIABILITIES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 305,132	\$ 269,989
Accrued Compensated Absences, Current Portion	51,198	45,662
Unearned Revenue	430,196	467,965
Other Current Liabilities	<u>270,617</u>	<u>277,213</u>
Total Current Liabilities	1,057,143	1,060,829
NONCURRENT LIABILITIES		
Accrued Compensated Absences, Less Current Portion	153,595	136,985
Other Noncurrent Liabilities	<u>8,044,550</u>	<u>8,244,807</u>
Total Noncurrent Liabilities	<u>8,198,145</u>	<u>8,381,792</u>
 Total Liabilities	 9,255,288	 9,442,621
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	1,535,210	1,600,295
Restricted	1,622,697	215,227
Unrestricted	<u>(4,421,851)</u>	<u>(5,456,143)</u>
Total Net Position (Deficit)	<u>(1,263,944)</u>	<u>(3,640,621)</u>
 Total Liabilities and Net Position (Deficit)	 <u><u>\$ 7,991,344</u></u>	 <u><u>\$ 5,802,000</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, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
HUD Subsidies	\$ 33,827,898	\$ 32,272,926
Other Government Grants	1,074,725	875,219
Portability Revenue	6,938,114	7,033,251
Other Revenues	219,749	276,287
Total Operating Revenues	42,060,486	40,457,683
OPERATING EXPENSES		
Administration	3,037,934	2,953,716
Utilities	15,327	17,133
Ordinary Repairs and Maintenance	46,869	57,633
Insurance Expense	37,533	48,386
Other General Expenses	-	815
Housing Assistance Payments	36,487,001	36,822,245
Total Operating Expenses	39,624,664	39,899,928
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	2,435,822	557,755
Depreciation	93,452	101,054
TOTAL OPERATING INCOME (LOSS)	2,342,370	456,701
NONOPERATING REVENUES (EXPENSES)		
Interest Income	34,307	42,434
Total Nonoperating Revenues (Expenses)	34,307	42,434
CHANGE IN NET POSITION (DEFICIT)	2,376,677	499,135
Total Net Position (Deficit) - Beginning of Year	(3,640,621)	(4,139,756)
TOTAL NET POSITION (DEFICIT) - END OF YEAR	\$ (1,263,944)	\$ (3,640,621)

See accompanying Notes to Financial Statements.

**DUPAGE HOUSING AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from HUD	\$ 33,827,898	\$ 32,272,926
Cash Received from Tenants and Others	8,185,493	8,241,910
Cash Paid for Payments to Employees	(2,291,094)	(2,196,310)
Cash Paid to Suppliers	(948,962)	(943,728)
Cash Paid for Housing Assistance Payments	(36,487,001)	(36,822,245)
Net Cash Provided by Operating Activities	<u>2,286,334</u>	<u>552,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Equipment	<u>(28,367)</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(28,367)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
HUD Repayment	<u>(54,062)</u>	<u>(54,062)</u>
Net Cash Used by Noncapital Financing Activities	(54,062)	(54,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>34,307</u>	<u>42,434</u>
Net Cash Provided by Investing Activities	<u>34,307</u>	<u>42,434</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,238,212	540,925
Cash and Cash Equivalents - Beginning of Year	<u>3,806,992</u>	<u>3,266,067</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,045,204</u></u>	<u><u>\$ 3,806,992</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,342,370	\$ 456,701
Adjustments to Reconcile Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	93,452	101,054
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(9,326)	(243,599)
Prepaid Expenses	(6,891)	639
Accounts Payable and Accrued Expenses	(111,052)	(4,354)
Accrued Compensated Absences	22,146	(5,062)
Unearned Revenue	(37,769)	300,752
Other Current Liabilities	(6,596)	(53,578)
Net Cash Provided by Operating Activities	<u><u>\$ 2,286,334</u></u>	<u><u>\$ 552,553</u></u>

See accompanying Notes to Financial Statements.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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.

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, Mainstream 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, 2020 AND 2019**

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, 2020 and 2019; Management has refrained currently from using DI to invest and/or finance for the development of affordable housing in and round DuPage County.

DHA Development Inc. (DD) – DD was established to develop affordable housing in and around DuPage County. There was no activity shown in relation to DD during the years ended June 30, 2020 and 2019.

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.

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.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program (Continued)

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.

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.

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.

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 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 Nonexchange Transactions (GASB 33)*, grant and subsidy revenue are recognized at the

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 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.

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, 2020 and 2019, 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.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 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 (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.

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 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.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Deficit) (Continued)

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.

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.

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.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2020 and 2019, 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, 2020 and 2019, the carrying amount of the Authority's cash and cash equivalents was \$6,045,204 and \$3,806,992 and the bank balances were \$6,061,081 and \$3,749,951, respectively. The Authority's deposits with financial institutions were fully collateralized as of June 30, 2020 and 2019.

Cash and cash equivalents consist of the following:

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

<u>Cash Category</u>	<u>2020</u>	<u>2019</u>
Operating	\$ 3,786,228	\$ 3,014,098
Total Unrestricted	<u>\$ 3,786,228</u>	<u>\$ 3,014,098</u>
Section 8 HAP Reserves	\$ 1,309,705	\$ 52,400
Section 8 Current Liabilities	280,158	293,879
Mainstream Funds	149,098	-
CARES Act Funds	353,561	-
RHSP Funds	166,454	446,615
Total Restricted	<u>\$ 2,258,976</u>	<u>\$ 792,894</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.

Credit Risk – The Authority’s policy does not address credit risk. There are no deposits subject to credit risk as of June 30, 2020 and 2019.

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

Section 8 HAP Reserves and Current Liabilities – restricted for use only in the HCV Program for future housing assistance payments.

Mainstream Funds – restricted for use only in the Mainstream Program for future housing assistance payments.

CARES Act Funds – restricted for use only for administrative expenses which meet the requirements provided in PIH Notice 2020-08.

FSS Funds – restricted for use in the Housing Choice Voucher Program for FSS program participants. As of June 30, 2020 and 2019, the Authority did not have any funds restricted for this Program.

RHSP Funds – restricted for use under guidelines administered by the IHDA.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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 statements of financial position are categorized based on the inputs to the valuation techniques as follows:

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:

	2020	2019
HUD	\$ 50,194	\$ -
Other Governments	179,967	321,425
Miscellaneous	152,272	51,682
Total	\$ 382,433	\$ 373,107

The Authority has evaluated the collectability of the outstanding receivables. There are no allowances recorded and bad debt for the years ended June 30, 2020 and 2019 were \$0 and \$815, respectively.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 155,555	\$ -	\$ -	\$ 155,555
Total Capital Assets Not Being Depreciated	155,555	-	-	155,555
Capital Assets Being Depreciated:				
Buildings and Improvements	2,344,177	15,769	-	2,359,946
Furniture and Equipment	300,560	12,598	-	313,158
Total Capital Assets Being Depreciated	2,644,737	28,367	-	2,673,104
Less Accumulated Depreciation	(1,199,997)	(93,452)	-	(1,293,449)
Capital Assets Being Depreciated Accumulated Depreciation	1,444,740	(65,085)	-	1,379,655
Capital Assets, Net	<u>\$ 1,600,295</u>	<u>\$ (65,085)</u>	<u>\$ -</u>	<u>\$ 1,535,210</u>
	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land	\$ 155,555	\$ -	\$ -	\$ 155,555
Total Capital Assets Not Being Depreciated	155,555	-	-	155,555
Capital Assets Being Depreciated:				
Buildings and Improvements	2,344,177	-	-	2,344,177
Furniture and equipment	300,560	-	-	300,560
Total Capital Assets Being Depreciated	2,644,737	-	-	2,644,737
Less Accumulated Depreciation	(1,098,943)	(101,054)	-	(1,199,997)
Capital Assets Being Depreciated Accumulated Depreciation	1,545,794	(101,054)	-	1,444,740
Net Book Value	<u>\$ 1,701,349</u>	<u>\$ (101,054)</u>	<u>\$ -</u>	<u>\$ 1,600,295</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, 2020 and 2019, the Authority had accrued approximately \$204,793 and \$182,647, 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 consist of the following:

Balance June 30, 2019	Additions	Redemptions	Balance June 30, 2020	Due Within One Year
\$ 182,647	\$ 65,503	\$ (43,357)	\$ 204,793	\$ 51,198

Balance June 30, 2018	Additions	Redemptions	Balance June 30, 2019	Due Within One Year
\$ 187,709	\$ 4,763	\$ (9,825)	\$ 182,647	\$ 45,662

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6 OTHER NONCURRENT LIABILITIES

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 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 misspent. As of June 30, 2020 and 2019 the outstanding balance due to HUD was \$8,244,807 and \$8,445,065.

The future maturities of the liability due to HUD as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Balance</u>
2021	\$ 200,258
2022	200,258
2023	200,258
2024	200,258
2025	200,258
2026 – 2030	1,001,285
2031 – 2035	1,001,285
2036 – 2040	1,001,285
2041 – 2045	1,001,285
2046 – 2050	1,001,285
2051 – 2055	1,001,285
2056 – 2060	1,001,285
2061 – 2062	234,522
Total	<u><u>\$ 8,244,807</u></u>

NOTE 7 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 8 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.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

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 2020 and 2019 was approximately \$1,515,584 and \$1,396,455, respectively. The Authority's contributions were calculated using a defined contribution pension plan. For the years ending June 30, 2020 and 2019, the Authority's portion approximated \$147,747 and \$139,190, respectively, which has been charged to the employee fringe benefit account.

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 INTERPROGRAM BALANCES

Due To/From

The Authority accounts for interprogram transactions by using interprogram receivables and payables. As of June 30, 2020, the due to/from balances consisted of the following:

		<u>Due to HCV</u>
Family Self-Sufficiency Program	\$	50,194
Rental Housing Support Program		398
Component Units:		
Due from DHA Management		9,389,892
		\$ 9,440,484

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 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 misspent. As of June 30, 2020, the outstanding balance due from DHA Management to the HCV was \$9,372,196.

The future maturities of the liability due from DHA Management to the HCV Program as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>		<u>Balance</u>
2021	\$	200,258
2022		200,258
2023		200,258
2024		200,258
2025		200,258
2026 – 2030		1,001,285
2031 – 2035		1,001,285
2036 – 2040		1,001,285
2041 – 2045		1,001,285
2046 – 2050		1,001,285
2051 – 2055		1,001,285
2056 – 2060		1,001,285
2061 – 2065		1,001,285
2066 – 2067		360,626
Total		\$ 9,372,196

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 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.

The Authority has received federal and state 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. Management does not expect the amount to be material.

NOTE 11 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.

The World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having effects on global markets, supply chains, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its on-going operations and financial results including, but not limited to, costs for emergency preparedness, impacts on personnel costs, and cash flow. Management believes the Authority is taking appropriate actions to mitigate the negative impacts.

NOTE 12 RESTRICTED NET POSITION

Restricted net position for the years ended June 30, 2020 and 2019 was restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Housing Choice Voucher Program	\$ 1,309,705	\$ 52,400
Mainstream Program	146,952	-
State/Local	166,040	162,827
Total	<u>\$ 1,622,697</u>	<u>\$ 215,227</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 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, 2020 is provided as follows:

Condensed Statement of Net Position (Deficit) – June 30, 2020

	Blended Component Units		
	DHA Management Inc.	DuPage Housing Authority	Primary Government
ASSETS			
Current Assets	\$ 1,223,126	\$ 5,233,008	\$ 6,456,134
Capital Assets, Net	-	1,535,210	1,535,210
Total Assets	<u>\$ 1,223,126</u>	<u>\$ 6,768,218</u>	<u>\$ 7,991,344</u>
LIABILITIES			
Interprogram Liabilities	\$ 9,389,892	\$ (9,389,892)	\$ -
Current Liabilities	2,318	1,054,825	1,057,143
Noncurrent Liabilities	-	8,198,145	8,198,145
Total Liabilities	<u>\$ 9,392,210</u>	<u>\$ (136,922)</u>	<u>\$ 9,255,288</u>
NET POSITION			
Net Investment in Capital			
Assets	\$ -	\$ 1,535,210	\$ 1,535,210
Restricted	-	1,622,697	1,622,697
Unrestricted	(8,169,084)	3,747,233	(4,421,851)
Total Net Position (Deficit)	<u>\$ (8,169,084)</u>	<u>\$ 6,905,140</u>	<u>\$ (1,263,944)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**NOTE 13 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position (Deficit)
- Year Ended June 30, 2020**

	Blended Component Units		
	DHA Management Inc.	DuPage Housing Authority	Primary Government
OPERATING REVENUES			
Government Grants	\$ 81,488	\$ 34,821,135	\$ 34,902,623
Other Revenues	336,231	6,821,632	7,157,863
Total Operating Revenues	<u>417,719</u>	<u>41,642,767</u>	<u>42,060,486</u>
OPERATING EXPENSES			
Administration	139,744	2,898,190	3,037,934
Utilities	-	15,327	15,327
Ordinary Maintenance and Operations	-	46,869	46,869
Insurance Expense	-	37,533	37,533
Housing Assistance Payments	-	36,487,001	36,487,001
Total Operating Expenses	<u>139,744</u>	<u>39,484,920</u>	<u>39,624,664</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	277,975	2,157,847	2,435,822
Depreciation	-	93,452	93,452
OPERATING INCOME (LOSS)	277,975	2,064,395	2,342,370
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	34,307	34,307
Income (Loss) Before Transfers	<u>277,975</u>	<u>2,098,702</u>	<u>2,376,677</u>
CHANGE IN NET POSITION (DEFICIT)	277,975	2,098,702	2,376,677
Total Net Position (Deficit) - Beginning of Year	<u>(8,447,059)</u>	<u>4,806,438</u>	<u>(3,640,621)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (8,169,084)</u>	<u>\$ 6,905,140</u>	<u>\$ (1,263,944)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**NOTE 13 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

Condensed Statement of Cash Flows – Year Ended June 30, 2020

	Blended Component Units		
	DHA Management Inc.	DuPage Housing Authority	Primary Government
NET CASH PROVIDED (USED) BY			
Operating Activities	\$ 96,093	\$ 2,190,241	\$ 2,286,334
Capital and Related Financing Activities	-	(28,367)	(28,367)
Noncapital Financing Activities	-	(54,062)	(54,062)
Investing Activities	-	34,307	34,307
Net Increase (Decrease) in Cash	96,093	2,142,119	2,238,212
Cash and Cash Equivalents - Beginning of Year	1,127,033	2,734,021	3,806,992
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,223,126	\$ 4,876,140	\$ 6,045,204

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**NOTE 13 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

Condensed combining information for the Authority's three blended component units as of and for the year ended June 30, 2019 is provided as follows:

Condensed Statement of Net Position (Deficit) – June 30, 2019

	Blended Component Units		
	DHA Management Inc.	DuPage Housing Authority	Primary Government
ASSETS			
Current Assets	\$ 1,127,033	\$ 3,074,672	\$ 4,201,705
Interprogram Assets	-	-	-
Capital Assets, Net	-	1,600,295	1,600,295
Total Assets	<u>\$ 1,127,033</u>	<u>\$ 4,674,967</u>	<u>\$ 5,802,000</u>
LIABILITIES			
Interprogram Liabilities	\$ 9,572,454	\$ (9,572,454)	\$ -
Current Liabilities	1,638	1,059,191	1,060,829
Noncurrent Liabilities	-	8,381,792	8,381,792
Total Liabilities	<u>\$ 9,574,092</u>	<u>\$ (131,471)</u>	<u>\$ 9,442,621</u>
NET POSITION			
Net Investment in Capital			
Assets	\$ -	\$ 1,600,295	\$ 1,600,295
Restricted	-	606,886	606,886
Unrestricted	(8,447,059)	2,599,257	(5,847,802)
Total Net Position (Deficit)	<u>\$ (8,447,059)</u>	<u>\$ 4,806,438</u>	<u>\$ (3,640,621)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**NOTE 13 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position (Deficit)
- Year Ended June 30, 2019**

	Blended Component Units		
	DHA Management Inc.	DuPage Housing Authority	Primary Government
OPERATING REVENUES			
Government Grants	\$ 80,508	\$ 33,067,637	\$ 33,148,145
Other Revenues	417,538	6,892,000	7,309,538
Total Operating Revenues	<u>498,046</u>	<u>39,959,637</u>	<u>40,457,683</u>
OPERATING EXPENSES			
Administration	232,830	2,720,886	2,953,716
Utilities	-	17,133	17,133
Ordinary Maintenance and Operations	-	57,633	57,633
Insurance Expense	9,971	38,415	48,386
General Expenses	-	815	815
Housing Assistance Payments	-	36,822,245	36,822,245
Total Operating Expenses	<u>242,801</u>	<u>39,657,127</u>	<u>39,899,928</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	255,245	302,510	557,755
Depreciation	<u>-</u>	<u>101,054</u>	<u>101,054</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	255,245	201,456	456,701
NONOPERATING REVENUES (EXPENSES)			
Interest Income	<u>-</u>	<u>42,434</u>	<u>42,434</u>
Loss Before Transfers Out	255,245	243,890	499,135
TRANSFERS IN (OUT)	<u>206,166</u>	<u>(206,166)</u>	<u>-</u>
CHANGE IN NET POSITION (DEFICIT)	461,411	37,724	499,135
Total Net Position (Deficit) - Beginning of Year	<u>(8,908,470)</u>	<u>4,768,714</u>	<u>(3,594,448)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (8,447,059)</u>	<u>\$ 4,806,438</u>	<u>\$ (3,640,621)</u>

**DUPAGE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**NOTE 13 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

Condensed Statement of Cash Flows – Year Ended June 30, 2019

	Blended Component Units		
	DHA Management Inc.	DuPage Housing Authority	Primary Government
NET CASH PROVIDED (USED) BY			
Operating Activities	\$ 393,332	\$ 159,221	\$ 552,553
Capital and Related Financing Activities	-	(54,062)	(54,062)
Investing Activities	-	42,434	42,434
Net Increase (Decrease) in Cash	393,332	147,593	540,925
Cash and Cash Equivalents - Beginning of Year	733,701	2,586,428	3,266,067
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,127,033	\$ 2,734,021	\$ 3,806,992

SUPPLEMENTARY INFORMATION

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	HCC HCV CARES Act Funding	Mainstream Vouchers	Family Self-Sufficiency Program	Blended Component Units	State/Local	Elimination	Total
CURRENT ASSETS									
Cash:									
111	Cash - Unrestricted	\$ 2,598,667	\$ -	\$ -	\$ -	\$ 1,187,561	\$ -	\$ -	\$ 3,786,228
112	Cash - Restricted - Modernization/Develop	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	1,309,705	353,561	149,098	-	-	166,454	-	1,978,818
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	280,158	-	-	-	-	-	-	280,158
100	Total Cash	4,188,530	353,561	149,098	-	1,187,561	166,454	-	6,045,204
Receivables:									
121	Accounts Receivable - Other PHA Projects	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD	-	-	-	50,194	-	-	-	50,194
124	Accounts receivable - Other Government	144,402	-	-	-	35,565	-	-	179,967
125	Accounts receivable - Miscellaneous	152,272	-	-	-	-	-	-	152,272
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	296,674	-	-	50,194	35,565	-	-	382,433
142	Prepaid expenses and Other Assets	28,497	-	-	-	-	-	-	28,497
144	Inter-Program - Due From	9,440,484	-	-	-	-	-	(9,440,484)	-
150	Total Current Assets	13,954,185	353,561	149,098	50,194	1,223,126	166,454	(9,440,484)	6,456,134
NONCURRENT ASSETS									
161	Land	155,555	-	-	-	-	-	-	155,555
162	Buildings	2,359,946	-	-	-	-	-	-	2,359,946
163	Furniture, Equipment, and Machinery - Dwell	-	-	-	-	-	-	-	-
164	Furniture, Equipment, and Machinery - Admin	313,158	-	-	-	-	-	-	313,158
166	Accumulated Depreciation	(1,293,449)	-	-	-	-	-	-	(1,293,449)
160	Total Fixed Assets, Net of Accumulated Depreciation	1,535,210	-	-	-	-	-	-	1,535,210
290	Total Assets	\$ 15,489,395	\$ 353,561	\$ 149,098	\$ 50,194	\$ 1,223,126	\$ 166,454	\$ (9,440,484)	\$ 7,991,344

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	HCC HCV CARES Act Funding	Mainstream Vouchers	Family Self-Sufficiency Program	Blended Component Units	State/Local	Elimination	Total
CURRENT LIABILITIES									
312	Accounts Payable <= 90 Days	\$ 33,243	\$ -	\$ 2,146	\$ -	\$ -	\$ 16	\$ -	\$ 35,405
321	Accrued Wage/Payroll Taxes Payable	64,803	-	-	-	2,318	-	-	67,121
322	Accrued Compensated Absences - Current	51,198	-	-	-	-	-	-	51,198
331	Accounts Payable - HUD PHA Programs	200,257	-	-	-	-	-	-	200,257
333	Accounts Payable - Other Government	2,349	-	-	-	-	-	-	2,349
342	Unearned Revenues	76,635	353,561	-	-	-	-	-	430,196
345	Other Current Liabilities	270,617	-	-	-	-	-	-	270,617
347	Inter-Program - Due To	-	-	-	50,194	9,389,892	398	(9,440,484)	-
310	Total Current Liabilities	699,102	353,561	2,146	50,194	9,392,210	414	(9,440,484)	1,057,143
NONCURRENT LIABILITIES									
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	-	-	-	-	-
353	Other Noncurrent Liabilities	8,044,550	-	-	-	-	-	-	8,044,550
354	Accrued Compensated Absences - Noncurrent	153,595	-	-	-	-	-	-	153,595
350	Total Noncurrent Liabilities	8,198,145	-	-	-	-	-	-	8,198,145
300	Total Liabilities	8,897,247	353,561	2,146	50,194	9,392,210	414	(9,440,484)	9,255,288
NET POSITION (DEFICIT)									
508.4	Net Investment in Capital Assets	1,535,210	-	-	-	-	-	-	1,535,210
511.4	Restricted Net Position	1,309,705	-	146,952	-	-	166,040	-	1,622,697
512.4	Unrestricted Net Position (Deficit)	3,747,233	-	-	-	(8,169,084)	-	-	(4,421,851)
513	Total Net Position (Deficit)	6,592,148	-	146,952	-	(8,169,084)	166,040	-	(1,263,944)
600	Total Liabilities an Net Position (Deficit)	\$ 15,489,395	\$ 353,561	\$ 149,098	\$ 50,194	\$ 1,223,126	\$ 166,454	\$ (9,440,484)	\$ 7,991,344

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Error! Bookmark not defined.

Line Item No.	Account Description	Housing Choice Vouchers	HCC HCV CARES Act Funding	Mainstream Vouchers	Family Self-Sufficiency Program	Blended Component Units	State/Local	Elimination	Total
REVENUES									
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	-
70500	Total Tenant Revenue	-	-	-	-	-	-	-	-
70600	HUD PHA Operating Grants	33,382,397	169,373	150,765	125,363	-	-	-	33,827,898
70610	Capital Grants	-	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	81,488	993,237	-	1,074,725
71100	Investment Income - Unrestricted	17,622	-	-	-	16,685	-	-	34,307
71400	Fraud Recovery	219,749	-	-	-	-	-	-	219,749
71500	Other Revenue	6,618,568	-	-	-	319,546	-	-	6,938,114
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-
70000	Total Revenues	40,238,336	169,373	150,765	125,363	417,719	993,237	-	42,094,793
EXPENSES									
Administrative:									
91100	Administrative Salaries	1,352,461	163,123	-	93,454	82,012	-	-	1,691,050
91200	Auditing Fees	38,600	-	-	-	-	-	-	38,600
91300	Management Fees	-	-	-	-	-	-	-	-
91310	Bookkeeping fees	-	-	-	-	-	-	-	-
91400	Advertising Expenses	3,866	-	-	-	-	-	-	3,866
91500	Employee Benefit Contributions	554,809	-	-	31,909	35,472	-	-	622,190
91600	Office Expenses	135,175	3,174	-	-	-	1,417	-	139,766
91700	Legal Expenses	10,794	-	-	-	1,130	-	-	11,924
91800	Travel Expenses	26,338	-	-	-	14,895	-	-	41,233
91900	Other	398,033	3,076	-	-	6,235	81,961	-	489,305
	Total Administrative	2,520,076	169,373	-	125,363	139,744	83,378	-	3,037,934
Tenant Services:									
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	-	-	-	-	-	-	-	-
	Total Tenant Services	-	-	-	-	-	-	-	-
Utilities:									
93100	Water	1,621	-	-	-	-	-	-	1,621
93200	Electricity	10,302	-	-	-	-	-	-	10,302
93300	Gas	2,727	-	-	-	-	-	-	2,727
93600	Sewer	677	-	-	-	-	-	-	677
93800	Other Utilities Expense	-	-	-	-	-	-	-	-
	Total Utilities	15,327	-	-	-	-	-	-	15,327
Ordinary Maintenance and Operations:									
94100	Ordinary Maint and Oper - Labor	-	-	-	-	-	-	-	-
94200	Ordinary Maint and Oper - Materials/Other	944	-	-	-	-	-	-	944
94300	Ordinary Maint and Oper - Contract Costs	45,925	-	-	-	-	-	-	45,925
	Total Ordinary Maintenance and Operations	46,869	-	-	-	-	-	-	46,869

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	HCC HCV CARES Act Funding	Mainstream Vouchers	Family Self-Sufficiency Program	Blended Component Units	State/Local	Elimination	Total
EXPENSES (Continued)									
Insurance Premiums:									
96110	Property Insurance	\$ 9,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,575
96120	Liability Insurance	1,686	-	-	-	-	-	-	1,686
96130	Workers' Compensation	-	-	-	-	-	-	-	-
96140	All Other Insurance	26,272	-	-	-	-	-	-	26,272
	Total Insurance Premiums	<u>37,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,533</u>
General Expenses:									
96200	Other General Expenses	-	-	-	-	-	-	-	-
96210	Compensated Absences	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-	-	-
	Total General Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest Expense:									
96710	Interest of Mortgage Payable	-	-	-	-	-	-	-	-
96720	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
	Total Interest Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>2,619,805</u>	<u>169,373</u>	<u>-</u>	<u>125,363</u>	<u>139,744</u>	<u>83,378</u>	<u>-</u>	<u>3,137,663</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>37,618,531</u>	<u>-</u>	<u>150,765</u>	<u>-</u>	<u>277,975</u>	<u>909,859</u>	<u>-</u>	<u>38,957,130</u>
97100	Extraordinary Maintenance	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	29,462,891	-	3,813	-	-	906,646	-	30,373,350
97350	HAP Portability - In	6,113,651	-	-	-	-	-	-	6,113,651
97400	Depreciation expense	93,452	-	-	-	-	-	-	93,452
90000	Total expenses	<u>38,289,799</u>	<u>169,373</u>	<u>3,813</u>	<u>125,363</u>	<u>139,744</u>	<u>990,024</u>	<u>-</u>	<u>39,718,116</u>
OTHER FINANCING SOURCES (USES)									
10010	Operating Transfer In	-	-	-	-	-	-	-	-
10020	Operating Transfer Out	-	-	-	-	-	-	-	-
10030	Operating Transfer From/To Primary Government	-	-	-	-	-	-	-	-
10040	Operating Transfer From/To Component Unit	-	-	-	-	-	-	-	-
10000	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>\$ 1,948,537</u>	<u>\$ -</u>	<u>\$ 146,952</u>	<u>\$ -</u>	<u>\$ 277,975</u>	<u>\$ 3,213</u>	<u>\$ -</u>	<u>\$ 2,376,677</u>

DUPAGE HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Line Item No.	Account Description	Housing Choice Vouchers	HCC HCV CARES Act Funding	Mainstream Vouchers	Family Self-Sufficiency Program	Blended Component Units	State/Local	Elimination	Total
Memo Account Information:									
11020	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	4,643,611	-	-	-	(8,447,059)	162,827	-	(3,640,621)
11040	Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	5,282,443	-	-	-	-	-	-	5,282,443
11180	Housing Assistance Payments Equity	1,309,705	-	-	-	-	-	-	1,309,705
11190	Unit Months Available	36,432	-	276	-	-	864	-	37,572
11210	Number of Unit Months Leased	34,815	-	5	-	-	791	-	35,611
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, 2020, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated February 10, 2021.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 10, 2021



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 the Authority's major federal program for the year ended June 30, 2020. 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 its major federal program for the year ended June 30, 2020.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 10, 2021

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

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	\$ 38,289,799
Housing Choice Voucher Program (CARES Act)	14.871	Not Applicable	169,373
Mainstream Voucher Program	14.879	Not Applicable	3,813
Family Self-Sufficiency Program	14.896	Not Applicable	<u>125,363</u>
Total Expenditures of Federal Awards			<u><u>\$ 38,588,348</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, 2020**

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, 2020.

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, 2020.

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x 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 (2 CFR 200.516(a))? _____ yes x 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:

\$ 1,157,650

Auditee qualified as low-risk auditee?

 x yes _____ no

**DUPAGE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with the *Uniform Guidance*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).