
**THE HOUSING AUTHORITY OF JOLIET
INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION,
INCLUDING SINGLE AUDIT REPORTS
FOR THE YEAR ENDED
JUNE 30, 2019**

THE HOUSING AUTHORITY OF JOLIET

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT		1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS		4-10
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position - Enterprise Funds	A	11
Statement of Revenues, Expenses and Changes in Fund Net Position - Enterprise Funds	B	12
Statement of Cash Flows - Enterprise Funds	C	13
Notes to the Financial Statements		14-29
SUPPLEMENTAL INFORMATION:		
Statement of Net Position - Programs	D	30
Statement of Revenues, Expenses and Changes in Fund Net Position - Programs	E	31
Financial Data Schedules - REAC		32-36
Schedule of Expenditures of Federal Awards (SEFA) and Notes to the SEFA	F	37-38
Statement of Capital Fund Program Costs Completed	G	39
Statement of Family Self Sufficiency Program Costs Completed	H	40
SINGLE AUDIT REPORTS:		
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>		41-42
Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance		43-45
SUMMARY OF AUDITOR'S RESULTS:		
Summary of Auditor's Results		46
Schedule of Current Year Findings and Questioned Costs		47
Schedule of Prior Year Findings and Questioned Costs		48
Statement of Compliance with the Section 8 Management Assessment Program		49
Statement of Compliance with the Public Housing Assessment System		50

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of Joliet
Joliet, Illinois

U.S. Department of Housing and Urban
Development
Ralph Metcalfe Federal Building
77 West Jackson Boulevard
Chicago, Illinois

Report on the Financial Statements

We have audited the primary governmental financial statements of the Housing Authority of Joliet (the Authority), Joliet, Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component units for the year ended December 31, 2018. Those financial statements were audited by other auditors, whose report dated February 28, 2019, express an unmodified opinion, and our opinion, in so far as it relates to the amounts included for the discretely presented component units of the Authority, is based on the report of other auditors.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk of assessments, the auditor considers internal control relevant to the entity'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 entity'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 opinions.

Opinions

In our opinion, based on our audit and the audit report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary government activities, and the discretely presented component units of the Authority, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 4-10 to 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. However, we did not audit the information and express no opinion on it.

Other Information

Our audit was conducted for the purpose for forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanied financial data schedules and 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, and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information such as financial data schedules and schedule of expenditures of federal awards is the responsibility of management and was derived from 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 accompanying supplementary 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 January 31, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Summarized Comparative Information

We previously audited the Authority's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements dated February 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink, appearing to read "Velma Butler & Company, Ltd.", is written over a light gray horizontal line.

Velma Butler & Company, Ltd.
Chicago, Illinois

January 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY of JOLIET
6 S. Broadway Street
Joliet, Illinois 60436

To the Board of Commissioners of the
The Housing Authority of Joliet
Joliet, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of Joliet's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2019.

We are pleased to submit the financial statements of the Housing Authority of Joliet for the year ended June 30, 2019. The accuracy of the data presented in the financial statements, as well as its completeness and fairness of presentation, is the responsibility of management. All necessary disclosures to enable the reader to gain an understanding of the Authority's financial affairs have been included in the footnotes accompanying the general purpose financial statements. The purpose of the financial statements is to provide complete and accurate financial information, which complies with reporting requirements of the U.S. Department of Housing and Urban Development (HUD) and the Governmental Accounting Standards Board.

The management's discussion and analysis section includes information on the past, present and future events that have been enacted, adopted, agreed upon, and/or contracted by of the Authority. It focuses on analysis of the financial statements and the improvements in the Authority's management. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units.

FINANCIAL HIGHLIGHTS

- Net Position at June 30, 2019, was \$44 million an increase of \$7.5 million from the June 30, 2018 total of \$36.5 million.
- Total assets increased by \$118 thousand, from \$69.4 million at June 30, 2018 to \$69.5 million at June 30, 2019, primarily because of increased cash.
- Capital assets were \$53.4 million at June 30, 2019, a decrease of \$1 million from the June 30, 2018, balance of \$54.4 million, primarily because of depreciation.
- Liabilities decreased by \$5.8 million, from \$32.8 million at June 30, 2018 to \$27 million at June 30, 2019, primarily due to a decrease in the current liabilities.

- Revenue increased by \$3.9 million for the fiscal year 2019. The increase was primarily due to an increase in HUD Revenue and from development activities of the component unit.
- Operating expenses, excluding depreciation and interest, increased by \$5 million, from \$31.5 million at June 30, 2018 to \$36.5 million at June 30, 2019.

USING THIS REPORT

The 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.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information detailing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event that gave 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., depreciation and earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and related financing activities.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to the moderate, low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are presented as an enterprise fund whose operations include the low income housing program, the housing choice voucher program, special grants, blended component units and discretely presented component units as follows.

Fund Financial Statements are groupings of accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state, local, or quasi-governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority's fund only consisted of a *Proprietary Fund*.

The Authority's *Proprietary Fund* is comprised of an enterprise funds with "business-type" activities intended to recover all or a portion of their costs through fees and charges for services. Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole. Funds included in the enterprise fund are listed below.

Low-Income Public Housing – Under the Low Income Public Housing Program, the Authority rents units it owns to moderate and low-income families. The Low Income Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program (CFP) – The Low Income Public Housing Program also includes the CFP, which is the primary funding source for physical management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the authorities housing stock.

Section 8 Housing Choice Vouchers – The Housing Choice Voucher is the federal government's programs for assisting moderate and low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The program is administered locally by public housing authorities (PHAs). The PHAs receive funds from HUD to administer the programs. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Resident Opportunities and Self Sufficiency - (ROSS) Program – The purpose of the program is to provide funding to hire and maintain service coordinators to assess the needs of residents and to coordinate available resources.

Components Units - The Component units are not-for-profit organizations formed by the Authority for the purpose of assisting in the development of projects which provide housing to a mixture of moderate, low-income and market rate families. The moderate and low-income family's rents are subsidized by HUD.

Additionally, the Authority is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments and the United States Office of Management and Budget's (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs.

The financial section provides information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

Net position represents the difference between total assets and total liabilities. As shown in Table 1, the Authority's net position at June 30, 2019 increased by \$7.5 million or 16.1% to \$44 million from \$36.5 million.

Table 1
Housing Authority of Joliet's Net Position
(in thousand dollars)

	2019	2018	Change	percentage Change
Cash	\$ 9,529	\$ 7,284	\$ 2,245	30.8%
Other Current Assets	1,278	1,584	(306)	-19.3%
Total Current Assets	10,807	8,868	1,939	21.9%
<u>Non-Current Assets</u>				
Capital Assets	53,427	54,472	(1,045)	-1.9%
Notes, Interest, Other Long-Term	5,243	6,019	(776)	-12.9%
Total Assets	\$ 69,477	\$ 69,359	\$ 118	0.2%
Current Liabilities	\$ 3,146	\$ 15,925	\$ (12,779)	-80.2%
Notes and Bonds Payable	19,385	12,773	6,612	51.8%
Other Non Current Liabilities	2,953	4,124	(1,171)	-28.4%
Total Liabilities	25,484	32,822	(7,338)	-22.4%
Unrestricted	9,760	5,458	4,302	78.8%
Restricted Net Assets	665	2,007	(1,342)	-66.9%
Net Investment in Capital Assets	33,568	29,072	4,496	15.5%
Total Net Position	43,993	36,537	7,456	20.4%
Total Liab. and Net Position	\$ 69,477	\$ 69,359	\$ 118	0.2%

CAPITAL ASSETS

Capital assets decreased by \$1 million from \$54.4 million to \$53.4 million, as shown in the table below:

	June 30, 2018	Additions / Deletions	June 30, 2019
Land	\$ 9,400,104	\$ 1,051,571	\$ 10,451,675
Buildings and Improvements	89,714,669	252,061	89,966,730
Equipment and Furniture	2,280,259	69,095	2,349,354
Construction in Progress	-	230,196	230,196
Less Accum. Depreciation	(46,922,785)	(2,648,111)	(49,570,896)
Total Capital Assets	\$ 54,472,247	\$ (1,045,188)	\$ 53,427,059

The additions were because of the acquisition of Water's Edge. Capital additions totaled \$1,415,718 and dispositions totaled \$42,991, which was already depreciated. Depreciation expense for the year totaled \$2,691,102, and \$230,196 was construction in progress.

NON-CURRENT ASSETS AND LIABILITIES

The Authority has several notes receivable outstanding as a result of funds loaned to its mixed income developers. These are long-term notes that will mature in 2051. Interest payments are accumulated and are not required to be paid until the developments generate positive cash flow per HUD regulations. Notes receivable totaled \$4 million. Deferred revenue comes from accrued developer fee for \$2 million. The Authority maintains escrow deposits for tenants totaling \$191 thousand. Additional information can be found in the Notes to Financial Statements.

BONDS AND NOTES PAYABLE

The Authority has bonds outstanding totaling \$3 million. The bonds mature in 2021. Interest is paid semi-annually and principal is paid annually. The bonds are secured by HUD and payments are made from the Capital Fund. The Component Units have notes payable of \$17.7 million with maturity dates in 2037 and 2051. The notes are secured by real property.

Change in Net Position

As shown in Table 2, below, the Authority's total operating revenues, which included all HUD Grants, tenant rents, interest and other income increased by \$3.9 million or 11.2 percent, while total expenses increased by \$6 million or 17.3 percent, from approximately \$34.6 million at June 30, 2018 to \$40.6 million at June 30, 2019.

Table 2
Housing Authority of Joliet's Change in Net Position
(in thousand dollars)

	2019	2018	Change	Percentage Change
Tenant Revenue	\$ 4,485	\$ 3,958	\$ 527	13.3 %
HUD Revenue	26,863	24,421	2,442	10.0 %
Other Income	7,184	6,265	919	14.7 %
Total Revenue	<u>38,532</u>	<u>34,644</u>	<u>3,888</u>	11.2 %
Operating Expenses	36,513	31,462	5,051	16.1 %
Depreciation	2,691	2,364	327	13.8 %
Non-Operating Expense	1,429	808	621	76.9 %
Total Expenses	<u>40,633</u>	<u>34,634</u>	<u>5,999</u>	17.3 %
Change in Net Position	(2,101)	10	(2,111)	-21110.0 %
Prior Period Adjustment	9,557	2,383	7,174	301.0 %
Beginning Net Position	36,537	34,144	2,393	7.0 %
Ending Net Position	<u>\$ 43,993</u>	<u>\$ 36,537</u>	<u>\$ 7,456</u>	20.4 %

Expenses

Total expenses increased by \$6 million or approximately 17.3 percent, as shown below:

Table 3
Housing Authority of Joliet's Expenses
(in thousand dollars)

	2019	2018	Change	Total Percent Change
Administrative Expenses	\$ 5,288	\$ 3,764	\$ 1,524	40.5%
Tenant Services	407	186	221	118.8%
Utilities Expenses	1,093	848	245	28.9%
Ordinary Maintenance	2,567	2,619	(52)	-2.0%
Protective Services	226	226	-	0.0%
Insurance	793	687	106	15.4%
General Expenses	1,186	763	423	55.4%
Housing Assistance Payments	24,951	22,369	2,582	11.5%
Total Operating Expenses	<u>36,511</u>	<u>31,462</u>	<u>5,049</u>	16.0%
Depreciation Expense	2,691	2,364	327	13.8%
Interest Expense	1,430	808	622	77.0%
Total Expenses	\$ <u>40,632</u>	\$ <u>34,634</u>	\$ <u>5,998</u>	17.3%

The main increase was in Housing Assistance Payments, administrative and general expenses and was offset by additional revenue from HUD.

BUDGETARY HIGHLIGHTS

The Housing Authority of Joliet adopts a consolidated annual operating budget for all programs. The budget for low Rent Housing is adopted on the basis of accounting practices prescribed to by the U.S. Department of Housing and Urban Development. Program budgets for the Housing Assistance Payments (HAP) Funds are approved by the U.S. Department of Housing and Urban Development on a basis consistent with the grant applications covering HAP Programs.

Capital project budgets are approved and are adopted for five years by the Board of Commissioners and HUD based on federal funding. They are then annualized to strengthen monitoring and completion benchmarks. Budgeted and actual costs are compared to the five year plan and are monitored by the Authority and HUD. Line item variances are resolved and approved by HUD.

MAJOR INITIATIVES

The redevelopment of DesPlaines Gardens is progressing as anticipated. Phase I of our redevelopment project known as Water's Edge, consist of 68 family units with 7 one-bedroom, 27 two-bedroom, and 34 three-bedroom units.

Our relocation consultant has done a tremendous job relocating all of our families from DesPlaines Gardens to their new homes throughout the City of Joliet, Will County, and even some out of state. All of our families from DesPlaines Gardens had the first right of refusal after the development was completed. The redeveloped site is a mixed income family development. We are planning to build the remaining 54 units at our Liberty Meadows Estates site where we have additional land available.

Fairview Homes, from all current assessment, is deemed non-conducive to family development due to lack of nearby amenities. After approval is received from HUD, families will be relocated and the site will be demolished. Rebuilding will be done elsewhere.

ECONOMIC FACTORS

The Housing Authority is primarily dependent upon the Federal Department of Housing and Urban Development (HUD) for the funding of operations; therefore, the Authority is affected more by the federal budget than by state and local budgets or economic conditions.

With the certainty of substantial reductions in federal spending the Authority has had to face substantial reductions in federal funding, particularly for operating grants that support the administration of public housing and Section 8 voucher programs, as well as capital facility grants. It has and continues to be a challenge to adjust to substantially lower federal administrative support while still operating and maintaining public housing units and administering vouchers under the Section 8 program. In addition, local inflationary, recessionary, and employment trends impact resident income which in turn affects the amount of rental income collected. Management has made severe cuts in order to adjust to the lower funding. The Housing Authority of Joliet continues to evolve under the landscape of prolonged funding reductions through increased efficiency, innovative thinking, and progressive financial decisions.

CONTACTING THE HOUSING AUTHORITY

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Lisa White, Chief Financial Officer, at the Housing Authority of Joliet, 6 South Broadway, Joliet, Illinois 60436, telephone number 815-727-0611.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF JOLIET
STATEMENT OF NET POSITION
JUNE 30, 2019 (COMPARATIVE TOTALS FOR 2018)

EXHIBIT A

	PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	2019 AUTHORITY TOTAL	2018 AUTHORITY TOTAL
ASSETS				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 5,065,916	\$ 1,157,289	\$ 6,223,205	\$ 4,778,684
Cash and Cash Equivalents - Restricted	994,515	2,310,890	3,305,405	2,504,913
Accounts Receivable, net	719,016	247,543	966,559	1,324,025
Prepaid Expenses	111,560	58,763	170,323	163,390
Material Inventories, net	141,768		141,768	96,519
Total Current Assets	<u>7,032,775</u>	<u>3,774,485</u>	<u>10,807,260</u>	<u>8,867,531</u>
<u>NON CURRENT ASSETS</u>				
Other Assets	1,137,967	94,701	1,232,668	2,142,495
Notes and Interest Receivable - Long Term	4,009,621		4,009,621	3,876,433
Capital Assets, net	17,779,346	35,647,713	53,427,059	54,472,247
Total Non-Current Assets	<u>22,926,934</u>	<u>35,742,414</u>	<u>58,669,348</u>	<u>60,491,175</u>
TOTAL ASSETS	\$ <u>29,959,709</u>	\$ <u>39,516,899</u>	\$ <u>69,476,608</u>	\$ <u>69,358,706</u>
LIABILITIES AND NET POSITION				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 283,002	\$ 316,482	\$ 599,484	\$ 751,617
Accrued Liabilities	253,243	413,441	666,684	517,992
Accrued Compensated Absences - Current	94,172		94,172	60,889
Deferred Revenues - Current	431,106		431,106	1,917,830
Bonds and Notes Payable - Current	439,303	915,616	1,354,919	12,676,791
Total Current Liabilities	<u>1,500,826</u>	<u>1,645,539</u>	<u>3,146,365</u>	<u>15,925,119</u>
<u>NONCURRENT LIABILITIES</u>				
Escrow Deposits	175,989		175,989	140,886
Accrued Compensated Abs. - Non-Current	285,136		285,136	277,615
Deferred Revenues - Long-Term	908,492	1,582,959	2,491,451	3,705,570
Bonds and Notes Payable - Long-Term	2,583,459	16,801,318	19,384,777	12,772,808
Total Noncurrent Liabilities	<u>3,953,076</u>	<u>18,384,277</u>	<u>22,337,353</u>	<u>16,896,879</u>
Total Liabilities	<u>5,453,902</u>	<u>20,029,816</u>	<u>25,483,718</u>	<u>32,821,998</u>
<u>NET POSITION</u>				
Unrestricted Net Position	8,979,069	781,438	9,760,507	5,458,141
Restricted Net Position	664,606		664,606	2,006,883
Net Investment in Capital Assets	14,862,132	18,705,645	33,567,777	29,071,684
Total Net Position	<u>24,505,807</u>	<u>19,487,083</u>	<u>43,992,890</u>	<u>36,536,708</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>29,959,709</u>	\$ <u>39,516,899</u>	\$ <u>69,476,608</u>	\$ <u>69,358,706</u>

See Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF JOLIET
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019 (COMPARATIVE TOTALS FOR 2018) EXHIBIT B

	PRIMARY GOVERNMENT	DISCRETELY PRESENTED COMPONENT UNITS	2019 AUTHORITY TOTAL	2018 AUTHORITY TOTAL
OPERATING REVENUES				
Tenant Charges	\$ 2,171,803	\$ 2,313,037	\$ 4,484,840	\$ 3,957,732
HUD Operating Grants	26,498,009		26,498,009	24,032,413
Other Income	6,979,944	23,608	7,003,552	6,100,546
TOTAL REVENUES	35,649,756	2,336,645	37,986,401	34,090,691
OPERATING EXPENSES				
Administrative Expenses	4,915,212	373,033	5,288,245	3,764,378
Tenant Services	407,171		407,171	185,647
Utilities Expenses	1,012,317	81,030	1,093,347	848,084
Ordinary Maintenance	2,161,814	404,910	2,566,724	2,618,668
Protective Services	225,294	1,184	226,478	226,142
Insurance Expense	598,749	194,646	793,395	687,476
General Expenses	998,878	187,469	1,186,347	762,664
Housing Assistance Payments	24,950,920		24,950,920	22,369,356
Depreciation Expense	1,261,314	1,429,788	2,691,102	2,363,915
TOTAL OPERATING EXPENSES	36,531,669	2,672,060	39,203,729	33,826,330
OPERATING INCOME (LOSS)	(881,913)	(335,415)	(1,217,328)	264,361
NON-OPERATING REVENUES AND (EXPENSES)				
Interest Income	160,634	19,451	180,085	164,462
Interest Expense	(169,778)	(1,259,646)	(1,429,424)	(808,312)
Total Non-Operating Income / (Loss)	(9,144)	(1,240,195)	(1,249,339)	(643,850)
CAPITAL CONTRIBUTIONS AND (LOSSES)				
HUD Capital Grants	365,307		365,307	388,533
Transfer In / (Out)			-	400
Total Non-Operating Income / (Loss)	365,307	-	365,307	388,933
CHANGES IN NET POSITION	(525,750)	(1,575,610)	(2,101,360)	9,444
BEGINNING NET POSITION	25,031,557	11,505,151	36,536,708	34,144,413
PRIOR PERIOD ADJUSTMENTS		9,557,542	9,557,542	2,382,851
ENDING NET POSITION	\$ 24,505,807	\$ 19,487,083	\$ 43,992,890	\$ 36,536,708

See Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF JOLIET
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019 (COMPARATIVE TOTALS FOR 2018) EXHIBIT C

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants and Others	\$ 37,756,204	\$ 34,090,691
Payments to Employees	(2,161,365)	(3,098,537)
Payments to Vendors and Suppliers	(24,664,830)	(29,465,537)
Net Cash Provided by/(Used for) Operating Activities	10,930,009	1,526,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	180,085	164,462
Net Cash Provided by/(Used for) Investing Activities	180,085	164,462
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Purchase)/Sale of Capital Assets	(3,091,061)	(458,499)
Capital Grants	365,307	388,533
Increase/(Decrease) in Bonds & Notes Payable	(4,709,903)	(858,915)
Interest Expense	(1,429,424)	(808,312)
Net Cash Provided by/(Used for) Financing Activities	(8,865,081)	(1,737,193)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,245,013	(46,114)
CASH AND CASH EQUIVALENTS AT JULY 1, 2018	7,283,597	7,329,711
CASH AND CASH EQUIVALENTS AT JUNE 30, 2019	\$ 9,528,610	\$ 7,283,597
Unrestricted Cash and Cash Equivalents at June 30, 2019	\$ 6,223,205	\$ 4,778,684
Cash Restricted for Current Liabilities	675,269	328,209
Cash Restricted for Non-Current Liabilities	2,630,136	2,176,704
CASH AND CASH EQUIVALENTS AT JUNE 30, 2019	\$ 9,528,610	\$ 7,283,597
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities		
Operating Income/(Loss)	\$ (1,447,525)	\$ 264,361
Adjustments To Reconcile:		
Depreciation	2,691,102	2,363,915
Less Prior Period Adjustment	9,557,542	(2,382,851)
Changes in Assets and Liabilities		
(Increase)/Decrease in Accounts Receivable	357,466	(894,949)
(Increase)/Decrease in Prepaid Expenses	(6,933)	18,585
(Increase)/Decrease in Material Inventories	(45,249)	39,843
(Increase)/Decrease in Other Assets	909,827	(1,145,691)
Increase/(Decrease) in Accounts Payable	(152,132)	300,560
Increase/(Decrease) in Accrued Liabilities	148,692	(150,393)
Increase/(Decrease) in Escrow Deposits	35,103	62,343
Increase/(Decrease) in Deferred Revenues	(1,117,884)	3,050,894
Net Cash Provided by/(Used for) Operating Activities	\$ 10,930,009	\$ 1,526,617
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
None		

See Accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Program Description

The Housing Authority of Joliet (The Authority) is a public body, corporate body and politically organized under the laws of the State of Illinois for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Mayor appoints a Governing Board for the Authority, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development (HUD) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities and provide funds to assist the Public Housing Authorities (PHAs) in financing the acquisition, construction, and/or leasing of housing units; make housing assistance payments; and make annual contributions (subsidies) to PHAs for the purpose of maintaining the low income character of the local housing program.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on Joliet and is entitled to all surpluses. No separate agency receives a financial benefit *nor* imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners appointed by the Mayor of Joliet, Illinois and has governance responsibilities over all activities related to all housing activities within Joliet. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will - The County has no influence over the management, budget or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and not to be included in the City's financial report, therefore, the Authority reports independently.

The Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low and moderate income persons. The majority of its funding is provided by the Department of Housing and Urban Development (HUD). All funds and programs are included in these statements.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

A. Reporting Entity

The financial statements of the Authority have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as applicable to governmental units. As required by GAAP in the United States of America, the accompanying financial statements present the various program activities of the Authority. These principles define the reporting entity of the primary government, as well as its component units.

Low Income Housing - The low income housing program provides subsidized housing to low income residents. The Authority is the owner of public housing units located throughout the City. The Authority receives revenue from dwelling rental income and operating subsidies provided by HUD.

Capital Fund Grants - Substantially all additions to land, buildings, and equipment are funded through Capital Grant Fund Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through programs established by HUD.

Section 8 Programs - The Authority participates in the housing choice voucher program. This program is designed to provide privately owned, decent, safe and sanitary housing to low income families. The Authority provides assistance to low income persons seeking decent, safe and sanitary housing by subsidizing rents between such persons and owners of existing private housing. Under the programs, the Authority enters into housing assistance payment contracts with eligible landlords. To fund the program, the Authority enters into annual contribution contracts with HUD for the receipt of rental subsidies. The Housing Choice Voucher program is also reported as enterprise funds.

Resident Opportunities and Self Sufficiency - (ROSS) Program - The purpose of the program is to provide funding to hire and maintain service coordinators to assess the needs of residents and to coordinate available resources.

Component Units - Component units are separate legal organizations for which the elected officials of the primary government are financially accountable. The Authority is considered to be financial accountable if there is an appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

In accordance with GASB 14 as amended by GASB 61 and GASB 80, major component unit reporting requirements should be satisfied by including combining statements of major component units in the reporting entity's basic financial statements after the fund financial statements. The following component units are presented in the basic financial statements.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Blended Component Units - The Authority administers two blended component units, known as Will County Housing Development Corporation (WCHDC) and Briggs-Rosalind Development, LLC. These entities are considered blended component units because the Authority has financial accountability over them and controls their Board of Directors and management. WCHDC owns 100% of Briggs-Rosalind Development, LLC, and 70% of Tower Place, LLC. Briggs-Rosalind Development, LLC has a 0.01% ownership interest in Briggs-Rosalind Phase One, Limited Partnership.

Discrete Component Units - The Authority administers three discrete component units, known as Briggs-Rosalind Phase One, Limited Partnership, Liberty Meadows Estates Phase II, Limited Partnership and Water's Edge, Limited Partnership. These entities are shown as discretely presented component units because the Authority is financially accountable, but they do not have full ownership over the entities. WCHDC owns 100% of Briggs-Rosalind Development, LLC. Briggs-Rosalind Development, LLC has a 0.01% General Partner ownership interest in Briggs-Rosalind Phase One, Limited Partnership, a residential apartment complex located in Joliet, Illinois. The development consists of 74 low income units. WCHDC also owns 100% of Liberty Meadows Estate, LLC. Liberty Meadows Estate, LLC has a 0.01% interest in Liberty Meadows Estates Phase II, Limited Partnership, a residential apartment complex located in Joliet, Illinois. The development consists of 42 low-income units. WCHDC also owns 100% of Water's Edge, LLC. Water's Edge, LLC has a 0.01% interest in Water's Edge, Limited Partnership, a residential apartment complex located in Joliet, Illinois. The development consists of 120 low-income units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of fund accounts. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounts segregate funds according to their intended purpose and are used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Enterprise Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time they are incurred. All assets and liabilities associated with the operation of these funds are included on the balance sheet.

C. Fund Accounting

Accounts are organized on the basis of funds. Each fund represents a separate program with a separate set of self-balancing accounts. All funds are reported as enterprise funds and are grouped as follows:

- PHA-Owned Housing consists of HUD-financed public housing owned by the Authority. Individual funds account for activities of the low-rent housing program,

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

each capital fund phase, and the central office cost center. The funds are collectively known as low rent housing.

- Section 8 Program consists of HUD payment of rents for tenants in privately owned housing and fees to the Authority for operating the program. An individual fund is used for the Housing Choice Voucher Program.
- Various other programs which the Authority operates, including Residential Opportunity and Self Sufficiency, blended component units, and other various state and local programs are accounted for in individual funds.
- Component unit funds consist of the financing activities of the construction of mixed income housing units and the issuance of bonds to develop affordable housing.

Proprietary Funds - The Authority's operations are accounted for in a single *Enterprise Fund*. Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the Authority has decided that the determination of revenues earned, costs incurred and/or net income are necessary for management accountability. Since the Authority maintains its activities in enterprise funds, its Proprietary Fund financial statements provide information about the activities of the Authority as a whole.

Management's Use of Estimates - 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents are defined as short-term, highly liquid investments that are both: readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes all demand deposits, saving accounts and certificates of deposits or short-term investments with a maturity date of three months or less.

Restricted Cash - Restricted assets include cash legally restricted as to their use. The primary restricted assets are related to the low rent housing program and housing choice voucher program for various funds restricted for tenants or future housing assistance payments.

Net Position - Net position is comprised of three categories: (1) net investment in capital assets, (2) restricted net assets, and (3) unrestricted net assets. Each component of net position is reported separately on the statement of net position.

(1) Investment in capital assets, net of related debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

(2) Restricted for federal programs - the component of net position that reports the amount of revenue from a federal or state award for service programs in excess of expenditures. These funds are restricted for the use of the related federal program.

(3) Unrestricted - The difference between the assets and liabilities that is not reported in the net position invested in capital, net of related debt or net position restricted for federal and state programs.

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 positions are available.

Fair Value - The Authority follows GASB Statement No. 72, Fair Value Measurement and Application. This Statement should improve financial reporting by clarifying the definition of fair value for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The disclosures should be organized by type asset or liability reported at fair value. The Authority does not anticipate a material impact on the financial statements as a result of this pronouncement.

Pension - The Authority has established a 457(b) deferred compensation plan for its employees in accordance with Internal Revenue Code Section 501. The plan is administrated by a private administrator. All contributions are immediately vested.

Inter-program Due to/from - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds".

Federal Awards - Federal grants for reimbursable programs are recognized as revenue in the year the related program expenditure occurs. Awards received prior to meeting revenue recognition criterion are recorded as deferred revenue. Operating grants are recorded as revenue in the year earned.

Investments - The Authority has estimated the fair values of its financial investments using available market information and other valuation methodologies in accordance with GASB Statement No. 31. Federal statutes authorize investment of excess federal funds in instruments guaranteed by the federal government. The Authority has adopted this policy for all invested funds, whether or not they are federal funds. The Authority is also in compliance with all state and local laws and regulations regarding investments.

Inventories - Inventories are stated at the lower of cost or market.

Prepaid Expenditures - Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Compensated Absences - The Authority allows full-time regular employees to accumulate unused vacation.

- Vacation is accrued based on length of employment, ranging from 10 days per year after 12 months of continuous service to 25 days after 20 years of continuous service. Unused vacation is paid upon termination.

Capital Assets - The Authority capitalizes capital assets with a cost of more than \$500 and a useful life of one year or more. Proprietary fund types focus on capital maintenance. Accordingly, land, structures and equipment are recorded in the enterprise fund, which acquires such assets.

Capital assets are stated at cost or at estimated historical cost. The cost of maintenance and repairs is charged to operations as incurred and improvements are capitalized. Capital assets are depreciated over their useful lives using the straight-line method of depreciation as follows:

Land Improvements	15-20 years
Buildings and Improvements	10-20 years
Office Furniture and Equipment	5-10 years

Operating Revenues and Expenses - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents and operating subsidies. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position in the non-operating revenue and expense.

Risk Management - The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these various risks of loss with the following insurance coverage: worker's compensation, property and equipment, liability, flood and automobile. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Concentration of Risk - During the year ended June 30, 2019, the Authority received approximately 71 percent of its revenue from HUD.

Compliance - The Authority is subject to various federal, state and local laws and regulations and contractual regulations.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 2 - Budget Information

Enterprise Funds - The Authority is required by contractual agreements to adopt annual operating budgets for all its enterprise funds receiving federal expenditure awards. The Chief Financial Officer prepares all budgets on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America.

Operating budgets for the year are prepared for all programs. Budgets are submitted by the Authority's Executive Director and approved by resolutions of the Board of Commissioners and/or HUD. Appropriations for capital projects are authorized at the fund and expenditure level, and effective budgetary control is achieved through periodic budgeting and reporting requirements.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents totaled \$9,528,610, at June 30, 2019, and are maintained in commercial checking accounts and are readily available. HUD regulations require authorities to maintain funds in accounts that are fully collateralized by United States government securities.

Cash amounts in excess of the \$250,000, FDIC limit, insured by the government were collateralized by government securities and held in the pledging financial institutions' trust departments in the Authority's name. The Authority is also in compliance with all state and local laws and regulations regarding cash equivalents.

Of the total cash on hand at June 30, 2019, \$6,223,205 was unrestricted and \$3,305,405 was restricted, as shown below:

Unrestricted Cash	\$	6,223,205
Restricted Cash		
Tenant Security Deposits		305,330
Housing Assistance Payment		664,606
Family Self Sufficiency (FSS) Escrow		171,927
Funded Reserves and Other		2,163,542
Total Restricted Cash		<u>3,305,405</u>
Total Cash	\$	<u><u>9,528,610</u></u>

Primary Government		Component Units	
Unrestricted	\$ 5,065,916	Unrestricted	\$ 1,157,289
Security Deposits	139,148	Security Deposits	166,182
HAP	664,606	Other Restricted	2,144,708
FSS Escrow	171,927	Total Restricted	<u>2,310,890</u>
Other Restricted	18,834		
Total Restricted	<u>994,515</u>		
Total Primary Gov.	\$ <u><u>6,060,431</u></u>	Total Comp. Units	\$ <u><u>3,468,179</u></u>

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 4 - Accounts Receivable

At June 30, 2019, accounts receivable totaled \$966,559, and consisted of the following:

Primary Government	Amount
Tenant Accounts Receivable	\$ 49,073
Allowance for Tenant Accounts	(19,917)
Accounts Receivable - HUD	22,402
Accounts Receivable - Other PHA	346,138
Accounts Receivable - Other	321,320
Total Primary Government	719,016
Component Units	
Tenant Accounts Receivable	151,177
Allowance for Tenant Accounts	-
Accounts Receivable - Other	96,366
Total Component Unit	247,543
Total Accounts Receivable	\$ 966,559

The Authority reviews the accounts receivable periodically. The Authority had \$4,955,609 in inter-fund receivables and is offset by inter-fund payables. During the year \$15,511 was charged to bad debts.

Note 5 - Prepaid Expenses

Prepaid expenses totaled \$170,323, at June 30, 2019, and consisted of prepaid insurance and vendor services.

Note 6 - Material Inventories, Net

Material inventories, net totaled \$141,768, at June 30, 2019. Material inventories are stated at the lower of cost or market and were \$144,298 with an allowance of (\$2,530).

Note 7 - Other Non-Current Assets

Other assets totaled \$1,232,668, at June 30, 2019, and consisted of the following.

Primary Government - Briggs-Rosalind Development, LLC is the developer for Briggs-Rosalind Estate Phase One, Limited Partnership and has earned a developer fee in the amount of \$1,452,185, As of June 30, 2019, the outstanding amount of the developer fee was \$908,467.

Will County Housing Development Corporation is the developer for Water's Edge, LP and has earned a developer fee in the amount of \$1,748,206, As of June 30, 2019, the outstanding amount of the developer fee was \$229,501.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Component Units - Briggs-Rosalind Estate Phase One, LP had a loan and start up costs of \$303,944 which is to be amortized over a 10 to 40 year period. As of December 31, 2018 the unamortized balance is \$4 at year end.

Liberty Meadows Estates Phase II, LP had a loan and start up costs of \$452,181 which is to be amortized over 10 to 30 year period. As of December 31, 2018, the unamortized balance is \$43,857 at year end.

Water's Edge, LP had a loan and start up costs of \$57,554 which is to be amortized over a 10 year period. As of December 31, 2018, the unamortized balance is \$50,840 at year end.

Note 8 – Notes and Accrued Interest Receivable

Notes and accrued interest receivable at June 30, 2019, totaled \$4,009,621 and represented amounts due from various component units. Total notes receivable along with accrued interest are shown below:

Description	Notes	Interest	Total
Briggs-Rosalind Phase I	\$ 350,000	\$ -	\$ 350,000
Briggs-Rosalind Phase I	203,645	142,899	346,544
Briggs-Rosalind Phase I	620,000		620,000
Liberty Meadows Estate Phase II	430,000	57,019	487,019
Liberty Meadows Estate Phase II	610,264	90,468	700,732
Liberty Meadows Estate Phase II	1,041,858	154,449	1,196,307
Liberty Meadows Estate Phase II	136,000	20,161	156,161
Water's Edge		152,858	152,858
Total Notes and Interest Receivable	\$ 3,391,767	\$ 617,854	\$ 4,009,621

The Housing Authority provided a loan to Briggs-Rosalind Phase I, LP in the original amount of \$350,000, dated August 17, 2007. The note bears no interest and has no required payments before maturity. The note matures on October 1, 2037, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$350,000.

The Housing Authority provided a loan to Briggs-Rosalind Phase I, LP in the original amount of \$203,645, dated August 17, 2007. The note bears interest at 5% and has no required payments before maturity. The note matures on October 1, 2037, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$346,544, which includes accrued interest of \$142,899.

The Housing Authority provided a loan to Briggs-Rosalind Phase I, LP in the original amount of \$620,000, dated August 17, 2007. The note bears no interest and has no required payments before maturity. The note matures on October 1, 2037, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$620,000.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$430,000, dated August 16, 2011. The note bears 2% interest compounded annually.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$487,019, which includes accrued interest of \$57,019.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$610,264, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$700,732, which includes accrued interest of \$90,468.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$1,041,858, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$1,196,307, which includes accrued interest of \$154,449.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$136,000, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$156,161, which includes accrued interest of \$20,161.

Will County Housing Development Corporation (WCHDC) provided a pass-thru loan to Water's Edge, LP in the original amount of \$750,000, dated September 16, 2016. The principal of the loan is to be repaid to First Midwest Bank. The note bears 8% interest compounded annually, which will be paid to WCHDC. The note matures September 30, 2031, and is secured by the real estate held for lease. The balance as of June 30, 2019 was \$152,858, which consist only of accrued interest receivable.

Note 9 - Land, Structures and Equipment, Net

Total land, structures and equipment for the year ended June 30, 2019, were \$53,427,059, as shown, \$17,779,346 was for primary government and \$35,647,713 was for component units:

		Additions /	
Primary Government	June 30, 2018	Deletions	June 30, 2019
Land	\$ 8,681,291	\$ -	\$ 8,681,291
Buildings and Improvements	48,658,714	137,638	48,796,352
Equipment and Furniture	1,436,698	33,940	1,470,638
Less Accum. Depreciation	(40,152,815)	(1,246,316)	(41,399,131)
Construction in Progress		230,196	230,196
Total Primary Government	\$ 18,623,888	\$ (844,542)	\$ 17,779,346
		Additions /	
Component Units	December 31, 2017	Deletions	December 31, 2018
Land	\$ 718,813	\$ 1,051,571	\$ 1,770,384
Buildings and Improvements	41,020,800	149,578	41,170,378
Equipment and Furniture	878,716	-	878,716
Less Accum. Depreciation	(6,769,970)	(1,401,795)	(8,171,765)
Total Component Units	\$ 35,848,359	\$ (200,646)	\$ 35,647,713

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The additions were because of the acquisition of Water's Edge. Capital additions totaled \$1,415,718 and dispositions totaled \$42,991, which was already depreciated. Depreciation expense for the year totaled \$2,691,102, and \$230,196 was construction in progress.

Note 10 - Accounts Payable

Accounts payable totaled \$599,484, at June 30, 2019, which consisted of the following:

Primary Government	Amount
Accounts Payable - Vendors	\$ 110,038
Security Deposits	133,855
Accounts Payable - Other	39,109
Total Primary Government	283,002
Component Units	
Accounts Payable - Vendors	139,279
Security Deposits	166,182
Accounts Payable - Other	11,021
Total Component Unit	316,482
Total Accounts Payable	\$ 599,484

The Authority had \$4,955,609 in inter-fund payables and is offset by inter-fund receivables.

Note 11 - Accrued Payables

Accrued payable totaled \$1,045,992, at June 30, 2019, and represented the following:

Description	Amount
Primary Government	
Accrued Salary and Wages	\$ 39,790
PILOT	140,861
Other Accrued Liabilities	72,592
Accrued Liabilities	253,243
Accrued Compensated Absences - Current	94,172
Accrued Compensated Absences - Long Term	285,136
Total Accrued Compensated Absences	379,308
Component Unit	
PILOT	372,930
Other Accrued Liabilities	40,511
Accrued Liabilities	413,441
Total Accrued Payables	\$ 1,045,992

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

It is the Authority's policy to compensate employees for accumulated vacation leave upon termination. The Authority recognizes leave taken as a current year's salary expense during the year in which the leave is taken. Vacation is accrued for and recognized in the financial statements as an accrued liability.

Note 12 - Escrow Deposits

At June 30, 2019, escrow deposits amounts totaled \$175,989 and consist of amounts held for tenants in the Family Self Sufficiency (FSS) program.

Note 13 - Deferred Revenues

At June 30, 2019, deferred revenues totaled \$2,922,557, and consisted of prepaid rent, accrued interest and deferred developer fee, as shown below:

Primary Government	Amount
Prepaid Rents	\$ 12,356
Deferred Cell Tower Lease	418,750
Total Current Deferred Inflows	<u>431,106</u>
Deferred Developer Fees - Non-Current	908,492
Total Primary Government	<u><u>1,339,598</u></u>
Component Units	
Prepaid Rents and Dev. Fees - Current	54,356
Deferred Developer Fees - Non-Current	1,528,603
Total Component Unit	<u><u>1,582,959</u></u>
Total Deferred Resources	<u><u>\$ 2,922,557</u></u>

Note 14 - Bonds Payable

Total bonds payable for the primary government for June 30, 2019, totaled \$3,022,762 and consisted of a bonds payable for \$2,900,000, and \$122,762 for bond interest payable and bond premium. Below is a breakdown of the current and non-current balances:

Current Balance - Bond	\$ 360,000
Current Balance - Interest	<u>79,301</u>
Total Current Balance	439,301
Non-Current Balance - Bond	2,540,000
Non-Current Balance - Premium	<u>43,461</u>
Non-Current Balance	2,583,461
Total Bonds Payable	<u><u>\$ 3,022,762</u></u>

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Bonds payable - Capital Financing Bond Pool: This loan accrues interest at 4.41%, principal and interest is payable semi-annually, final maturity is September 1, 2025. This debt is expected to be repaid with future capital fund revenues. The balance outstanding as of June 30, 2019, was \$2,900,000. Interest paid during the audit period was \$147,420. The schedule of maturities follows:

Year End	Principal Payment	Interest Payment	Total
2020	360,000	139,830	499,830
2021	380,000	123,990	503,990
2022	395,000	107,270	502,270
2023	415,000	89,100	504,100
2024	435,000	70,010	505,010
Thereafter	915,000	72,260	987,260
Total Bond Payable	\$ 2,900,000	\$ 602,460	\$ 3,502,460

Note 15 - Notes Payable

Total notes payable for the component units at December 31, 2018 totaled \$17,716,934 and consisted of \$18,187,567 in loans and interest as listed below and negative (\$470,633) for debt issuance cost:

Description	Notes	Accrued Interest	Total
Briggs-Rosalind - IHDA	\$ 3,296,724	\$ 18,132	\$ 3,314,856
Briggs-Rosalind - IHDA	857,083	-	857,083
Briggs-Rosalind - HAJ	350,000	-	350,000
Briggs-Rosalind - HAJ	203,645	112,002	315,647
Briggs-Rosalind - HAJ	620,000	-	620,000
Liberty Meadows Estate - IHDA	2,005,987	-	2,005,987
Liberty Meadows Estate - HAJ	430,000	56,176	486,176
Liberty Meadows Estate - HAJ	610,264	79,726	689,990
Liberty Meadows Estate - HAJ	1,041,858	136,110	1,177,968
Liberty Meadows Estate - HAJ	136,000	17,767	153,767
Water's Edge - BofA	3,700,000		3,700,000
Water's Edge - IFF	2,200,000		2,200,000
Water's Edge - WCHDC	750,000	120,458	870,458
Water's Edge - WCHDC	1,211,140	234,496	1,445,636
Total Notes and Interest Payable	\$ 17,412,701	\$ 774,866	\$ 18,187,567

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Briggs-Rosalind Phase One, LP

First mortgage note payable to Illinois Housing Development Authority (IHDA), interest at 6.6%, monthly payments of \$20,824, including interest; matures January 1, 2050, at which time any unpaid principal and interest are due. The note is insured by the United States Department of Housing and Urban Development through the Risk Sharing Program and is collateralized by the real estate held for lease and an assignment of rent and leases. The balance as of December 31, 2018 was \$3,296,724.

Second mortgage note payable to IHDA, bearing no interest, with monthly payments of principal only of \$2,917, is due until January 1, 2019. Commencing on February 1, 2019, monthly payments of principal only of \$5,417 are due; note matures November 1, 2027, at which time any unpaid principal is due. The note is collateralized by the real estate lease and an assignment of rent and leases. The balance as of December 31, 2018 was \$857,083.

Third mortgage note payable to the Housing Authority of Joliet. This note is a noninterest bearing obligation with principal due in full on October 1, 2037. The note is collateralized by the real estate held for lease. The balance as of December 31, 2018 was \$350,000.

Fourth mortgage note payable to the Housing Authority of Joliet, bearing interest at 5%, with principal and interest due in full on October 1, 2037. The note is collateralized by the real estate held for lease. The balance as of December 31, 2018 was \$203,645.

Fifth mortgage note payable to the Housing Authority of Joliet, bearing no interest, principal due in full on October 1, 2037. The note is collateralized by the real estate held for lease. The balance as of December 31, 2018 was \$620,000.

Liberty Meadow Estates Phase II, LP

The first mortgage dated December 27, 2012, is held by IHDA in the original amount of \$2,100,000 and bears interest at 5.8% per annum. Monthly installments of principal and interest in the amount of \$11,263 are due until maturity. The loan matures on January 1, 2053, at which time the entire outstanding principal balance and accrued interest are due. The loan is subject to prepayment penalties as described in the loan agreement. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2018, was \$2,005,987.

The HOME loan dated August 16, 2011, is held by the Housing Authority of Joliet in the original amount of \$430,000 and bears interest of 2% per annum. Principal and interest payments are payable from cash flow. The mortgage matures on August 31, 2051, at which time the entire principal balance is due. The Project is subject to compliance with the HOME program rules and regulations. If the Project is in non-compliance with the HOME program rules and regulations, the project will be subject to the recapture provisions mentioned in the loan agreement. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2018, was \$430,000.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

The replacement housing factor loan dated August 16, 2011 is held by the Housing Authority of Joliet in the original amount of \$610,264 and bears interest at 2% per annum. Principal and interest payments are payable from cash flow. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2018 was \$610,264.

The capital funds loan dated August 16, 2011, is held by the Housing Authority of Joliet in the original amount of \$1,041,858 and bears interest at 2% per annum. Principal and interest payments are payable from cash flow. The mortgage matures on August 31, 2051, at which time the entire principal balance is due. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2018 was \$1,041,858.

The AHP loan dated August 16, 2011, is held by the Housing Authority of Joliet in the original amount of \$136,000 and bears interest at 2% per annum. Principal and interest payments are payable from cash flow. The mortgage matures on August 31, 2051, at which time the entire principal balance is due. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2018 was \$136,000.

Water's Edge, LP

The first mortgage dated December 18, 2018 is with Bank of America, N.A., in the original amount of \$3,700,000. The note bears interest at 4.89% per annum. Commencing on February 1, 2019, monthly principal and interest payments of \$18,581 are due. The entire unpaid balance of principal and accrued interest shall be due and payable on January 1, 2035 (the maturity date). The loan is collateralized by real estate held for lease and an assignment of rents and leases.

The second mortgage, dated December 18, 2018, is with IFF, in the original amount of \$2,200,000. The note bears interest at 6.5% per annum. Commencing on February 1, 2019, monthly principal and interest payments of \$13,434 are due. The entire unpaid balance of principal and accrued interest shall be due and payable on January 1, 2035 (the maturity date). The loan is collateralized by real estate held for lease and an assignment of rents and leases.

The subordinate loan dated September 16, 2016, is with Will County Housing Development Corporation, NFP (WCHDC), in the original amount of \$1,524,121. The note bears interest at 8% per annum, compounded annually, and is payable from the cash flow in accordance with the Partnership-Agreement. The entire unpaid balance of principal and accrued interest shall be due and payable on October 1, 2038 (the maturity date). As of December 31, 2018, accrued interest payable was \$234,496. The loan is collateralized by real estate held for lease and an assignment of rents and leases.

The Promissory Note, dated September 16, 2016, is with Will County Housing Development Corporation, NFP (WCHDC), in the original amount of \$750,000 from AHP funds. The note bears interest at 8% per annum and is payable from cash flow in accordance with the

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Partnership Agreement. The entire unpaid balance of principal and accrued interest shall be due and payable on October 1, 2038 (the maturity date). As of December 31, 2018, accrued interest payable was \$120,458. The loan is collateralized by real estate held for lease and an assignment of rents and leases.

Notes Payable Current/Non-Current	
Current Balance	\$ 915,616
Non-Current Balance	16,801,318
Total Notes Payable	<u>\$ 17,716,934</u>

Note 16 - Employee Benefit Plan

The Authority has an employee defined contribution retirement plan with the financial services company, John Hancock. To be eligible, an employee must have completed three months of service. A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

Vesting occurs at 20% per year for five years at which time the employee is fully vested. The Authority matches up to 6% of each participating employee's annual wages. Employee and employer contributions to the plan during the year ended June 30, 2019 were \$106,259 and \$97,520, respectively. Total payroll expense for the Authority was \$2,161,365.

Other than the above mentioned pension plan, the Authority does not participate in Other Post Employment Benefits.

Note 17 - Commitments and Contingencies

The Authority receives financial assistance from federal government agencies in the form of grants and operating subsidies. Disbursements of funds received under these programs require compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. In the opinion of management, any such disallowed claims would not have a material effect on the overall financial position of the Authority.

The Authority also has certain contingent liabilities resulting from litigations, claims, and commitments incident to the ordinary course of business. Management expects the final resolution of such contingencies will not have a material adverse effect on the financial position of the Authority.

HOUSING AUTHORITY OF JOLIET
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 18 - Administrative Fees

The Authority receives an "Administrative Fee" as part of each of the annual contributions contract from HUD to cover the costs (including overhead) of administering the Housing Choice Voucher Housing Assistance programs.

Note 19 - Allocation of Cost

The Authority uses the direct cost method to recognize the expenses of each project and program. The central office charges the projects and programs a management fee. This fee is recognized as income for the central office and as an expense for the projects and programs. These fees between the projects and central office are eliminated during the reporting process. Fees from the programs are not eliminated and are recognized as revenue to central office and an expense to the program. Management considers this to be an equitable method of allocation.

Note 20 - Subsequent Events

Management has performed an analysis of activities and transactions subsequent to June 30, 2019, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2019. Management has performed their analysis through January 31, 2020, the date the financial statements were issued. The Authority has not evaluated events occurring after January 31, 2020, in these financial statements.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF JOLIET
STATEMENT OF PROGRAM NET POSITION
JUNE 30, 2019

EXHIBIT D

	Low-Rent Public Housing	Housing Choice Voucher	Other Programs	Blended Component Unit	Eliminations	Total Primary Government	Discretely Presented Comp. Units	2019 Total Authority
ASSETS								
<u>CURRENT ASSETS</u>								
Cash Equivalents - Unrestricted \$	3,029,530	\$ 1,022,610	\$	\$ 1,013,776	\$	\$ 5,065,916	\$ 1,157,289	\$ 6,223,205
Cash Equivalents - Restricted	133,623	836,533		24,359		994,515	2,310,890	3,305,405
Accounts Receivable, net	1,876,399	493,714		3,304,512	(4,955,609)	719,016	247,543	966,559
Prepaid Expenses	100,653	887		10,020		111,560	58,763	170,323
Material Inventories, net	141,768					141,768		141,768
Total Current Assets	5,281,973	2,353,744	-	4,352,667	(4,955,609)	7,032,775	3,774,485	10,807,260
<u>NON CURRENT ASSETS</u>								
Other Assets				1,137,967		1,137,967	94,701	1,232,668
Notes Receivable - Long Term	3,856,763			152,858		4,009,621		4,009,621
Capital Assets, net	17,408,973	10,313		360,060		17,779,346	35,647,713	53,427,059
Total Non-Current Assets	21,265,736	10,313	-	1,650,885	-	22,926,934	35,742,414	58,669,348
TOTAL ASSETS	\$ 26,547,709	\$ 2,364,057	\$ -	\$ 6,003,552	\$ (4,955,609)	\$ 29,959,709	\$ 39,516,899	\$ 69,476,608
LIABILITIES AND NET POSITION								
<u>CURRENT LIABILITIES</u>								
Accounts Payable \$	2,303,886	\$ 302,577	\$	\$ 2,632,148	\$ (4,955,609)	\$ 283,002	\$ 316,482	\$ 599,484
Accrued Liabilities	236,637	9,098		7,508		253,243	413,441	666,684
Accrued Comp. Abs. - Current	81,322	12,534		316		94,172		94,172
Deferred Revenue - Current	431,106					431,106		431,106
Notes and Bonds - Current	439,303					439,303	915,616	1,354,919
Total Current Liabilities	3,492,254	324,209	-	2,639,972	(4,955,609)	1,500,826	1,645,539	3,146,365
<u>NONCURRENT LIABILITIES</u>								
Escrow Deposits		175,989				175,989		175,989
Accr. Comp. Abs. - Non-Current	236,848	47,099		1,189		285,136		285,136
Deferred Revenue - Long-Term	25			908,467		908,492	1,582,959	2,491,451
Notes and Bonds - Long-Term	2,583,459					2,583,459	16,801,318	19,384,777
Total Noncurrent Liabilities	2,820,332	223,088	-	909,656	-	3,953,076	18,384,277	22,337,353
Total Liabilities	6,312,586	547,297	-	3,549,628	(4,955,609)	5,453,902	20,029,816	25,483,718
<u>NET POSITION</u>								
Unrestricted Net Position	5,743,364	1,141,841	-	2,093,864	-	8,979,069	781,438	9,760,507
Restricted Net Position		664,606				664,606		664,606
Net Investment in Capital Assets	14,491,759	10,313	-	360,060	-	14,862,132	18,705,645	33,567,777
Total Net Position	20,235,123	1,816,760	-	2,453,924	-	24,505,807	19,487,083	43,992,890
TOTAL LIABILITIES AND NET POSITION	\$ 26,547,709	\$ 2,364,057	\$ -	\$ 6,003,552	\$ (4,955,609)	\$ 29,959,709	\$ 39,516,899	\$ 69,476,608

See Accompanying Notes to the Financial Statements

HOUSING AUTHORITY OF JOLIET
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT E

	Low-Rent Public Housing	Housing Choice Voucher	Other Programs	Blended Component Unit	Eliminations	Total Primary Government	Discretely Presented Comp. Units	2019 Total Authority
OPERATING REVENUES								
Tenant Charges	\$ 2,164,513	\$	\$	\$ 7,290	\$	\$ 2,171,803	\$ 2,313,037	\$ 4,484,840
HUD Operating Grants	5,929,626	20,420,626	147,757			26,498,009		26,498,009
Other Income	2,027,323	6,387,213		66,454	(1,501,046)	6,979,944	23,608	7,003,552
TOTAL REVENUES	10,121,462	26,807,839	147,757	73,744	(1,501,046)	35,649,756	2,336,645	37,986,401
OPERATING EXPENSES								
Administrative Expenses	5,168,968	1,144,191		103,099	(1,501,046)	4,915,212	373,033	5,288,245
Tenant Services	131,040	128,374	147,757			407,171		407,171
Utilities Expenses	1,007,687	4,630				1,012,317	81,030	1,093,347
Ordinary Maintenance	2,107,592	5,839		48,383		2,161,814	404,910	2,566,724
Protective Services	225,077	217				225,294	1,184	226,478
Insurance Expenses	503,149	80,761		14,839		598,749	194,646	793,395
General Expenses	411,534	66,010		521,334		998,878	187,469	1,186,347
Housing Assistance Payments		24,950,920				24,950,920		24,950,920
Depreciation Expense	1,227,903	3,221		30,190		1,261,314	1,429,788	2,691,102
TOTAL OPERATING EXPENSES	10,782,950	26,384,163	147,757	717,845	(1,501,046)	36,531,669	2,672,060	39,203,729
OPERATING INCOME (LOSS)	(661,488)	423,676	-	(644,101)	-	(881,913)	(335,415)	(1,217,328)
NON-OPERATING REVENUES AND (EXPENSES)								
Interest Income	93,035	719		66,880		160,634	19,451	180,085
Interest and Amortization Exp.	(169,778)					(169,778)	(1,259,646)	(1,429,424)
Total Non-Op. Income/(Loss)	(76,743)	719	-	66,880	-	(9,144)	(1,240,195)	(1,249,339)
CAPITAL CONTRIBUTIONS AND (LOSSES)								
HUD Capital Grants	365,307					365,307		365,307
Transfer In / (Out)						-		-
Total Non-Op. Income/(Loss)	365,307	-	-	-	-	365,307	-	365,307
CHANGES IN NET POSITION	(372,924)	424,395	-	(577,221)	-	(525,750)	(1,575,610)	(2,101,360)
BEGINNING NET POSITION	20,608,047	1,392,365	-	3,031,145	-	25,031,557	11,505,151	36,536,708
PRIOR PERIOD ADJUSTMENT						-	9,557,542	9,557,542
ENDING NET POSITION	\$ 20,235,123	\$ 1,816,760	\$ -	\$ 2,453,924	\$ -	\$ 24,505,807	\$ 19,487,083	\$ 43,992,890

See Accompanying Notes to the Financial Statements

Housing Authority of Joliet (IL024)

JOLIET, IL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.DVP Disaster Voucher Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,919,372	\$4,802		\$861,457	\$1,157,289	\$1,170,127		\$110,158	\$6,223,205		\$6,223,205
112 Cash - Restricted - Modernization and Development					\$0				\$0		\$0
113 Cash - Other Restricted				\$836,533	\$1,513,846	\$18,833			\$2,369,212		\$2,369,212
114 Cash - Tenant Security Deposits	\$133,624				\$166,182	\$5,525			\$305,331		\$305,331
115 Cash - Restricted for Payment of Current Liabilities				\$0	\$630,862				\$630,862		\$630,862
100 Total Cash	\$3,052,996	\$4,802	\$0	\$1,697,990	\$3,468,179	\$1,194,485	\$0	\$110,158	\$9,528,610	\$0	\$9,528,610
121 Accounts Receivable - PHA Projects				\$346,138	\$36,408				\$382,546		\$382,546
122 Accounts Receivable - HUD Other Projects	\$22,001				\$59,958				\$81,959		\$81,959
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous	\$12,988			\$10,656		\$295,104		\$1,606	\$320,354		\$320,354
126 Accounts Receivable - Tenants	\$51,800				\$181,412				\$233,212		\$233,212
126.1 Allowance for Doubtful Accounts - Tenants	\$21,277				\$30,235				-\$51,512		-\$51,512
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery				\$167,136					\$167,136		\$167,136
128.1 Allowance for Doubtful Accounts - Fraud				-\$167,136					-\$167,136		-\$167,136
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$65,512	\$0	\$0	\$356,794	\$247,543	\$295,104	\$0	\$1,606	\$966,559	\$0	\$966,559
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$97,386			\$887	\$58,763	\$10,020		\$3,267	\$170,323		\$170,323
143 Inventories	\$142,466							\$1,832	\$144,298		\$144,298
143.1 Allowance for Obsolete Inventories	\$2,529							\$1	-\$2,530		-\$2,530
144 Inter Program Due From	\$1,138	\$0		\$0		\$228,413		\$0	\$229,551	-\$229,551	\$0
145 Assets Held for Sale											
150 Total Current Assets	\$3,356,969	\$4,802	\$0	\$2,055,671	\$3,774,485	\$1,728,022	\$0	\$116,862	\$11,036,811	-\$229,551	\$10,807,260
161 Land	\$8,494,983				\$1,770,383			\$186,308	\$10,451,674		\$10,451,674
162 Buildings	\$43,855,048				\$37,781,418	\$586,674		\$549,697	\$82,772,837		\$82,772,837
163 Furniture, Equipment & Machinery - Dwellings	\$77,401				\$878,716				\$956,117		\$956,117
164 Furniture, Equipment & Machinery - Administration	\$653,979			\$57,111		\$415		\$681,732	\$1,393,237		\$1,393,237
165 Leasehold Improvements						\$15,461			\$15,461		\$15,461
166 Accumulated Depreciation	-\$39,693,765		\$0	-\$46,798	-\$8,171,765	-\$242,490		-\$1,416,078	-\$49,570,896		-\$49,570,896
167 Construction in Progress	\$20,307							\$209,889	\$230,196		\$230,196
168 Infrastructure	\$3,221,090				\$3,388,961			\$568,382	\$7,178,433		\$7,178,433
160 Total Capital Assets, Net of Accumulated Depreciation	\$16,629,043	\$0	\$0	\$10,313	\$35,647,713	\$360,060	\$0	\$779,930	\$53,427,059	\$0	\$53,427,059
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,897,040					\$152,858		\$1,959,723	\$4,009,621		\$4,009,621
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets					\$94,701	\$1,137,967			\$1,232,668		\$1,232,668
176 Investments in Joint Ventures											
180 Total Non-Current Assets	\$18,526,083	\$0	\$0	\$10,313	\$35,742,414	\$1,650,885	\$0	\$2,739,653	\$58,669,348	\$0	\$58,669,348
200 Deferred Outflow of Resources											
290 Total Assets and Deferred Outflow of Resources	\$21,883,052	\$4,802	\$0	\$2,065,984	\$39,516,899	\$3,378,907	\$0	\$2,856,515	\$69,706,159	-\$229,551	\$69,476,608
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$70,941			\$9,306	\$150,301	\$1,995		\$26,571	\$259,114		\$259,114

Housing Authority of Joliet (IL024)

JOLIET, IL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.DVP Disaster Voucher Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	\$20,282			\$8,815				\$10,691	\$39,788		\$39,788
322 Accrued Compensated Absences - Current Portion	\$59,533			\$12,534		\$316		\$21,789	\$94,172		\$94,172
324 Accrued Contingency Liability											
325 Accrued Interest Payable	\$78,374				\$774,866			\$928	\$854,168		\$854,168
331 Accounts Payable - HUD PHA Programs	\$0		\$0	\$0					\$0		\$0
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government											
341 Tenant Security Deposits	\$130,045				\$166,182	\$3,810			\$300,037		\$300,037
342 Unearned Revenue	\$431,106					\$0			\$431,106		\$431,106
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$355,788				\$140,750			\$4,212	\$500,750		\$500,750
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities	\$34,552					\$1,700		\$4,087	\$40,339		\$40,339
346 Accrued Liabilities - Other	\$198,696			\$282	\$413,441	\$7,507		\$6,965	\$626,891		\$626,891
347 Inter Program - Due To								\$229,551	\$229,551	-\$229,551	\$0
348 Loan Liability - Current											
310 Total Current Liabilities	\$1,379,317	\$0	\$0	\$30,937	\$1,645,540	\$15,328	\$0	\$304,794	\$3,375,916	-\$229,551	\$3,146,365
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$2,553,340				\$16,801,317			\$30,120	\$19,384,777		\$19,384,777
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	\$25			\$175,989	\$1,582,959	\$908,467			\$2,667,440		\$2,667,440
354 Accrued Compensated Absences - Non Current	\$154,975			\$47,099		\$1,189		\$81,873	\$285,136		\$285,136
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities								\$0	\$0		\$0
350 Total Non-Current Liabilities	\$2,708,340	\$0	\$0	\$223,088	\$18,384,276	\$909,656	\$0	\$111,993	\$22,337,353	\$0	\$22,337,353
300 Total Liabilities	\$4,087,657	\$0	\$0	\$254,025	\$20,029,816	\$924,984	\$0	\$416,787	\$25,713,269	-\$229,551	\$25,483,718
400 Deferred Inflow of Resources											
508.3 Nonspendable Fund Balance											
508.4 Net Investment in Capital Assets	\$13,719,915			\$10,313	\$18,705,645	\$360,060		\$771,844	\$33,567,777		\$33,567,777
509.3 Restricted Fund Balance											
510.3 Committed Fund Balance											
511.3 Assigned Fund Balance											
511.4 Restricted Net Position				\$664,606					\$664,606		\$664,606
512.3 Unassigned Fund Balance											
512.4 Unrestricted Net Position	\$4,075,480	\$4,802	\$0	\$1,137,040	\$781,438	\$2,093,863	\$0	\$1,667,884	\$9,760,507		\$9,760,507
513 Total Equity - Net Assets / Position	\$17,795,395	\$4,802	\$0	\$1,811,959	\$19,487,083	\$2,453,923	\$0	\$2,439,728	\$43,992,890	\$0	\$43,992,890
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$21,883,052	\$4,802	\$0	\$2,065,984	\$39,516,899	\$3,378,907	\$0	\$2,856,515	\$69,706,159	-\$229,551	\$69,476,608

Housing Authority of Joliet (IL024)
JOLIET, IL
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.DVP Disaster Voucher Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,111,044				\$2,313,037	\$7,290			\$4,431,371		\$4,431,371
70400 Tenant Revenue - Other	\$53,469								\$53,469		\$53,469
70500 Total Tenant Revenue	\$2,164,513	\$0	\$0	\$0	\$2,313,037	\$7,290	\$0	\$0	\$4,484,840	\$0	\$4,484,840
70600 HUD PHA Operating Grants	\$5,927,901		\$73,096	\$20,420,626			\$74,661	\$1,725	\$26,498,009		\$26,498,009
70610 Capital Grants	\$361,271							\$4,036	\$365,307		\$365,307
70710 Management Fee								\$1,281,663	\$1,281,663	-\$1,281,663	\$0
70720 Asset Management Fee											
70730 Book Keeping Fee								\$224,260	\$224,260	-\$224,260	\$0
70740 Front Line Service Fee											
70750 Other Fees											
70700 Total Fee Revenue								\$1,505,923	\$1,505,923	-\$1,505,923	\$0
70800 Other Government Grants											
71100 Investment Income - Unrestricted	\$39,368			\$719	\$19,451	\$66,880		\$53,667	\$180,085		\$180,085
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery				\$17,984					\$17,984		\$17,984
71500 Other Revenue	\$293,277			\$6,369,228	\$23,608	\$66,454		\$212,695	\$6,965,262		\$6,965,262
71600 Gain or Loss on Sale of Capital Assets	\$20,306								\$20,306		\$20,306
72000 Investment Income - Restricted											
70000 Total Revenue	\$8,806,636	\$0	\$73,096	\$26,808,557	\$2,356,096	\$140,624	\$74,661	\$1,778,046	\$40,037,716	-\$1,505,923	\$38,531,793
91100 Administrative Salaries	\$576,322			\$314,262	\$113,025	\$17,990		\$540,918	\$1,562,517		\$1,562,517
91200 Auditing Fees	\$8,450			\$8,450	\$41,826			\$8,450	\$67,176		\$67,176
91300 Management Fee	\$977,549			\$290,650	\$0	\$13,464			\$1,281,663	-\$1,281,663	\$0
91310 Book-keeping Fee	\$70,043			\$149,498		\$4,719			\$224,260	-\$224,260	\$0
91400 Advertising and Marketing	\$1,871			\$72	\$1,217	\$414		\$23,908	\$27,482		\$27,482
91500 Employee Benefit contributions - Administrative	\$269,188			\$215,294		\$2,525		\$247,003	\$734,010		\$734,010
91600 Office Expenses	\$38,200			\$755	\$16,280	\$2,155		\$25,980	\$83,370		\$83,370
91700 Legal Expense	\$81,070			\$11,408	\$27,733	\$18,638		\$46,596	\$185,445		\$185,445
91800 Travel	\$2,092			\$8,393		\$6,395		\$6,363	\$23,243		\$23,243
91810 Allocated Overhead											
91900 Other	\$1,982,716			\$145,406	\$172,952	\$36,799		\$267,129	\$2,605,002		\$2,605,002
91000 Total Operating - Administrative	\$4,007,501	\$0	\$0	\$1,144,188	\$373,033	\$103,099	\$0	\$1,166,347	\$6,794,168	-\$1,505,923	\$5,288,245
92000 Asset Management Fee											
92100 Tenant Services - Salaries	\$63,989		\$49,794	\$49,457			\$49,794		\$213,034		\$213,034
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services			\$23,302	\$26,076			\$24,867		\$74,245		\$74,245
92400 Tenant Services - Other	\$67,050			\$52,842					\$119,892		\$119,892
92500 Total Tenant Services	\$131,039	\$0	\$73,096	\$128,375	\$0	\$0	\$74,661	\$0	\$407,171	\$0	\$407,171
93100 Water	\$524,496				\$69,876			\$3,344	\$597,716		\$597,716
93200 Electricity	\$235,032			\$3,461	\$7,434			\$3,331	\$249,258		\$249,258
93300 Gas	\$234,683			\$1,169	\$3,720			\$1,169	\$240,741		\$240,741
93400 Fuel	\$1,368								\$1,368		\$1,368
93500 Labor											
93600 Sewer											
93700 Employee Benefit Contributions - Utilities											

Housing Authority of Joliet (IL024)
JOLIET, IL
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.DVP Disaster Voucher Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
93800 Other Utilities Expense	\$4,264								\$4,264		\$4,264
93000 Total Utilities	\$999,843	\$0	\$0	\$4,630	\$81,030	\$0	\$0	\$7,844	\$1,093,347	\$0	\$1,093,347
94100 Ordinary Maintenance and Operations - Labor	\$611,737				\$75,711	\$30,806		\$141	\$718,395		\$718,395
94200 Ordinary Maintenance and Operations - Materials and Other	\$191,480			\$2,104	\$91,459	\$684		\$11,040	\$296,767		\$296,767
94300 Ordinary Maintenance and Operations Contracts	\$1,105,000			\$3,735	\$237,740	\$5,239		\$89,355	\$1,441,069		\$1,441,069
94500 Employee Benefit Contributions - Ordinary Maintenance	\$98,838					\$11,655			\$110,493		\$110,493
94000 Total Maintenance	\$2,007,055	\$0	\$0	\$5,839	\$404,910	\$48,384	\$0	\$100,536	\$2,566,724	\$0	\$2,566,724
95100 Protective Services - Labor	\$140,643								\$140,643		\$140,643
95200 Protective Services - Other Contract Costs	\$10,117				\$1,184			\$3,593	\$14,894		\$14,894
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services	\$70,724			\$217					\$70,941		\$70,941
95000 Total Protective Services	\$221,484	\$0	\$0	\$217	\$1,184	\$0	\$0	\$3,593	\$226,478	\$0	\$226,478
96110 Property Insurance	\$141,895				\$175,080			\$13,009	\$329,984		\$329,984
96120 Liability Insurance	\$74,994			\$3,477		\$4,326		\$8,269	\$91,066		\$91,066
96130 Workmen's Compensation	\$163,786			\$72,647		\$7,884		\$61,855	\$306,172		\$306,172
96140 All Other Insurance	\$33,524			\$4,637	\$19,566	\$2,629		\$5,817	\$66,173		\$66,173
96100 Total insurance Premiums	\$414,199	\$0	\$0	\$80,761	\$194,646	\$14,839	\$0	\$88,950	\$793,395	\$0	\$793,395
96200 Other General Expenses	\$164,415			\$41,751	\$30,672	\$519,829		\$56,922	\$813,589		\$813,589
96210 Compensated Absences	\$34,149			\$10,161		\$1,505		\$20,363	\$66,178		\$66,178
96300 Payments in Lieu of Taxes	\$133,353				\$156,797				\$290,150		\$290,150
96400 Bad debt - Tenant Rents	\$2,332								\$2,332		\$2,332
96500 Bad debt - Mortgages											
96600 Bad debt - Other				\$14,098					\$14,098		\$14,098
96800 Severance Expense											
96000 Total Other General Expenses	\$334,249	\$0	\$0	\$66,010	\$187,469	\$521,334	\$0	\$77,285	\$1,186,347	\$0	\$1,186,347
96710 Interest of Mortgage (or Bonds) Payable	\$167,788				\$1,040,902			\$1,990	\$1,210,680		\$1,210,680
96720 Interest on Notes Payable (Short and Long Term)					\$181,744				\$181,744		\$181,744
96730 Amortization of Bond Issue Costs					\$37,000				\$37,000		\$37,000
96700 Total Interest Expense and Amortization Cost	\$167,788	\$0	\$0	\$0	\$1,259,646	\$0	\$0	\$1,990	\$1,429,424	\$0	\$1,429,424
96900 Total Operating Expenses	\$8,283,158	\$0	\$73,096	\$1,430,020	\$2,501,918	\$687,656	\$74,661	\$1,446,545	\$14,497,054	-\$1,505,923	\$12,991,131
97000 Excess of Operating Revenue over Operating Expenses	\$523,478	\$0	\$0	\$25,378,537	-\$145,822	-\$547,032	\$0	\$331,501	\$25,540,662	\$0	\$25,540,662
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments				\$18,864,636					\$18,864,636		\$18,864,636
97350 HAP Portability-In				\$6,086,284					\$6,086,284		\$6,086,284
97400 Depreciation Expense	\$1,190,838			\$3,221	\$1,429,788	\$30,190		\$37,065	\$2,691,102		\$2,691,102
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$9,473,996	\$0	\$73,096	\$26,384,161	\$3,931,706	\$717,846	\$74,661	\$1,483,610	\$42,139,076	-\$1,505,923	\$40,633,153
10010 Operating Transfer In	\$564,762							\$5,761	\$570,523		\$570,523

Housing Authority of Joliet (IL024)
JOLIET, IL
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	14.DVP Disaster Voucher Program	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	COCC	Subtotal	ELIM	Total
10020 Operating transfer Out	-\$564,762							-\$5,761	-\$570,523		-\$570,523
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In	\$100,000								\$100,000		\$100,000
10092 Inter Project Excess Cash Transfer Out	-\$100,000								-\$100,000		-\$100,000
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$667,360	\$0	\$0	\$424,396	-\$1,575,610	-\$577,222	\$0	\$294,436	-\$2,101,360	\$0	-\$2,101,360
11020 Required Annual Debt Principal Payments	\$355,788	\$0	\$0	\$0	\$87,914	\$0	\$0	\$0	\$443,702		\$443,702
11030 Beginning Equity	\$18,462,755	\$4,802	\$0	\$1,387,563	\$11,505,151	\$3,031,145	\$0	\$2,145,292	\$36,536,708		\$36,536,708
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0	\$9,557,542			\$0	\$9,557,542		\$9,557,542
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity				\$1,147,353					\$1,147,353		\$1,147,353
11180 Housing Assistance Payments Equity				\$664,606					\$664,606		\$664,606
11190 Unit Months Available	9504			20133	2208	55			31900		31900
11210 Number of Unit Months Leased	9373			19954	2208	55			31590		31590
11270 Excess Cash	\$1,194,908								\$1,194,908		\$1,194,908
11610 Land Purchases	\$0							\$0	\$0		\$0
11620 Building Purchases	\$20,307							\$0	\$20,307		\$20,307
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0							\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$340,964							\$0	\$340,964		\$340,964
11660 Infrastructure Purchases	\$0							\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$332,433							\$0	\$332,433		\$332,433
13901 Replacement Housing Factor Funds	\$0							\$0	\$0		\$0

HOUSING AUTHORITY OF JOLIET
SCHEDULE EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT F

FEDERAL GRANTOR	CFDA #	FEDERAL AWARDS EXPENDED	TOTAL PROGRAM EXPENDITURES
Major Federal Programs - U S Department of Housing and Urban Development			
<u>Low-Income Rental Housing Programs</u>			
Public and Indian Housing	14.850	3,678,293	7,005,116
Public Housing Capital Fund	14.872	2,616,640	2,616,640
Total Major Federal Program		6,294,933	9,621,756
Non-Major Federal Program - U S Department of Housing and Urban Development			
<u>Non-Major Programs</u>			
<u>Housing Choice Voucher Cluster</u>			
Section 8 Housing Choice Voucher Program	14.871	\$ 20,420,626	\$ 26,384,161
PIH Family Self-Sufficiency Program	14.896	74,661	74,661
Resident Opportunity and Self Sufficiency	14.870	73,096	73,096
Total Non-Major Federal Program		20,568,383	26,531,918
Total All Programs		\$ 26,863,316	\$ 36,153,674

HOUSING AUTHORITY OF JOLIET
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of Joliet, (Authority), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Authority's consolidated financial statements.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended June 30, 2019. The awards are classified into major and non-major program categories in accordance with the provisions of the Uniform Guidance. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended June 30, 2019, and should be read in conjunction with the Authority's consolidated financial statements.

The Authority did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

Note 2 – Sources of Funding

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed-through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.

Note 3 – Sub-recipients

There were no sub-recipients for the year ended June 30, 2019.

Note 4 – Loans Outstanding

There were no federal loans outstanding for the year ended June 30, 2019.

Note 5 – Non-Cash Assistance

The Authority provided no non-cash assistance for the year ended June 30, 2019.

Note 6 – Insurance

The Authority had no federal insurance for the year ended June 30, 2019.

HOUSING AUTHORITY OF JOLIET
 STATEMENT OF CAPITAL FUND PROGRAM COST COMPLETED
 FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT G

ANNUAL CONTRIBUTION CONTRACT IL06PO24501 - 15, 16, 17			
	501 - 17	501 - 18	Total
Funds Approved	\$ 2,029,462	\$ 3,135,275	\$ 5,164,737
Funds Expended	<u>2,029,462</u>	<u>2,078,154</u>	<u>4,107,616</u>
Excess\ (Deficit) of Funds Approved	\$ <u>-</u>	\$ <u>1,057,121</u>	\$ <u>1,057,121</u>
Funds Advanced	\$ 2,029,462	\$ 2,078,154	\$ 4,107,616
Funds Expended	<u>2,029,462</u>	<u>2,078,154</u>	<u>4,107,616</u>
Excess\ (Deficit) of Funds Advanced	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

- 1 The total costs of the Modernization costs of the Mordernization grant is shown above.
- 2 All Modernization work in connection with the Modernization have been completed.
- 3 The entire actual modernization costs or liabilities therefore incurred by the Authority have been fully paid;
- 4 There are no undischarges mechanics', laborers contractors', or material-men leins against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- 5 The time in which such lein could be filed has expired.

HOUSING AUTHORITY OF JOLIET
STATEMENT OF FAMILY SELF SUFFICIENCY PROGRAM COST COMPLETED
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT H

FAMILY SELF SUFFICIENCY PROGRAM FSS17IL0468
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Funds Approved	\$ 64,932
Funds Expended	<u>64,932</u>
Excess\ (Deficit) of Funds Approved	\$ <u>-</u>
 Funds Advanced	 \$ 64,932
Funds Expended	<u>64,932</u>
Excess\ (Deficit) of Funds Advanced	\$ <u>-</u>

- 1 All costs were incurred in the prior audit and accordingly were not reaudited by Velma Butler & Company, Ltd.
- 2 The total program costs as stated on the Annual Statement of cost on the Short Form 425 dated December 28, 2018 is in agreement with the Authority's records.
- 3 All Family Self Sufficiency cost have been paid and all related liabilities have been discharged through payment.

SINGLE AUDIT REPORTS

**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
Housing Authority of Joliet
Joliet, Illinois

U.S. Department of Housing and Urban
Development
Ralph Metcalfe Federal Building
77 West Jackson Boulevard
Chicago, 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 and the aggregate discretely presented component units of the Housing Authority of Joliet (Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 31, 2020.

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 opinions 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

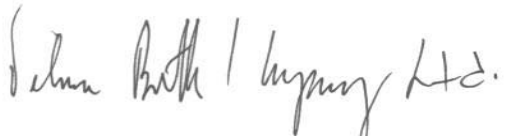
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not 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 Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "Velma Butler / Company Ltd." with a stylized flourish at the end.

Velma Butler & Company, Ltd.
Chicago, Illinois

January 31, 2020

**Report on Compliance for Each Major Program; Report on Internal
Control Over Compliance; and Report on Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of Commissioners
Housing Authority of Joliet
Joliet, Illinois

U.S. Department of Housing and Urban
Development
Ralph Metcalfe Federal Building
77 West Jackson Boulevard
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of Joliet (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal controls 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 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.

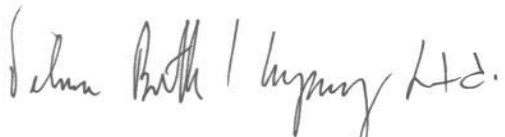
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 the internal controls 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2019, and have issued our report thereon dated January 31, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, appearing to read "Velma Butler / Company Ltd.", is written over a light blue horizontal line.

Velma Butler & Company, Ltd.
Chicago, Illinois

January 31, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COST

THE HOUSING AUTHORITY OF JOLIET
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

The type of report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Deficiencies identified not considered to be material weaknesses?
 ☐ Yes ☒ None reported

Noncompliance material to financial statements noted?
 ☐ Yes ☒ None reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Deficiencies identified not considered to be material weaknesses?
 ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Audit Guidance?
 ☐ Yes ☒ No

Identification of major program:

U.S. Department of Housing and Urban Development

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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Low Rent Rental Assistance Programs

14.850	Low Rent Public Housing
14.872	Public Housing Capital Fund Program

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**THE HOUSING AUTHORITY OF JOLIET
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CURRENT YEAR
FOR THE YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

There were no reportable findings for the fiscal year ended June 30, 2019.

Section III – Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended June 30, 2019.

**THE HOUSING AUTHORITY OF JOLIET
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - PRIOR YEAR
FOR THE YEAR ENDED JUNE 30, 2019**

Section IV – Financial Statement Findings

There were no reportable findings for the fiscal year ended June 30, 2018.

Section V – Federal Award Findings and Questioned Costs

There were no reportable findings for the fiscal year ended June 30, 2018.

**THE HOUSING AUTHORITY OF JOLIET
STATEMENT OF COMPLIANCE WITH
SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Section 8 Housing Management Assessment Program and did not observe any material instances of noncompliance.

**THE HOUSING AUTHORITY OF JOLIET
STATEMENT OF COMPLIANCE WITH
PUBLIC HOUSING ASSESSMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2019**

Velma Butler & Company, Ltd. audited the Authority's compliance with the Public Housing Assessment System Program and did not note any material instances of noncompliance.