

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

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**REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

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**TWELVE MONTHS ENDED MARCH 31, 2020**

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**TABLE OF CONTENTS**

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
<b>FINANCIAL STATEMENTS</b>	
Statement of Fund Net Position as of March 31, 2020 .....	11
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds - Twelve Months Ended March 31, 2020 .....	12
Statement of Cash Flows - Twelve Months Ended March 31, 2020 .....	13
Notes to Financial Statements .....	15
<b>SUPPLEMENTAL DATA</b>	
Schedule of Expenditure of Federal Awards .....	28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	30
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance .....	32
Status of Prior Audit Findings .....	34
Schedule of Findings and Questioned Costs - Summary .....	35
Current Findings, Recommendations and Replies .....	36
Financial Data Schedule - REAC Electronic Submission .....	37



## Independent Auditor's Report

Board of Directors  
Housing Authority of Pulaski County  
Mounds, Illinois

I have audited the accompanying financial statements of the business type activities of the Housing Authority of Pulaski County, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of Pulaski County's basic financial statements as listed in the table of contents.

### **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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 assessments, the auditor considers internal control relevant to the Housing Authority of Pulaski County'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 Housing Authority of Pulaski County's internal control. Accordingly, I 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 the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Housing Authority of Pulaski County, as of March 31, 2020 and the changes in its net position and its cash flows for the year end in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

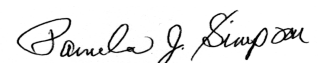
### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Pulaski County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Further, the financial data schedules shown on pages 36 to 40, and other supplemental information as listed in the table of contents are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are 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. 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 my opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 4, 2020 on my consideration of the Housing Authority of Pulaski County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of Pulaski County's internal control over reporting and compliance.



Certified Public Accountant

Decatur, Illinois  
December 4, 2020

***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

**Introduction**

This Management's Discussion and Analysis (MD&A) of the Pulaski County Housing Authority (Authority) provides an introduction and overview to the financial statements of the Pulaski County Housing Authority for the fiscal year ended March 31, 2020. The Pulaski County Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended March 31, 2020, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Pulaski County Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has four individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program, the Rural Development Housing Program, and the Management Program.

The Low Rent Program consists of 134 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.

The Capital Fund Program is also a formula-based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

The Rural Development Housing Program is 20 dwelling units constructed from loans provided by the Department of Agriculture benefiting rural residents classified as elderly or disabled. The apartment complex is subsidized by the Department of Agriculture through Rural Rental Assistance payments provided. Tenants typically pay rent, which is 30 percent of their adjusted gross income. The remaining portion of rent is provided by Rural Development in the form of rental assistance.

The Management Program operates as a business activity program of the Authority. Revenue is generated through management fees paid by other Housing Authorities.

***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

## **Overview of the Financial Statements**

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended March 31, 2020, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended March 31, 2020.

## **Financial Highlights**

The Pulaski County Housing Authority's net position decreased from \$2,077,729 to \$1,840,217, a decrease of \$237,512 or 11%. Total assets also decreased by \$232,303 or 8%.

Total revenue increased from \$1,087,234 to \$1,108,306, an increase of \$21,072 or 2%.

Total expenses decreased by \$55,279, from \$1,325,724 to \$1,270,445 for the current year.

***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

**Housing Authority Activities & Highlights**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended March 31, 2020, and March 31, 2019.

**Summary Statement of Net Position  
Years Ended March 31, 2020 and 2019**

<b>Category</b>	<b>3/31/2020</b>	<b>3/31/2019</b>	<b>Change \$</b>	<b>Change %</b>
Current Assets	\$ 618,563	\$ 636,934	\$ (18,371)	-3%
Fixed Assets (Net of Depreciation)	\$ 1,912,786	\$ 2,126,718	\$ (213,932)	-10%
Total Assets	\$ 2,531,349	\$ 2,763,652	\$ (232,303)	-8%
Current Liabilities	\$ 111,425	\$ 96,937	\$ 14,488	15%
Non Current Liabilities	\$ 579,707	\$ 588,986	\$ (9,279)	-2%
Total Liabilities	\$ 691,132	\$ 685,923	\$ 5,209	1%
Unrestricted	\$ 452,233	\$ 465,902	\$ (13,669)	-3%
Restricted	\$ 45,795	\$ 66,944	\$ (21,149)	-32%
Net Investment in Capital Assets	\$ 1,342,189	\$ 1,544,883	\$ (202,694)	-13%
Total Net Position	\$ 1,840,217	\$ 2,077,729	\$ (237,512)	-11%

**Current Assets**

Current assets decreased by \$18,371 or 3%. There was a decrease in cash-restricted in the amount of \$16,163 during the current year, due to the use of maintenance reserves.

**Noncurrent Assets**

The Authority's noncurrent assets decreased by \$213,932. See the capital asset section for more details.

**Current Liabilities**

Current liabilities increased by \$14,488. This was due primarily to accounts payable other government increasing by \$5,601 and unearned revenue increased \$5,183 in the current year.

**Net Position**

The net position of the Authority decreased by \$237,512 from the previous fiscal year.

The Authority's unrestricted component of net position changed from \$465,902 to \$452,233, a decrease of \$13,669, or 3% for the current year. The principal reason for the decrease is due to the addition of the Management Program's operating expenses exceeding the operating revenue. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

Low Rent Housing Program	\$ 437,609
Rural Development Housing Program	\$ 27,423
Management Program	<u>\$ (12,799)</u>
Total Unrestricted Net Position	<u>\$ 452,233</u>

**Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended March 31, 2020 and 2019**

<u>Category</u>	3/31/2020	3/31/2019	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 474,815	\$ 468,527	\$ 6,288	1%
Government Operating Grants	\$ 484,498	\$ 580,963	\$ (96,465)	-17%
Capital Grants	\$ 12,747	\$ 11,932	\$ 815	7%
Other Revenue	\$ 129,598	\$ 20,209	\$ 109,389	541%
Interest Income	\$ 6,648	\$ 5,603	\$ 1,045	19%
Total Revenue	\$ 1,108,306	\$ 1,087,234	\$ 21,072	2%
Expenses:				
Administration	\$ 284,578	\$ 226,966	\$ 57,612	25%
Tenant Services	\$ 500	\$ 563	\$ (63)	-11%
Utilities	\$ 237,038	\$ 285,921	\$ (48,883)	-17%
Ordinary Maintenance	\$ 385,328	\$ 365,986	\$ 19,342	5%
Protective Services	\$ 786	\$ 754	\$ 32	4%
General/Insurance Expense	\$ 110,457	\$ 99,855	\$ 10,602	11%
Nonroutine Maintenance	\$ -	\$ 70,942	\$ (70,942)	-100%
Depreciation	\$ 244,388	\$ 264,320	\$ (19,932)	-8%
Interest Expense	\$ 7,370	\$ 10,417	\$ (3,047)	-29%
Total Expenses	\$ 1,270,445	\$ 1,325,724	\$ (55,279)	-4%
Excess (Deficiency) Before Special Item	\$ (162,139)	\$ (238,490)	\$ 76,351	-32%
Special Item/Casualty Losses	\$ (75,373)	\$ -	\$ (75,373)	100%
Change in Net Position	\$ (237,512)	\$ (238,490)	\$ 978	0%
Net Position, Beginning of Year	\$ 2,077,729	\$ 2,316,219	\$ (238,490)	-10%
Net Position, End of Year	\$ 1,840,217	\$ 2,077,729	\$ (237,512)	-11%



***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

**Results of Operations**

Revenues of the Authority are generated principally by Federal and State funding grant income. The Authority's revenue increased by \$21,072 compared to the previous fiscal year. Significant variances are detailed as follows:

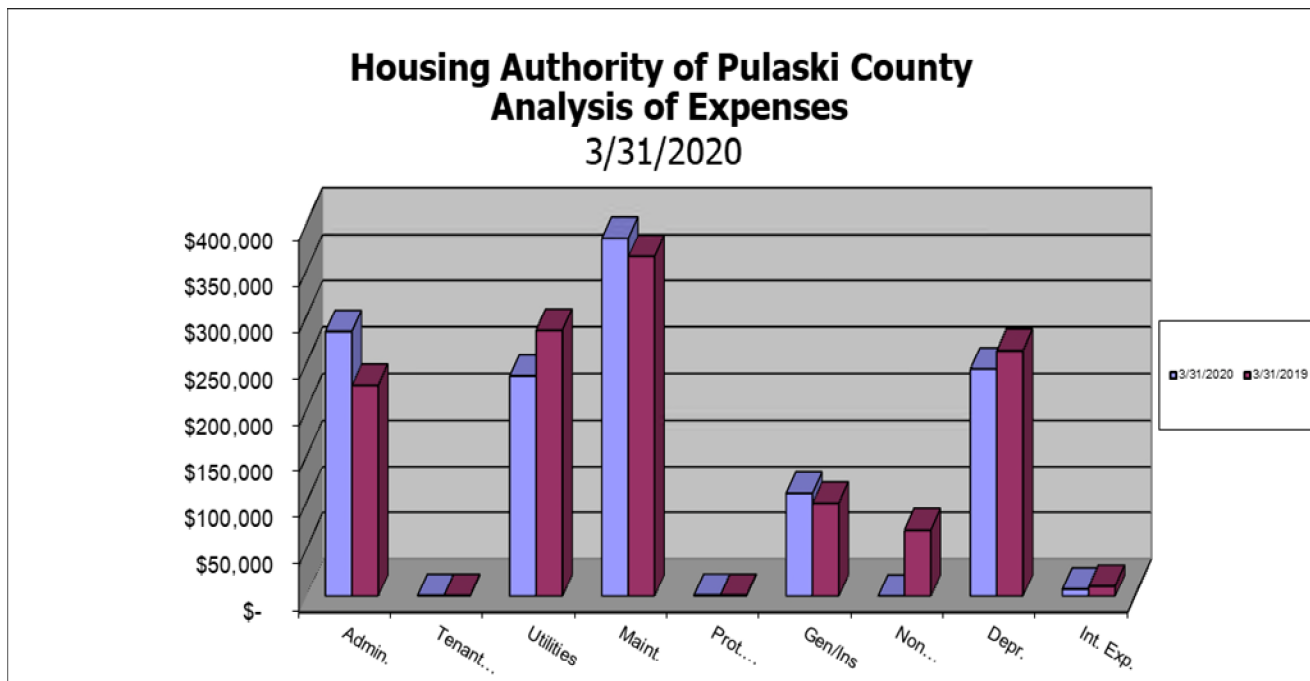
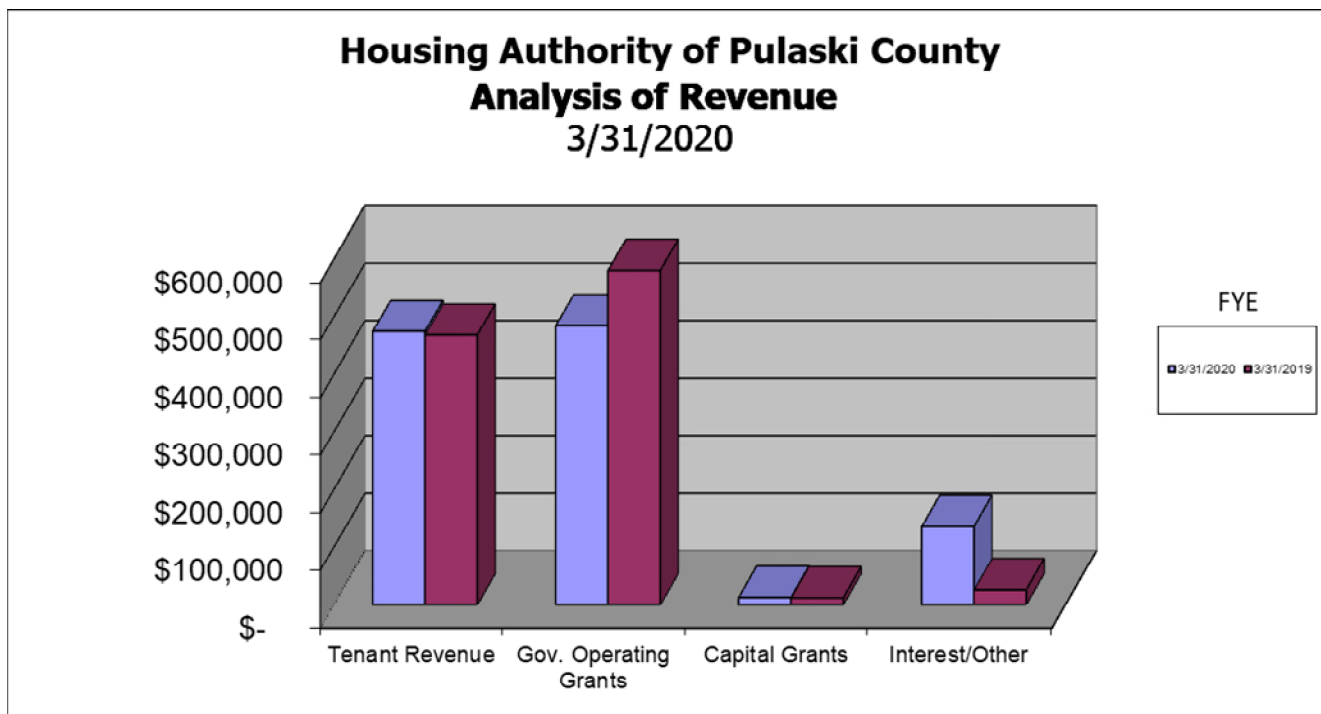
- Government operating grants decreased by \$96,465 in the current year. Low Rent operating grants decreased by \$12,189 while Capital Fund operating grants decreased by \$76,739.
- Other revenue increased by \$109,389 from prior year due to funds received by the Management program in the amount of \$50,220. Insurance proceeds were also received in the amount of \$73,911.

Total expenses decreased by \$55,279 from the previous fiscal year. Significant differences between the years include:

- Administration expenses increased by \$57,612 in the current year. This is primarily due to an increase in administrative salaries and benefits by \$36,050 and \$17,919 respectively.
- Utilities expense decreased by \$48,883. This is primarily due to a decrease in electric in the amount of \$29,492 and gas in the amount of \$23,338. Sewer increased by \$4,013 in the current year.
- General/Insurance expense increased \$10,602. This is primarily due to an increase in compensated absences in the amount of \$3,314 and PILOT expenses in the amount of \$5,600.
- Special Item included storm damage to roofs in the amount of \$65,467, vehicle damage to a unit in the amount of \$9,406, and a bathroom fire in the amount of \$500 in the current year.

***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:



***Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020***

**Capital Assets**

As of March 31, 2020, the Pulaski County Housing Authority's net investment in capital assets was \$1,342,189. This investment includes land, building improvements, equipment, net of accumulated depreciation and corresponding debt related to the Rural Development Program.

<b><u>Category</u></b>	<b>3/31/2020</b>	<b>3/31/2019</b>	<b>Change \$</b>	<b>Change %</b>
Land	\$ 451,274	\$ 451,274	\$ -	0%
Buildings	\$ 10,354,873	\$ 10,324,417	\$ 30,456	0%
Equipment	\$ 296,865	\$ 296,865	\$ -	0%
Accumulated Depreciation	\$ (9,190,226)	\$ (8,945,838)	\$ (244,388)	3%
Total Net Fixed Assets	\$ 1,912,786	\$ 2,126,718	\$ (213,932)	-10%

Buildings increased by \$30,456 due to a flooring upgrade, fencing, wheelchair ramp & railing, and an a/c unit funded by the 2018 CFP grant, 2019 CFP grant and Rural Development funds.

**Debt Administration**

At March 31, 2020, the Housing Authority had \$570,597 in loans outstanding versus \$581,835 last year. Of the \$570,597 payable, \$9,661 was current and \$560,936 was classified as long term. During the fiscal year, the Housing Authority did not incur any additional debt. The agency also recorded \$18,771 as non-current compensated absences in the current year.

**Subsequent Event**

Due to the 2020 Congressional Appropriations, the Authority's operating subsidy for the 2020 calendar year is estimated at 96.54%.

Additional funding from the Cares Act legislation has been provided to the Low Rent Housing Program to aid in the preventing, preparing, and responding to the COVID-19 virus. The funding received for the Low Rent Housing Program totaled \$64,507. The supplemental funding must be spent by December 31, 2021.

The 2020 FYE has been extremely challenging for management at Pulaski County Housing. Our Operating Subsidy has been cut and because of the age of the properties, we have been forced to use our reserves to pay for repairs and upkeep of the property. We plan to put together a CFP program that will, more than likely, require two years of CFP funding. The flooring in many of the units is in bad shape and should be replaced more sooner than later. The Cares Act funding was a great help with assisting in expenses for the year. The Covid-19 virus has changed how we do business with the tenants and how much we interact with them. The pandemic caused some to lose their jobs. Unfortunately, some tenants took advantage of the Rent Moratorium and decided to not pay their rent. Therefore, it is a concern with how HUD will allow us to respond to tenants with large balances at the end of the fiscal year. With assistance from our fee accountant, we will keep a close eye on our budget and continue to cut spending in any area that we can.

*Pulaski County Housing Authority  
Management's Discussion and Analysis  
For the Year Ended March 31, 2020*

**Request for Information**

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Pulaski County Housing Authority  
Joann Pink, Executive Director  
PO Box 246  
Mounds, IL 62964

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
AS OF MARCH 31, 2020**

**ASSETS**

Cash - operating	\$ 54,106
Cash - restricted	47,895
Receivable (net)	20,562
Accrued interest receivable	596
Investments - operating	450,106
Investments - restricted	26,023
Inventory (net)	7,595
Prepaid expenses	11,680
Capital assets:	
Land	\$ 451,274
Other capital assets, net of depreciation	<u>1,461,512</u>
Total Capital Assets	<u>\$ 1,912,786</u>
Total Net Assets	<u>\$ 2,531,349</u>

**DEFERRED OUTFLOWS OF RESOURCES** \$ 0

**TOTAL** \$ 2,531,349

**LIABILITIES**

Accounts payable	\$ 32,243
Other liabilities	61,232
Notes payable	9,661
Unearned revenue	8,289
Noncurrent liabilities:	
Notes payable	560,936
Compensated absences	<u>18,771</u>
Total Liabilities	<u>\$ 691,132</u>

**DEFERRED INFLOWS OF RESOURCES** \$ 0

**NET POSITION**

Net investment in capital assets	\$ 1,342,189
Restricted	45,795
Unrestricted	<u>452,233</u>
Total Net Position	<u>\$ 1,840,217</u>

**TOTAL** \$ 2,531,349

The notes to financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2020**

Operating Income

Tenant rental revenue	\$ 464,415
Tenant revenue - other	<u>10,400</u>
Total Rental Income	\$ 474,815
HUD grants - operating	454,473
Other government grants	30,025
Other revenue	<u>129,583</u>
Total Operating Income	\$ <u>1,088,896</u>

Operating Expenses

Administration	\$ 284,578
Tenant services	500
Utilities	237,038
Ordinary maintenance and operation	385,328
Protective services	786
General expense	110,442
Depreciation	<u>244,388</u>
Total Operating Expenses	\$ <u>1,263,060</u>
Net Operating Income (Loss)	\$ <u>-174,164</u>

Nonoperating Income (Expense)

Interest income	\$ 6,648
Casualty loss	-75,373
Interest expense	<u>-7,370</u>
Total Nonoperating Income (Expense)	\$ <u>-76,095</u>

Capital Contributions

Changes in net position	\$ -237,512
Net position, beginning of year	<u>2,077,729</u>
Net position, end of year	\$ <u><u>1,840,217</u></u>

The notes to financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2020**

Operating Activities

Operating grants	\$ 469,060
Tenant rental revenue	481,824
Other revenue	129,583
Payments to employees	-331,166
Payments to suppliers and contractors	<u>-682,345</u>

Net Cash Provided (Used) by Operating Activities \$ 66,956

Investing Activities

Investments (purchased) redeemed	\$ 8,932
Investment income	<u>6,661</u>

Net Cash Provided (Used) by Investing Activities \$ 15,593

Capital and Related Financing Activities

Capital fund grants	\$ 12,747
(Additions) deletions to fixed assets	-30,456
Casualty loss not capitalized	-75,373
Interest expense	-7,462
Retirement of debt	<u>-11,238</u>

Net Cash Provided (Used) by  
Capital and Related Financing Activities \$ -111,782

Net Change in Cash \$ -29,233

Cash Balance at March 31, 2019 (net of overdraft) 126,366

Cash Balance at March 31, 2020 \$ 97,133

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
TWELVE MONTHS ENDED MARCH 31, 2020**

Reconciliation of Operating Income (Loss) to Net Cash  
Provided (Used) by Operating Activities

Net operating income (loss)	\$ -174,164
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	244,388
(Increase) decrease in accounts receivable	-15,125
(Increase) decrease in prepaid expenses	-258
(Increase) decrease in inventories	444
Increase (decrease) in accounts payable	2,982
Increase (decrease) in other liabilities	3,506
Increase (decrease) in unearned revenues	<u>5,183</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 66,956</u>

The notes to financial statements are an integral part of this statement.



**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

The Housing Authority of Pulaski County was established by Pulaski County pursuant to the laws of the State of Illinois, to transact business and to have powers as defined therein. The Housing Authority was established to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other applicable Federal Agencies.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) had direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into a contract with the Authority for the purpose of assisting in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the program for the purpose of maintaining its low-rent character.

In evaluating the Authority as a reporting entity, management has addressed its relationship with the Housing Authority of Pulaski County and concluded that the County does not maintain an oversight responsibility for the Authority's operations. An independent Board of Commissioners, appointed by the County, is responsible for the activities of the Authority. The Authority recruits and employs its executive staff and has substantial legal authority to control its affairs without requiring approval of the County government. Debt incurred by the Authority is not an obligation of the County; the County does not review or approve the Authority's budget, is not entitled to any surplus funds generated by the Authority's operations and is not responsible for any deficits incurred by the Authority.

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Housing Authority of Pulaski County is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

(b) Method of Accounting -

The financial statements of the Housing Authority have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The Housing Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(c) Financial Statement Presentation

In financial statement preparation, the Housing Authority of Pulaski County distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(d) Funds -

Each of the programs of the Housing Authority are organized on a basis of fund accounting, using a separate set of self balancing accounts as prescribed by HUD. The programs of the Housing Authority are:

- \* Public and Indian Housing
- \* Public Housing Capital Funds
- \* Rural Rental Housing Loans
- \* Rural Rental Assistance Payments
- \* Business Activities

*Proprietary Fund Types:*

Proprietary funds use the economic resources measurement focus and utilize the accrual basis of accounting. All assets and liabilities associated with a proprietary fund's activities are included on the fund statement. Proprietary fund equity is segregated into Net Investment in Capital Assets, Restricted and Unrestricted.

(e) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the policy of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of one (1) month or less when purchased to be cash equivalents.

(f) Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position in the REAC Financial Data Schedule and have been eliminated in the basic financial statements.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2020, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(h) Inventories and Materials -

Inventories and materials are stated at cost which approximates market determined on a first-in, first-out basis.

(i) Investments -

Investments are stated at cost which approximates market.

(j) Capital Assets -

For the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with development, management, and maintenance of public housing developments owned or operated, the Housing Authority follows the following capitalization policy:

If the initial cost of a piece of equipment and/or other personal property is one thousand dollars (\$1,000) or more and the anticipated life or useful life of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

- 1) The total development construction costs incurred for each project at the end of the initial operating period,
- 2) nonexpendable equipment, and
- 3) property betterments and additions
- 4) land acquisitions.

These are recorded at cost. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on the following estimates:

Buildings	10-40	years
Equipment	3-20	years

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(k) Net Position -

GASB Statement 63 requires the classification of net position into three components as defined below:

- 1) Net investment in capital assets - capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows of resources related to the acquisition, construction or improvement of those assets.
- 2) Restricted - restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- 3) Unrestricted - amounts not required to be reported in the other components of net position.

(l) Income Tax -

The Authority, organized under Illinois state law as a municipal corporation subsidized by the Federal government, is exempt from Federal and State income taxes.

(m) Annual Contributions/Subsidies and Other Grants

Annual contributions and subsidies received from the Department of HUD are recorded as grant revenues.

Other grants (such as CFP grants) are recognized when program expenditures are incurred. Such revenue is subject to review by the Department of Housing and Urban Development and may result in disallowance in subsequent periods.

- (n) The Housing Authority adopts a budget annually. The budget is submitted to the Board of Commissioners for approval. The original budget was adopted by the Board of Commissioners on March 26, 2020. The Rural Development budget is approved by the U.S. Department of Agriculture - Rural Development.
- (o) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (p) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (q) Rental income is recognized as rents become due.
- (r) At any time during the year and at year end, there are capital fund projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

Statutes authorize the Housing Authority to invest in certificates of deposit, money market funds, United States government securities and repurchase agreements fully collateralized by United States government securities.

All cash and investments are entirely insured or collateralized. The Department of Housing and Urban Development requires financial institutions to secure the PHA's deposits by pledging government securities as collateral. The Housing Authority may waive the collateral requirements that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or other equivalent insurance coverage.

*Custodial Credit Risk*

- a. Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned or that the Authority will not be able to recover collateral securities in the possession of an outside party.
- b. Investments - Custodial credit risk is the risk that in the event of the failure of the depository, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

*Credit Risk Investments, Concentration of Credit Risk and Interest Rate Risks - Investments*

*Credit Risk* is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Housing Authority has no investment policy that limits its investment choices other than the limitation of state law and/or the Department of Housing and Urban Development regulations.

*Concentrations of Credit Risk* is the risk of loss attributed to the amount of the investment in a single issuer. The Authority does not have a formal investment policy covering the concentration of credit risk.

*Investment Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Housing Authority has no formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Deposits which are insured or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name.

Category 3 - Deposits which are not collateralized or insured.

Based on the three levels of risk, all of the Housing Authority's funds are classified as Category 1.

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Public and Indian Housing	\$ 471,261	\$ 470,237
Rural Rental Housing	93,631	94,334
Business Activities	<u>8,370</u>	<u>8,370</u>
Total	<u>\$ 573,262</u>	<u>\$ 572,941</u>

Note 3 - Compensated Absences

Regular full-time employees accrue paid vacation daily based on anniversary years of continuous service on the following basis:

Between the first (1st) day of employment and the fifth (5th) anniversary - 10 days.

Between the fifth (5th) anniversary and the tenth (10th) anniversary - 15 days

Between tenth (10th) anniversary and the fifteenth (15th) anniversary - 20 days

Each year after the fifteenth (15th) anniversary - 24 days.

Vacation is paid at the employee's regular rate of pay at the time the vacation is taken in accordance with the Authority's regular payroll policy.

Regular full-time and part-time employees shall accrue sick leave with pay at the rate of one day per month after six months employment. A maximum of 12 days a year with an accumulation of not more than 120 days will be allowed. For unused sick leave, payment shall be made at the rate of 50% of employee's salary at the time of separation.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 4 - Defined Contribution Plan

The Housing Authority contributes to a government 401a plan and a 457 (b) Non-ERISA plan administered by Mass Mutual Finance Group on behalf of its employees whom work at least 30 hours per week for three months out of each calendar year. Employees are eligible to participate in the plans after six months of service. Participation begins the first day of the month after which an employee meets the participation requirements.

The Housing Authority contributes 8% of each employee's basic compensation. The plan provides immediate 50% vesting of benefits with 10% increments per year through the fifth year of service. The contract is funded by a Flexible Investment Annuity Group Contract. Plan amendments can only be adopted by the Board of Commissioners. In fiscal year 2020 the Housing Authority contributed \$17,692. Total annual related payroll expense was \$331,166.

Note 5 - Post-Employment Benefits

The Housing Authority does not provide post employment retirement benefits. As a result there are no disclosures included in these statements as required by GASB 45.

Note 6 - Restricted Assets

Cash, cash equivalents and investments have been restricted as follows:

	<u>Cash</u>	<u>Investments</u>
Tenant security deposits	\$ 2,100	\$ 17,734
Restricted for current liabilities	0	8,289
Reserve funds - per mortgage covenant	<u>45,795</u>	<u>0</u>
Total	<u>\$ 47,895</u>	<u>\$ 26,023</u>

Note 7 - Accounts Receivable

Accounts receivable consists of the following accounts:

Accounts receivable - HUD	\$ 16,894
Accounts receivable - miscellaneous	1,205
Accounts receivable - tenants	4,064
Allowance for doubtful accounts - tenants	<u>-1,601</u>
Total	<u>\$ 20,562</u>

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 8 - Investments

At March 31, 2020 investments consist of the following:

	<u>Rate</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	0.60 - 1.90%	\$ <u>476,129</u>	\$ <u>476,129</u>

Note 9 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	\$ <u>11,680</u>
-------------------	------------------

Note 10 - Capital Assets

Balance as of March 31, 2020	\$ 1,912,786
Balance as of March 31, 2019	<u>2,126,718</u>
Net Increase (Decrease)	\$ <u>-213,932</u>

Reconciliation

Betterments and additions	\$ 30,456
Depreciation expense	<u>-244,388*</u>
Net Increase (Decrease)	\$ <u>-213,932</u>

Analysis

	<u>04/01/2019 Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>03/31/2020 Balance</u>
Land	\$ 451,274	\$ 0	\$ 0	\$ 451,274
Buildings	10,324,417	30,456	0	10,354,873
Equipment and furniture	<u>296,865</u>	<u>0</u>	<u>0</u>	<u>296,865</u>
Net Assets	\$ 11,072,556	\$ 30,456	\$ 0	\$ 11,103,012
Accumulated depreciation	<u>-8,945,838</u>	<u>0</u>	<u>244,388</u>	* <u>-9,190,226</u>
Total Assets	<u>\$ 2,126,718</u>	<u>\$ 30,456</u>	<u>\$ 244,388</u>	<u>\$ 1,912,786</u>

\*Current year depreciation expense recognized.



**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 11 - Accounts Payable

This classification includes the following accounts:

Bank overdraft	\$ 4,868
Vendors and contractors	7,541
Tenants security deposits	<u>19,834</u>
Total	<u>\$ 32,243</u>

Note 12 - Notes Payable

(a) Rural Development

The Rural Rental Housing Projects have been financed with loans from the U.S. Department of Agriculture, Farmers Home Administration. The details about the loan transactions are detailed below:

	<u>Rural Development</u>		
	<u>Grand Chain</u>	<u>Pulaski</u>	<u>Olmsted</u>
	<u>04-2</u>	<u>05-4</u>	<u>06-6</u>
Date of loans	05/20/88	05/20/88	5/1/87, 6/16/88
Loan balance at origin	\$ 142,868	\$ 213,416	\$ 331,068
Monthly Payment	\$ 307.03	\$ 458.65	\$ 705.22

Five year debt requirements are estimated at:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 9,661	\$ 7,990
2022	9,797	7,854
2023	9,936	7,715
2024	10,076	7,575
2025	10,212	7,439
2026-2030	53,302	34,953
2031-2035	57,179	31,076
2036-2040	61,338	26,917
2041-2045	65,799	22,456
2046-2048	283,299	7,661

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 13 - Loan Covenants

Rural Development loan covenants require that a percentage of the loan payments be accumulated in a separate reserve account until a threshold amount is attained. Funds may be removed from reserves for major repairs and improvements with Rural Development approvals. If reserves drop below threshold amounts, the operating fund must again start funding the reserves. The requirements and thresholds are shown below:

	<u>Annual Contribution Requirement</u>	<u>Threshold Amount</u>
Cedar Villa I	\$ 1,930.00	\$ 19,300.00
Cedar Villa II	1,379.00	13,784.00
Pulaski	2,131.00	21,300.00
Grand Chain	1,427.00	14,263.00

Note 14 - Other Liabilities

Other liabilities consists of the following:

Current Portion

Accrued wages and taxes	\$ 11,184
Compensated absences	15,139
Interest payable	484
Payment in lieu of taxes	23,399
Utilities payable	<u>11,026</u>
Total Current Portion	\$ 61,232

Noncurrent Portion

Compensated absence	<u>18,771</u>
Total	<u>\$ 80,003</u>

Note 15 - Summary of Long Term Liabilities

A summary of long term liabilities as of March 31, 2020:

	04/01/2019 Balance	Increase	Decrease	03/31/2020 Balance
Notes payable	\$ 572,309	\$ 0	\$ 11,373	\$ 560,936
Compensated absences	<u>16,677</u>	<u>30,516</u>	<u>28,422</u>	<u>18,771</u>
Total	<u>\$ 588,986</u>	<u>\$ 30,516</u>	<u>\$ 39,793</u>	<u>\$ 579,709</u>

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 16 - Unearned Revenues

This classification consists of the following accounts:

Tenants prepaid rent	\$ <u>8,289</u>
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Note 17 - Capital Contributions

The following capital contributions were received by the Housing Authority during the fiscal year end:

Capital Fund Program - HUD	\$ <u>12,747</u>
----------------------------	------------------

Note 18 - Allocation of Costs

The PHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program. Management considers this to be an equitable method of allocation.

Note 19 - Contingencies

Federal Grants

In the normal course of operations, the Housing Authority receives grant funds from the Department of Housing and Urban Development and the Farmers' Home Administration. The programs are subject to audit by these agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 20 - Contracts/Commitments

As of March 31, 2020, the Housing Authority had entered into the following pending capital fund projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-16	\$ 167,482	\$ 154,199
CFP 501-17	173,767	155,691
CFP 501-18	249,217	129,515
CFP 501-19	<u>260,499</u>	<u>7,398</u>
Total	<u>\$ 850,965</u>	<u>\$ 446,803</u>

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

Note 21 - Risk Management

The Housing Authority participates in a public risk pool (AHRMA) for general liability coverage to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

Settled claims have not exceeded insurance coverage or the risk pool coverage in the current or past three years and there has been no significant reduction in insurance coverage during the fiscal year.

Note 22 - Economic Dependency

The Housing Authority received a significant portion of its revenue (42%) from the U.S. Department of Housing and Urban Development and (3%) from the U.S. Department of Agriculture. These funding amounts are subject to federal government appropriations and potential funding reductions.

Note 23 - Restricted Net Position

Restricted net position is restricted for the following:

Rural Development - Reserve	<u>\$ 45,795</u>
-----------------------------	------------------

When both restricted and unrestricted reserves are available for use, the Housing Authority's policy is to use restricted resources to fund restricted costs and then unrestricted resources as they are needed.

## **SUPPLEMENTAL DATA**

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2020**

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Expenditures to Sub-Recipients</u>
<u>U.S. Department of HUD</u>							
Direct Programs:							
			FYE				
Public and Indian Housing	14.850	C-1057	03/31/20	\$ 415,805	\$ 415,805	\$ 415,805	\$ 0
			FYE				
Public Housing Capital Funds	14.872	C-1057	03/31/20	\$ 850,965	\$ 51,415	\$ 51,415	\$ 0
Total Housing Assistance				\$ 1,266,770	\$ 467,220	\$ 467,220	\$ 0
<u>U.S. Department of Agriculture</u>							
Rural Rental Housing Loans*	10.415	13-77-037084-7710	FYE 03/31/20	\$ 0	\$ 0	\$ 570,597	\$ 0
Rural Rental Assistance Payments	10.427	13-77-037084-7710	FYE 03/31/20	\$ 30,025	\$ 30,025	\$ 30,025	\$ 0
Total U.S. Dept. Of Agriculture				\$ 30,025	\$ 30,025	\$ 600,622	\$ 0
Total Assistance				\$ 1,296,795	\$ 497,245	\$ 1,067,842	\$ 0

\*Denotes major program

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)  
TWELVE MONTHS ENDED MARCH 31, 2020**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of Pulaski County (Authority) and is presented on the accrual basis of accounting.

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended March 31, 2020. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2020, the cost principals in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not implemented the 10 % de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)  
TWELVE MONTHS ENDED MARCH 31, 2020  
(CONTINUED)**

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.

The Authority did not receive any non-cash assistance from federal funds, had no federal insurance, nor have any loan or loan guarantees outstanding as of March 31, 2020.

Note 3 - Reconciliation of Federal Expenditures:

Total Federal Expenditures per Schedule of Federal Awards	\$ 1,067,842
Reconciling item: Department of Agriculture, Rural Housing (Note 12)	<u>-570,597</u>
Total Federal Assistance per Financial Statements	<u>\$ 497,245</u>
HUD grants	\$ 467,220
Rural Development	<u>30,025</u>
	<u>\$ 497,245</u>



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Commissioners  
Housing Authority of Pulaski County  
Mounds, Illinois

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Pulaski County, which comprise the statement of net position as of March 31, 2020, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Housing Authority of Pulaski County's basic financial statements and have issued my report thereon dated October 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Housing Authority of Pulaski County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Pulaski County's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of Pulaski County's internal control over financial reporting.

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

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

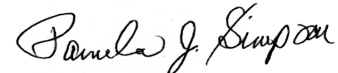


**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of Pulaski County's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of Pulaski County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of Pulaski County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Decatur, Illinois  
October 11, 2020



## **Independent Auditor's Report on Compliance Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Commissioners  
Housing Authority of Pulaski County  
Mounds, Illinois

### **Report on Compliance for Each Major Federal Program**

I have audited the Housing Authority of Pulaski County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Housing Authority of Pulaski County's major federal programs for the year ended March 31, 2020. The Housing Authority of Pulaski County'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the Housing Authority of Pulaski County's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Pulaski County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major program. However, my audit does not provide a legal determination of the Housing Authority of Pulaski County's compliance.

### **Opinion on Each Major Federal Program**

In my opinion, the Housing Authority of Pulaski County 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 March 31, 2020.

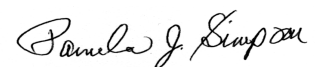
## **Report on Internal Control Over Compliance**

Management of the Housing Authority of Pulaski County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of Pulaski County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the Housing Authority of Pulaski County's internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirements 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 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 the attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. I did not identify any deficiencies in internal control over compliance that I consider to be *material weaknesses*, as defined above. 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 my testing of internal control over compliance and the results of my testing based on the requirements of *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountant

Decatur, Illinois  
October 11, 2020

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended March 31, 2019 contained no findings.

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY  
FOR THE YEAR ENDED MARCH 31, 2020**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report: Unmodified

\* Material weakness(es) identified? \_\_\_\_\_ yes   X   no

\* Significant deficiency (ies) identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

*Federal Awards*

Internal control over major programs:

\* Material weakness(es) identified? \_\_\_\_\_ yes   X   no

\* Significant deficiency (ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ yes   X   no

**Identification of major programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.415	Rural Rental Housing Loans

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

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**HOUSING AUTHORITY OF PULASKI COUNTY  
MOUNDS, ILLINOIS**

**CURRENT FINDINGS AND RECOMMENDATIONS**

**Section II - Financial Statement Findings**

There were no financial statement findings discussed with Joann Pink, Executive Director, during the course of the audit or at an exit conference held October 11, 2020.

**Section III - Federal Award Findings**

There were no federal award findings discussed with Joann Pink, Executive Director, during the course of the audit or at an exit conference held October 11, 2020.

**Housing Authority of Pulaski County (IL045)  
MOUNDS, IL**

**Entity Wide Balance Sheet Summary**

**Submission Type: Audited/Single Audit**

**Fiscal Year End: 03/31/2020**

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$45,736		\$8,370	\$54,106	\$0	\$54,106
112 Cash - Restricted - Modernization and Development	\$0				\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$45,795			\$45,795	\$0	\$45,795
114 Cash - Tenant Security Deposits	\$0	\$2,100			\$2,100	\$0	\$2,100
115 Cash - Restricted for Payment of Current Liabilities	\$0				\$0	\$0	\$0
100 Total Cash	\$0	\$93,631	\$0	\$8,370	\$102,001	\$0	\$102,001
121 Accounts Receivable - PHA Projects	\$0				\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$16,894				\$16,894	\$0	\$16,894
124 Accounts Receivable - Other Government	\$0	\$1,205			\$1,205	\$0	\$1,205
125 Accounts Receivable - Miscellaneous	\$0				\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$4,064				\$4,064	\$0	\$4,064
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,601				-\$1,601	\$0	-\$1,601
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0				\$0	\$0	\$0
128 Fraud Recovery	\$0				\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0	\$0	\$0
129 Accrued Interest Receivable	\$596				\$596	\$0	\$596
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$19,953	\$1,205	\$0	\$0	\$21,158	\$0	\$21,158
131 Investments - Unrestricted	\$450,106				\$450,106	\$0	\$450,106
132 Investments - Restricted	\$17,734				\$17,734	\$0	\$17,734
135 Investments - Restricted for Payment of Current Liability	\$8,289				\$8,289	\$0	\$8,289
142 Prepaid Expenses and Other Assets	\$11,096	\$584			\$11,680	\$0	\$11,680
143 Inventories	\$8,439				\$8,439	\$0	\$8,439
143.1 Allowance for Obsolete Inventories	-\$844				-\$844	\$0	-\$844
144 Inter Program Due From	\$33,595				\$33,595	-\$33,595	\$0
145 Assets Held for Sale	\$0				\$0	\$0	\$0
150 Total Current Assets	\$548,368	\$95,420	\$0	\$8,370	\$652,158	-\$33,595	\$618,563
161 Land	\$414,373	\$36,901			\$451,274	\$0	\$451,274
162 Buildings	\$9,579,918	\$774,955			\$10,354,873	\$0	\$10,354,873
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0			\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$290,506	\$6,359			\$296,865	\$0	\$296,865
165 Leasehold Improvements	\$0	\$0			\$0	\$0	\$0
166 Accumulated Depreciation	-\$8,616,100	-\$574,126			-\$9,190,226	\$0	-\$9,190,226
167 Construction in Progress	\$0				\$0	\$0	\$0
168 Infrastructure	\$0				\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,668,697	\$244,089	\$0	\$0	\$1,912,786	\$0	\$1,912,786
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0				\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0				\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0				\$0	\$0	\$0
174 Other Assets	\$0				\$0	\$0	\$0
176 Investments in Joint Ventures	\$0				\$0	\$0	\$0
180 Total Non-Current Assets	\$1,668,697	\$244,089	\$0	\$0	\$1,912,786	\$0	\$1,912,786
200 Deferred Outflow of Resources	\$0				\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$2,217,065	\$339,509	\$0	\$8,370	\$2,564,944	-\$33,595	\$2,531,349

**Housing Authority of Pulaski County (IL045)  
MOUNDS, IL**

**Entity Wide Balance Sheet Summary**

**Submission Type: Audited/Single Audit**

**Fiscal Year End: 03/31/2020**

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft	\$4,868	\$0			\$4,868	\$0	\$4,868
312 Accounts Payable <= 90 Days	\$7,322	\$56		\$163	\$7,541	\$0	\$7,541
313 Accounts Payable >90 Days Past Due	\$0	\$0		\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$9,191	\$194		\$1,799	\$11,184	\$0	\$11,184
322 Accrued Compensated Absences - Current Portion	\$14,484	\$655			\$15,139	\$0	\$15,139
324 Accrued Contingency Liability	\$0	\$0			\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$484			\$484	\$0	\$484
331 Accounts Payable - HUD PHA Programs	\$0				\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0				\$0	\$0	\$0
333 Accounts Payable - Other Government	\$20,113	\$3,286			\$23,399	\$0	\$23,399
341 Tenant Security Deposits	\$17,734	\$2,100			\$19,834	\$0	\$19,834
342 Unearned Revenue	\$8,289				\$8,289	\$0	\$8,289
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$9,661			\$9,661	\$0	\$9,661
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				\$0	\$0	\$0
345 Other Current Liabilities	\$0				\$0	\$0	\$0
346 Accrued Liabilities - Other	\$10,325	\$701			\$11,026	\$0	\$11,026
347 Inter Program - Due To	\$0	\$14,388		\$19,207	\$33,595	-\$33,595	\$0
348 Loan Liability - Current	\$0				\$0	\$0	\$0
310 Total Current Liabilities	\$92,326	\$31,525	\$0	\$21,169	\$145,020	-\$33,595	\$111,425
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$560,936			\$560,936	\$0	\$560,936
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0			\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0				\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$18,433	\$338			\$18,771	\$0	\$18,771
355 Loan Liability - Non Current	\$0				\$0	\$0	\$0
356 FASB 5 Liabilities	\$0				\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0				\$0	\$0	\$0
350 Total Non-Current Liabilities	\$18,433	\$561,274	\$0	\$0	\$579,707	\$0	\$579,707
300 Total Liabilities	\$110,759	\$592,799	\$0	\$21,169	\$724,727	-\$33,595	\$691,132
400 Deferred Inflow of Resources							
508.4 Net Investment in Capital Assets	\$1,668,697	-\$326,508			\$1,342,189		\$1,342,189
511.4 Restricted Net Position	\$0	\$45,795			\$45,795		\$45,795
512.4 Unrestricted Net Position	\$437,609	\$27,423	\$0	-\$12,799	\$452,233		\$452,233
513 Total Equity - Net Assets / Position	\$2,106,306	-\$253,290	\$0	-\$12,799	\$1,840,217	\$0	\$1,840,217
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,217,065	\$339,509	\$0	\$8,370	\$2,564,944	-\$33,595	\$2,531,349



**Housing Authority of Pulaski County (IL045)  
MOUNDS, IL**

**Entity Wide Revenue and Expense Summary**

**Submission Type: Audited/Single Audit**

**Fiscal Year End: 03/31/2020**

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$424,596	\$39,819			\$464,415	\$0	\$464,415
70400 Tenant Revenue - Other	\$10,123	\$277			\$10,400	\$0	\$10,400
70500 Total Tenant Revenue	\$434,719	\$40,096	\$0	\$0	\$474,815	\$0	\$474,815
70600 HUD PHA Operating Grants	\$454,473				\$454,473	\$0	\$454,473
70610 Capital Grants	\$12,747				\$12,747	\$0	\$12,747
70710 Management Fee					\$0	\$0	\$0
70720 Asset Management Fee					\$0	\$0	\$0
70730 Book Keeping Fee					\$0	\$0	\$0
70740 Front Line Service Fee					\$0	\$0	\$0
70750 Other Fees					\$0	\$0	\$0
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants	\$0		\$30,025		\$30,025	\$0	\$30,025
71100 Investment Income - Unrestricted	\$6,370	\$171			\$6,541	\$0	\$6,541
71200 Mortgage Interest Income	\$0				\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0				\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0				\$0	\$0	\$0
71400 Fraud Recovery	\$0				\$0	\$0	\$0
71500 Other Revenue	\$78,782	\$581		\$50,220	\$129,583	\$0	\$129,583
71600 Gain or Loss on Sale of Capital Assets	\$0				\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$107			\$107	\$0	\$107
70000 Total Revenue	\$987,091	\$40,955	\$30,025	\$50,220	\$1,108,291	\$0	\$1,108,291
91100 Administrative Salaries	\$116,437	\$9,124		\$31,577	\$157,138	\$0	\$157,138
91200 Auditing Fees	\$3,980	\$210			\$4,190	\$0	\$4,190
91300 Management Fee	\$0				\$0	\$0	\$0
91310 Book-keeping Fee	\$0				\$0	\$0	\$0
91400 Advertising and Marketing	\$849	\$33			\$882	\$0	\$882
91500 Employee Benefit contributions - Administrative	\$59,323	\$3,610		\$8,165	\$71,098	\$0	\$71,098
91600 Office Expenses	\$28,881	\$821		\$496	\$30,198	\$0	\$30,198
91700 Legal Expense	\$0	\$0		\$0	\$0	\$0	\$0
91800 Travel	\$4,544	\$610		\$302	\$5,456	\$0	\$5,456
91810 Allocated Overhead	\$0	\$0		\$0	\$0	\$0	\$0
91900 Other	\$14,214	\$1,158		\$244	\$15,616	\$0	\$15,616
91000 Total Operating - Administrative	\$228,228	\$15,566	\$0	\$40,784	\$284,578	\$0	\$284,578
92000 Asset Management Fee	\$0				\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0				\$0	\$0	\$0
92200 Relocation Costs	\$0				\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0				\$0	\$0	\$0
92400 Tenant Services - Other	\$50	\$450			\$500	\$0	\$500
92500 Total Tenant Services	\$50	\$450	\$0	\$0	\$500	\$0	\$500

**Housing Authority of Pulaski County (IL045)  
MOUNDS, IL**

**Entity Wide Revenue and Expense Summary**

**Submission Type: Audited/Single Audit**

**Fiscal Year End: 03/31/2020**

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
93100 Water	\$45,948	\$1,424			\$47,372	\$0	\$47,372
93200 Electricity	\$87,711	\$4,161			\$91,872	\$0	\$91,872
93300 Gas	\$67,593	\$433			\$68,026	\$0	\$68,026
93400 Fuel	\$0	\$0			\$0	\$0	\$0
93500 Labor	\$0	\$0			\$0	\$0	\$0
93600 Sewer	\$28,822	\$946			\$29,768	\$0	\$29,768
93700 Employee Benefit Contributions - Utilities	\$0				\$0	\$0	\$0
93800 Other Utilities Expense	\$0				\$0	\$0	\$0
93000 Total Utilities	\$230,074	\$6,964	\$0	\$0	\$237,038	\$0	\$237,038
94100 Ordinary Maintenance and Operations - Labor	\$131,536	\$3,941		\$16,804	\$152,281	\$0	\$152,281
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,241	\$591			\$65,832	\$0	\$65,832
94300 Ordinary Maintenance and Operations Contracts	\$84,966	\$11,557			\$96,523	\$0	\$96,523
94500 Employee Benefit Contributions - Ordinary Maintenance	\$63,030	\$2,231		\$5,431	\$70,692	\$0	\$70,692
94000 Total Maintenance	\$344,773	\$18,320	\$0	\$22,235	\$385,328	\$0	\$385,328
95100 Protective Services - Labor	\$0				\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$747	\$39			\$786	\$0	\$786
95300 Protective Services - Other	\$0				\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0				\$0	\$0	\$0
95000 Total Protective Services	\$747	\$39	\$0	\$0	\$786	\$0	\$786
96110 Property Insurance	\$22,282	\$1,234			\$23,516	\$0	\$23,516
96120 Liability Insurance	\$4,062	\$225			\$4,287	\$0	\$4,287
96130 Workmen's Compensation	\$10,605	\$587			\$11,192	\$0	\$11,192
96140 All Other Insurance	\$6,924	\$383			\$7,307	\$0	\$7,307
96100 Total insurance Premiums	\$43,873	\$2,429	\$0	\$0	\$46,302	\$0	\$46,302
96200 Other General Expenses	\$2,372	\$23			\$2,395	\$0	\$2,395
96210 Compensated Absences	\$28,773	\$1,743			\$30,516	\$0	\$30,516
96300 Payments in Lieu of Taxes	\$20,113	\$3,286			\$23,399	\$0	\$23,399
96400 Bad debt - Tenant Rents	\$7,845	-\$15			\$7,830	\$0	\$7,830
96500 Bad debt - Mortgages	\$0				\$0	\$0	\$0
96600 Bad debt - Other	\$0				\$0	\$0	\$0
96800 Severance Expense	\$0				\$0	\$0	\$0
96000 Total Other General Expenses	\$59,103	\$5,037	\$0	\$0	\$64,140	\$0	\$64,140
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$7,370			\$7,370	\$0	\$7,370
96720 Interest on Notes Payable (Short and Long Term)	\$0				\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0				\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$7,370	\$0	\$0	\$7,370	\$0	\$7,370
96900 Total Operating Expenses	\$906,848	\$56,175	\$0	\$63,019	\$1,026,042	\$0	\$1,026,042
97000 Excess of Operating Revenue over Operating Expenses	\$80,243	-\$15,220	\$30,025	-\$12,799	\$82,249	\$0	\$82,249

**Housing Authority of Pulaski County (IL045)  
MOUNDS, IL**

**Entity Wide Revenue and Expense Summary**

**Submission Type: Audited/Single Audit**

**Fiscal Year End: 03/31/2020**

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	\$0				\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$75,373				\$75,373	\$0	\$75,373
97300 Housing Assistance Payments	\$0				\$0	\$0	\$0
97350 HAP Portability-In	\$0				\$0	\$0	\$0
97400 Depreciation Expense	\$221,361	\$23,027			\$244,388	\$0	\$244,388
97500 Fraud Losses	\$0				\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense	\$0				\$0	\$0	\$0
90000 Total Expenses	\$1,203,582	\$79,202	\$0	\$63,019	\$1,345,803	\$0	\$1,345,803
10010 Operating Transfer In	\$38,668	\$30,025			\$68,693	-\$68,693	\$0
10020 Operating transfer Out	-\$38,668		-\$30,025		-\$68,693	\$68,693	\$0
10030 Operating Transfers from/to Primary Government	\$0				\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0				\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss	\$0				\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0				\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0				\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0				\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0				\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0				\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$30,025	-\$30,025	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$216,491	-\$8,222	\$0	-\$12,799	-\$237,512	\$0	-\$237,512
11020 Required Annual Debt Principal Payments	\$0	\$10,201	\$0	\$0	\$10,201		\$10,201
11030 Beginning Equity	\$2,322,797	-\$245,068	\$0	\$0	\$2,077,729	\$0	\$2,077,729
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0				\$0	\$0	\$0
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							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	1608	240			1848	0	1848
11210 Number of Unit Months Leased	1518	215			1733	0	1733
11270 Excess Cash	\$335,758				\$335,758		\$335,758
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$12,747				\$12,747		\$12,747
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0		\$0
11650 Leasehold Improvements Purchases	\$0				\$0		\$0
11660 Infrastructure Purchases	\$0				\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0		\$0



Board of Commissioners  
Housing Authority of Pulaski County  
Mounds, Illinois

In planning and performing my audit of the financial statements of Housing Authority of Pulaski County as of and for the year ended March 31, 2020, in accordance with auditing standards generally accepted in the United States of America, I considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Pulaski County's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of Pulaski County's internal control.

The administration of the Housing Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. However, my study and evaluation disclosed certain conditions in the following areas of which you should be aware in order to improve operating efficiencies and strengthen internal controls:

1. While reviewing the Housing Authority's procedures for cash flow management, I noted that the Housing Authority had prepared budget and monitored actual expenditures. At year end it was noted that budget overruns had been incurred due to the current management agreement with another Housing Authority and a budget revision was developed. Unfortunately, the Housing Authority failed to adopt the budget or submit it to HUD for approval; therefore the authority closed their year with budget overruns in several cost categories

The Housing Authority is reminded to continue to monitor expenditures and to properly adopt budget revisions when appropriate.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the housing authority, and is not intended to be and should not be used by anyone other than these specified parties. Please feel free to contact me if you have any questions.

Certified Public Accountant

Decatur, Illinois  
December 2, 2020



Joann Pink, Executive Director and Board of Commissioners  
Housing Authority of Pulaski County  
130 Richland Terrace, PO Box 246  
Mounds, IL 62964

I have audited the financial statements of the business-type activities (and the aggregate discretely presented component units) of the Housing Authority of Pulaski County for the year ended March 31, 2020. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my engagement letter to you dated September 18, 2020. Professional standards also require that I communicate to you the following information related to my audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Housing Authority of Pulaski County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2020. I noted no transactions entered into by Housing Authority of Pulaski County during the year for which there is a lack of authoritative guidance and consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Housing Authority's financial was:

Management's estimate of the depreciation expense is based on estimated useful lives of capital assets. I evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each program's financial statements taken as a whole.

### *Disagreement with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statement or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated December 9, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Housing Authority of Pulaski County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there was no such consultation with other accountants.

### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Housing Authority of Pulaski County's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### **Other Matters**

I was engaged to report on the Schedule of Expenditures of Federal Awards, the Capital Fund Cost Certificate and the Financial Data Schedule, which accompany the financial statements but are not RSI. With respect to this supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriated and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

This information is intended solely for the information and use of the Board of Commissioners and management of Housing Authority of Pulaski County and is not intended to be, used by anyone other than specified parties.

Very truly yours,



Pamela J. Simpson, CPA