

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**AND AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**REPORT ON EXAMINATION  
OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND OTHER INFORMATION – STATE OR LOCAL GOVERNMENTAL ENTITY**

*INDEPENDENT AUDITOR'S REPORT*

Board of Commissioners  
Menard County Housing Authority  
Petersburg, Illinois 30603

Chicago Regional Office  
Ralph Metcalfe Federal Building  
77 West Jackson Boulevard  
Chicago, Illinois 60604-3507

**Report on Financial Statements**

We have audited the accompanying financial statements of the Menard County Housing Authority as of and for the year ended June 30, 2017, and the related notes to the 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***

Our responsibility is to express an opinion 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 the *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 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 reasonable basis for our audit opinions.

***Opinion***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Menard County Housing Authority, as of June 30, 2017, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, should 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Menard County Housing Authority. The accompanying 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* (Uniform Guidance), as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis 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.

This 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 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the Housing Authority's internal control over financial reporting and 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 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 Authority's internal control over financial reporting and compliance.



Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
December 1, 2017

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

# **MENARD COUNTY HOUSING AUTHORITY MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED JUNE 30, 2017**

This section of the Authority's annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended June 30, 2017.

## **FINANCIAL HIGHLIGHTS AND CONCLUSIONS:**

The Menard County Housing Authority had a positive year overall though ongoing funding reductions and uncertainty continue to negatively impact operations. The financial statements for 2017 have been reviewed by key management staff to assess the financial health of the Authority. The reader of this report should understand that the interfund accounts, which balance between all funds, have been eliminated from the consolidated report and from this analysis. Financial highlights of this past year are as follows:

- During FY 2017, the Authority's grant funding increased by \$605,417 or 25.13%.
- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$5,609,534 (net position) as opposed to \$5,626,492 for the prior fiscal year, a decrease of \$16,958 or 0.30%.
- The Authority's cash and cash equivalents balance increased by \$242,271 or 89.17% this year.
- Total revenues increased by \$1,089,732 or 34.01%, while total expenses also increased by \$759,622 or 20.13%.

## **REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses, and changes in net position are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past fiscal year.

The Statement of Cash Flows is to provide information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

## FINANCIAL ANALYSIS OF THE AUTHORITY

One question frequently asked about an Authority's finances is "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities and are summarized in the following sections.

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table I.

**Menard County Housing Authority**  
**Comparative Statement of Net Position**  
**TABLE I**

	<u>2017</u>	<u>2016</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	\$ 571,789	\$ 314,240	\$ 257,549	81.96%
Capital Assets	5,038,680	5,303,855	(265,175)	-5.00%
Other Noncurrent Assets	287,081	287,097	(16)	-0.01%
<b>Total Assets</b>	<b>\$ 5,897,550</b>	<b>\$ 5,905,192</b>	<b>\$ (7,642)</b>	<b>-0.13%</b>
Current Liabilities	\$ 118,951	\$ 118,630	\$ 321	0.27%
Noncurrent Liabilities	169,065	160,070	8,995	5.62%
<b>Total Liabilities</b>	<b>288,016</b>	<b>278,700</b>	<b>9,316</b>	<b>3.34%</b>
Investment in Capital Assets	4,893,124	5,156,308	(263,184)	-5.10%
Restricted	100,393	-	100,393	100.00%
Unrestricted	616,017	470,184	145,833	31.02%
<b>Total Net Position</b>	<b>5,609,534</b>	<b>5,626,492</b>	<b>(16,958)</b>	<b>-0.30%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 5,897,550</b>	<b>\$ 5,905,192</b>	<b>\$ (7,642)</b>	<b>-0.13%</b>

As illustrated in the Comparative Statement of Net Position, the Total Net Position of the Authority decreased by \$16,958 or 0.30% for the fiscal year ended 2017. Net Investment in Capital Assets decreased by \$263,184 or 5.10%, primarily due to depreciation expense. This is described further in the Capital Assets section of this document. Restricted net position increased by \$100,393 or 100.00% due to the increase in HAP equity in the current year. Finally, unrestricted net position increased by \$145,833 or 31.02% due to the use of operating reserves for capital additions as well as the results of operations for the year.

Total assets decreased by \$7,642 or 0.13%. The increase in current assets of \$257,549 or 81.96% was due to increases in multiple categories. There was an increase in cash and cash equivalents of \$242,271 or 89.17%. These changes are described in detail in the Statement of Cash Flows. There were also increases in accounts receivable of \$16,125, which was primarily in miscellaneous receivables of \$15,312 or 41.78%. This consists of amounts due from managed activities, which is described in the accompanying notes to the financial statements.

Noncurrent assets decreased by \$265,191 or 4.74%. Capital Assets decreased by \$265,175 or 5.00% due to depreciation expense and dispositions exceeding additions during the year. Noncurrent notes receivable did not change during the year, and the amount invested in joint ventures decreased slightly by only \$16 or less than one percent.

Total liabilities increased by \$9,316 or 3.34%. Current liabilities remained relatively unchanged, increasing by \$321 or less than one percent. This was due to normal fluctuations in all categories. Noncurrent liabilities increased by \$8,995 or 5.62% due to the noncurrent portion of accrued compensated absences, which is due to increased PTO carryover from one financial period to the next.

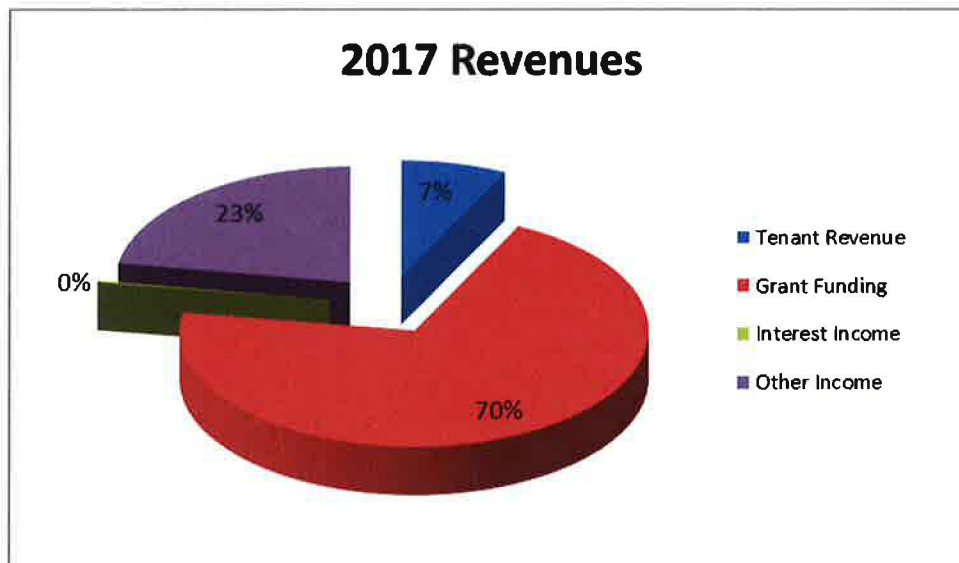
While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position breaks down revenues and expenses further. A comparative Statement of Revenues, Expenses, and Changes in Net Position is presented in Table II.

**Menard County Housing Authority**  
**Comparative Statement of Revenues, Expenses, and Changes in Net Position**  
**TABLE II**

	<u>2017</u>	<u>2016</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	\$ 313,495	\$ 292,127	\$ 21,368	7.31%
Grant Funding	3,014,808	2,409,391	605,417	25.13%
Interest Income	7,037	425	6,612	1555.76%
Other Income	966,303	507,869	458,434	90.27%
Gain/(Loss) on disposition	(7,348)	(5,249)	(2,099)	39.99%
<b>Total Revenue</b>	<b><u>4,294,295</u></b>	<b><u>3,204,563</u></b>	<b><u>1,089,732</u></b>	<b><u>34.01%</u></b>
Administration	1,219,784	872,821	346,963	39.75%
Tenant Services	12,456	19,351	(6,895)	-35.63%
Utilities	67,676	60,358	7,318	12.12%
Maintenance	260,625	285,115	(24,490)	-8.59%
General Expense	304,371	203,760	100,611	49.38%
Financial Expense	6,670	2,756	3,914	142.02%
Housing Assistance Payments	2,137,880	1,795,925	341,955	19.04%
Depreciation	301,791	311,545	(9,754)	-3.13%
<b>Total Expenses</b>	<b><u>4,311,253</u></b>	<b><u>3,551,631</u></b>	<b><u>759,622</u></b>	<b><u>21.39%</u></b>
Change in Net Position	(16,958)	(347,068)	330,110	95.11%
Special Items, Net Gain/(Loss)	-	(222,613)	222,613	-100.00%
Beginning Net Position	<u>5,626,492</u>	<u>6,196,173</u>	<u>(569,681)</u>	<u>-9.19%</u>
<b>Ending Net Position</b>	<b><u>\$ 5,609,534</u></b>	<b><u>\$ 5,626,492</u></b>	<b><u>\$ (16,958)</u></b>	<b><u>-0.30%</u></b>

**REVENUES**

Of the total revenue, 70% is derived from a combination of grants from HUD and state agencies. The Authority receives revenue from tenants for dwelling rental charges and miscellaneous charges, which comprised 7% of total revenue other income (which includes fees, maintenance fees, gains/(losses) from the dispositions of capital assets and other miscellaneous receipts) made up the remaining 23%.



Total Revenue increased by \$1,089,732 or 34.01%, which was caused by increases in all categories. Tenant revenue increased by \$21,368 or 7.31% due to increased occupancy. Grant revenue increased by \$605,417 or 25.13% due entirely to an increase in revenue received in the Housing Choice Voucher program which notice increased utilization during the current fiscal year. Other revenue also increased by \$458,434, which was due to a significant increase in property management and other service fees from third parties.

#### EXPENSES

Total expenses for the Menard County Housing Authority increased from \$3,774,244 in FY2016 to \$4,311,253 in FY2017, an increase of \$759,622 or 20.13%. The highlights of the expenses for the current year are as follows:

**Administrative** – Administrative costs include all non-maintenance and non-resident service personnel costs, legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense, etc. Administrative costs increased by \$346,963 or 39.75%. The primary increase in this category was in other operating expense, which increased by \$268,280 or 212.96%. This increase was due to the hiring of additional staff to service the additional clients. Travel expense also increased by \$28,990 or 130.17%, as did legal expense of \$6,687 or 323.67%, office expense of \$53,182 or 78.27% and employee benefits of \$27,506 or 23.66%.

**Tenant Services** – Tenant Services costs include all costs incurred by the Authority to provide additional services to the residents through educational and social events. Tenant Services costs decreased by \$6,895 or 35.63% due to decreased activities during the fiscal year.

**Utilities** – The total utilities expense for the Authority increased by \$7,318 or 12.12% due to normal variances in usage and utility rate fluctuations.

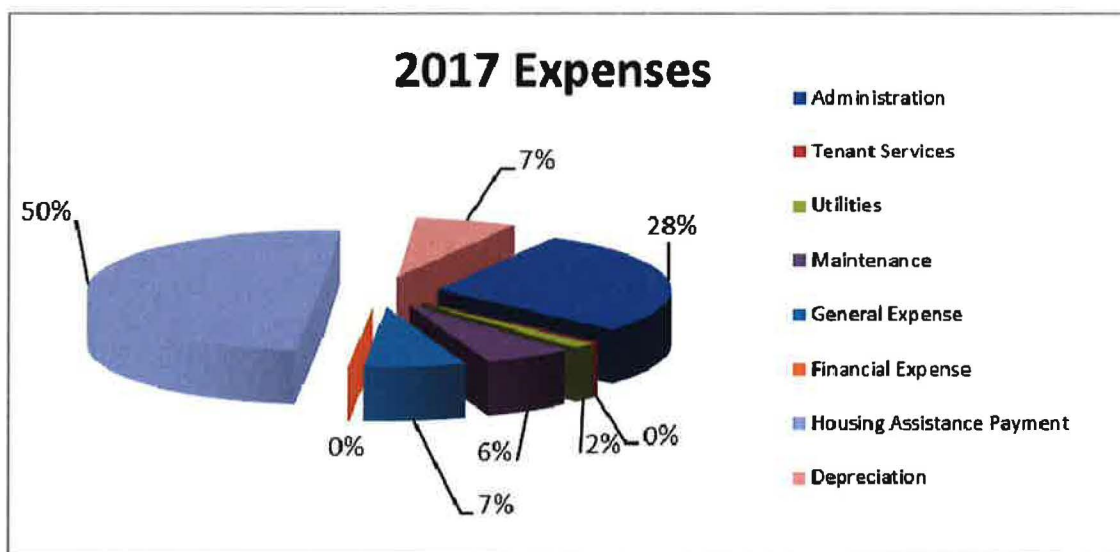


**Maintenance** – Ordinary Maintenance costs are all costs incurred by the Authority to maintain its Public Housing units in a safe and sanitary manner. Costs include personnel costs, materials used to maintain the units and contracts for waste management and other services. Extraordinary maintenance costs relate to items such as demolition costs, emergency roof repairs, flood damage and other items that are not expected in the normal day to day activities of the maintenance department. In FY2017, total maintenance costs decreased by \$24,490 or 8.59%.

**General & Financial Expenses** – General Expenses include insurance costs (property, auto, liability, workers’ compensation, public officials’ liability, lead based paint insurance, etc.), bad debt expense, compensated absences and Payment in Lieu of Taxes (PILOT). General expenses for the Authority increased by \$100,611 or 49.38%. Other general expenses increased by \$130,443 or 286.58%, which was due to subcontracting property management functions. Financial expenses increased by \$3,914 or 142.02% due to a full year of payments on the loan acquired during the prior fiscal year.

**Housing Assistance Payments Program** – HAP payments consist of rental payments to owners of private property for which the housing Authority has a HAP agreement with the tenant and the owner for the difference between the tenants rent and the applicable payment standard. Housing Assistance Payments increased by \$341,955 or 19.04%, due to increased utilization in the program during the current fiscal year.

**Depreciation** – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation Expense decreased by \$9,754 or 3.13% compared to FY2016, due to standard fluctuations in depreciation calculations.





**CAPITAL ASSETS**

At the end of FY2017, the Authority had invested in capital assets \$5,038,680 (net of depreciation) which represents a decrease in net capital assets of \$265,175 or 5.00%. A comparative statement of capital assets is presented in Table III.

**Menard County Housing Authority  
Comparative Statement of Capital Assets  
TABLE III**

	<u>2017</u>	<u>2016</u>	<u>Total Change</u>	<u>% Change</u>
Land	\$ 1,212,502	\$ 1,220,259	\$ (7,757)	-0.64%
Buildings & Improvements	9,826,270	9,792,397	33,873	0.35%
Equipment	391,354	380,854	10,500	2.76%
	<u>11,430,126</u>	<u>11,393,510</u>	<u>36,616</u>	<u>0.32%</u>
Accumulated Depreciation	<u>(6,391,446)</u>	<u>(6,089,655)</u>	<u>(301,791)</u>	<u>4.96%</u>
<b>Total Capital Assets</b>	<b><u>\$ 5,038,680</u></b>	<b><u>\$ 5,303,855</u></b>	<b><u>\$ (265,175)</u></b>	<b><u>-5.00%</u></b>

Major changes in the capital asset accounts are summarized below:

Balance at July 1, 2016	\$ 5,303,855
Current period additions – operations	44,373
Current period sales/dispositions	(7,757)
Current period depreciation expense	<u>(301,791)</u>
 Balance at June 30, 2017	 <u>\$ 5,038,680</u>

**DEBT ADMINISTRATION:**

As of June 30, 2017, the Authority has \$131,556 of debt outstanding related to the promissory note in Business Activities. In January 2016, the Authority entered into a promissory note with a total balance of \$134,400 with the National Bank of Petersburg for the acquisition of 117 North Seventh Street to be used as the offices for the Authority’s Housing Choice Voucher program. Payments on this obligation commenced in February 2017. The following is a summary of the changes of total debt obligations for the year ended June 30, 2017:

Balance at July 1, 2016	\$ 133,547
Principal payments	<u>(1,991)</u>
 Balance at June 30, 2017	 <u>\$ 131,556</u>

## **ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:**

Several factors may affect the financial position of the Authority in the subsequent fiscal year. These factors include:

- (1) The Unemployment Rate for the Springfield, Illinois Metropolitan Statistical Area (MSA) as of June 2017 was 4.7%.<sup>1</sup>
- (2) The median household income, per the 2012 census data, was \$60,486.<sup>2</sup>
- (3) MCHA is currently working on the development of additional affordable housing throughout its area of operation.
- (4) MCHA is earning additional revenue by providing services to other PHAs and affordable housing owners and managers.

## **CONCLUSIONS:**

The Authority's overall financial performance improved in fiscal year 2017, posting a net loss of only \$16,958 compared to a net loss of \$569,681 in fiscal year 2016. Management is dedicated to minimizing operating budget deficits and returning the Authority to more sound fiscal footing. Management is also committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our residents, the citizens of Menard County, Illinois, all federal and state regulatory bodies, and any creditors with a general overview of the Authority's finances. If you have any questions regarding these financial statements or supplemental information, you may contact Anne Smith, Executive Director, or Jason Race, Financial Manager at (217) 632-7723, or by writing: Menard County Housing Authority, P.O. Box 168, Petersburg, Illinois 62675.

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1 Bureau of Labor Statistics Data website [www.bls.gov](http://www.bls.gov)

2 Census Bureau website [www.census.gov](http://www.census.gov)

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

**Current Assets**

Cash & cash equivalents - unrestricted	\$ 394,072
Cash & cash equivalents - restricted	119,907
Accounts receivable	<u>57,810</u>
 Total Current Assets	 <u>571,789</u>

**Capital Assets**

Land	1,212,502
Buildings & improvements	9,826,270
Furniture & equipment	391,354
Construction in progress	<u>-</u>
	11,430,126
Less: Accumulated depreciation	<u>(6,391,446)</u>
 Total Capital Assets	 <u>5,038,680</u>

**Other Noncurrent Assets**

Notes receivable	49,825
Investment in joint ventures	<u>237,256</u>
 Total Noncurrent Assets	 <u>5,325,761</u>

**TOTAL ASSETS** **\$ 5,897,550**

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

## LIABILITIES & NET POSITION

### Current Liabilities

Accounts payable	\$	79,906
Accrued liabilities		8,081
Other current liabilities		10,066
Unearned revenue		6,565
Current portion - long-term debt		2,133
Tenant security deposits		<u>12,200</u>

Total Current Liabilities 118,951

### Noncurrent Liabilities

Long term debt - capital projects		129,423
Accrued compensated absences - noncurrent		32,328
Other liabilities/escrow deposits - noncurrent		<u>7,314</u>

Total Noncurrent Liabilities 169,065

TOTAL LIABILITIES 288,016

### Net Position

Net investment in capital assets		4,893,124
Restricted		100,393
Unrestricted		<u>616,017</u>

TOTAL NET POSITION 5,609,534

**TOTAL LIABILITIES & NET POSITION** \$ 5,897,550

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Operating Revenues**

Dwelling rent	\$	313,495
Governmental grants and subsidy		3,014,808
Other income		966,303
		966,303
<b>Total Operating Revenue</b>		<b>4,294,606</b>

**Operating Expenses**

Administration		1,219,784
Tenant services		12,456
Utilities		67,676
Maintenance & operations		260,625
General expense		304,371
Housing assistance payments		2,137,880
Depreciation expense		301,791
		301,791
<b>Total Operating Expense</b>		<b>4,304,583</b>

<b>Net Operating Income/(Loss)</b>		<b>(9,977)</b>
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**Nonoperating Revenues & Expenses**

Gain/loss on sale of capital assets		(7,348)
Interest income		7,037
Interest expense		(6,670)
		(6,670)
<b>Net Nonoperating Revenues/(Expenses)</b>		<b>(6,981)</b>

<b>Increase/(Decrease) in Net Position</b>		<b>(16,958)</b>
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Total Net Position - beginning		5,626,492
Total Net Position - ending	\$	<b>5,609,534</b>

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

**MENARD COUNTY HOUSING AUTHORITY**  
Petersburg, Illinois

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 1,279,798
Governmental grants & subsidy - operations	3,014,808
Payments to suppliers	(1,204,103)
Payments for housing assistance	(2,137,880)
Payments to employees	(664,764)
	(664,764)

NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES 287,859

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<span style="border-top: 1px solid black;">7,037</span>
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NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES 7,037

**CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES**

Additions to capital assets - operations	(44,373)
Repayment of debt	(1,991)
Proceeds from Sale of Land	409
Payment of interest	(6,670)
	(6,670)

NET CASH PROVIDED/(USED) FROM CAPITAL & RELATED FINANCING ACTIVITIES (52,625)

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	242,271
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<span style="border-top: 1px solid black;">271,708</span>

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <span style="border-top: 1px solid black; border-bottom: 3px double black;">513,979</span>
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**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Operating Income/(Loss)	\$ (9,977)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	301,791
Decrease (Increase) in accounts receivable	(16,125)
Decrease (Increase) in prepaid expenses	847
Decrease (Increase) in other noncurrent assets	16
Increase (Decrease) in accounts payable	15,991
Increase (Decrease) in other accrued liabilities	(6,540)
Increase (Decrease) in unearned revenue	2,156
Increase (Decrease) in security/trust deposits	(300)
	(300)

NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES \$ 287,859

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

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:**

**1. Introduction:**

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

**2. Organization:**

The Menard County Housing Authority ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Illinois by the County of Menard for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the County appoints a Governing Board for 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.

**3. Reporting Entity:**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 of the Government Accounting Standards Board, the Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the Menard County 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 Menard County and has governance responsibilities over all activities related to all housing activities within the Menard 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 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.



**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**3. Reporting Entity: (Cont'd)**

***Component Units:***

**Prairie Partners, Inc.** – Prairie Partners is a private corporation, created and existing under the laws of the State of Illinois and acting as an instrumentality of the Menard County Housing Authority. As of June 30, 2017, the Prairie Partners board composition was comprised of a majority interest of the Housing Authority Board. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated Enterprise Fund financial statement presentation. Prairie Partners was established to expand Affordable Housing opportunities for low-income residents of Menard County. Prairie Partners is the General Partner in Prairie Housing Limited Partnership. The Partnership owns twenty (20) low-income tax credit rental homes throughout Menard County and operated the rental property through a management agreement with Menard County Housing Authority.

**County Estates GP 2, Inc.** – County Estates GP 2 is a private corporation, created and existing under the laws of the State of Illinois and acting as an instrumentality of the Menard County Housing Authority. As of June 30, 2017, the County Estates GP 2 board composition was comprised of a majority interest of the Housing Authority Board. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated Enterprise Fund financial statement presentation. County Estates GP 2 was established to expand Affordable Housing opportunities for low-income residents of Menard County. County Estates GP 2 is one of the General Partners in County Estates I Limited Partnership. The Partnership owns sixty-eight (68) low-income tax credit rental units throughout Menard County and operated the rental property through a management agreement with Menard County Housing Authority.

**Central Illinois Services, Inc.** – Central Illinois Services is a private, non-profit corporation, created and existing under IRS code 501(c)3 and the laws of the State of Illinois and acting as an instrumentality of the Menard County Housing Authority. As of June 30, 2017, the Central Illinois Services board composition was comprised of a majority interest of the Housing Authority Board. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated Enterprise Fund financial statement presentation. Central Illinois Services was established to expand Affordable Housing opportunities for low-income residents of Menard County. Central Illinois Services is one of the General Partners in County Estates I Limited Partnership. The Partnership owns sixty-eight (68) low-income tax credit rental units throughout Menard County and operated the rental property through a management agreement with Menard County Housing Authority.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**3. Reporting Entity: (Cont'd)**

**Parkside Homes Development Corp** – Parkside Homes Development Corp is a private corporation, created and existing under the laws of the State of Illinois and acting as an instrumentality of the Menard County Housing Authority. As of June 30, 2017, the Board composition was comprised of a majority interest of the Housing Authority Board. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated enterprise fund financial statement presentation. Parkside Homes Development Corp was established to expand affordable housing opportunities for low income residents of Menard County. Parkside Homes Development Corp is the General Partner in Parkside Homes LP. The Partnership owns 33 low income housing tax credit rental units in Athens, Illinois. The project is managed through an agreement with the Menard County Housing Authority.

**4. Basis of Presentation, Basis of Accounting and Measurement Focus:**

**Basis of Accounting** - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

**Basis of Presentation** - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the Statement of Net Position. Proprietary fund equity is segregated into three broad components: Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. The Authority uses the following fund:

**Proprietary fund:**

**Enterprise fund** - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

**5. Revenues and Expenses:**

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**6. Encumbrances:**

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

**7. Budgets:**

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

**8. Inventories:**

Inventories are recorded on a first-in, first out basis. The periodic method is used to account for inventories. Under the periodic method, inventories are charged to expense when purchased and adjusted periodically upon physical inventory count.

**9. Capital Assets and Depreciation:**

Capital assets are stated at historical cost and are depreciated using the straight-line method of depreciation. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the Menard County for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. If the initial cost of the equipment and/or personal property is \$1,000.00 or more and the anticipated life or useful value of said equipment or property is more than one year, the same shall be capitalized and recorded as non-expendable equipment and chargeable as a capital expenditure.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings & improvements	15 - 40 years
Furniture, fixtures & equipment	5 - 7 years
Vehicles	5 - 7 years

**10. Collection Losses:**

Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

**MENARD COUNTY HOUSING AUTHORITY**  
Petersburg, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**11. Insurance:**

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

**12. Cash and Investments:**

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.
2. Investments are stated at fair value, except for U. S. Treasury Bills, which are reported at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/ (decreases) in gains made.

**13. Compensated Absences:**

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, **Accounting for Compensated Absences**, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

**14. Operating Revenue:**

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. 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 below the nonoperating revenue and expense.

**MENARD COUNTY HOUSING AUTHORITY**  
Petersburg, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**15. The Terms of the Board are as follows:**

B.R. Boston, Chair	May 2020
Wanda Anderson, Vice Chair	May 2021
C. Jane King	May 2020
Carol Cronister	May 2018
Elizabeth Roberts	May 2019
Jeff Stott	May 2019
James Reed	May 2022

In addition to the above Commissioners, the Administrator of the Authority is Anne R. Smith, who serves on the board as Secretary and as the Executive Director. Based upon the above criteria, all of the operations of the Authority are included in these financial statements and there are no operations or component units that have been excluded from this report.

**16. New Accounting Pronouncements:**

During FY2017, the Authority did not implement any new accounting pronouncements.

**NOTE B - CASH AND CASH EQUIVALENTS:**

All the deposits of the Menard County Housing Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Menard County Housing Authority has no policy regarding custodial credit risk for deposits.

At June 30, 2017, the Authority's cash deposits had a carrying amount of \$513,379 and bank balances of \$528,056. Of the bank balances held in various financial institutions, all federal accounts were completely collateralized by federal depository insurance. There are non-federal accounts that have an uncollateralized balance of \$84,485 in the component unit account at year-end. At June 30, 2017, the Authority's petty cash/change funds totaled \$600.

**Interest rate risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less.

**Credit risk** - The Authority has no policy regarding credit risk.

**Custodial credit risk** - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy on custodial credit risk.

**Concentration of credit risk** - The Authority places no limit on the amount that the Authority may invest any one issuer. The Authority investments are held in certificates of deposits at various banking institutions and are fully collateralized with FDIC insurance and secondary federal government investment instruments as noted below in the collateralization note.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)**

The above balances are contained in the following types of accounts at various financial institutions.

Cash & cash equivalents at June 30, 2017 are as follows:

Checking/escrow accounts	\$ 513,379
Petty cash	<u>600</u>
	<u>\$ 513,979</u>

**Restricted Cash and Cash Equivalents:**

As of June 30, 2017, restricted accounts consisted of the following:

FSS Escrow Trust Deposits	\$ 7,314
HAP Equity	100,393
Security Deposits	<u>12,200</u>
	<u>\$ 119,907</u>

**NOTE C - ACCOUNTS RECEIVABLE:**

Accounts receivable at June 30, 2017, consisted of the following:

Tenants – (net of allowance of \$1,225)	\$ 4,503
A/R – PHA projects	1,345
A/R – Rural Housing Development, Inc.	<u>51,962</u>
	<u>\$ 57,810</u>

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE D - CAPITAL ASSETS:**

A summary of changes in capital assets were as follows:

	Balance at June 30, 2016	Increases	Dispositions	Depreciation	Balance at June 30, 2017
<b>Enterprise Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,220,259	\$ -	\$ (7,757)	\$ -	\$ 1,212,502
Construction in progress	-	-	-	-	-
<b>Total capital assets not being depreciated</b>	<u>1,220,259</u>	<u>-</u>	<u>(7,757)</u>	<u>-</u>	<u>1,212,502</u>
Buildings & improvements	9,792,397	33,873	-	-	9,826,270
Furniture & equipment	380,854	10,500	-	-	391,354
<b>Total capital assets being depreciated</b>	<u>10,173,251</u>	<u>44,373</u>	<u>-</u>	<u>-</u>	<u>10,217,624</u>
Less accumulated depreciation for:					
Buildings & improvements	(5,765,121)	-	-	(275,984)	(6,041,105)
Furniture & equipment	(324,534)	-	-	(25,807)	(350,341)
<b>Total accumulated depreciation</b>	<u>(6,089,655)</u>	<u>-</u>	<u>-</u>	<u>(301,791)</u>	<u>(6,391,446)</u>
<b>Total capital assets being depreciated</b>	<u>4,083,596</u>				<u>3,826,178</u>
<b>Enterprise activity capital assets, net</b>	<u>\$ 5,303,855</u>				<u>\$ 5,038,680</u>

Balance at July 1, 2016	\$ 5,303,855
Current period additions – operations	44,373
Current period sales/dispositions	(7,757)
Depreciation expense	<u>(301,791)</u>
 Balance at June 30, 2017	 <u>\$ 5,038,680</u>

**NOTE E - OTHER NONCURRENT ASSETS:**

Other noncurrent assets at June 30, 2017, consisted of the following:

Note receivable – County Estates I, LP (net of allowance of \$443,030)	\$ 49,825
Capital investment in development partnerships	<u>237,256</u>
	<u>\$ 287,081</u>

Note: The above balance excludes \$14,000 of inter-company notes receivable that have been eliminated as a result of financial statement consolidation.

In October 2005, Central Illinois Services NFP entered into two promissory notes receivable from County Estates I, LP for the construction of residential rental property. The first of these notes was in the amounts of \$105,258, bearing interest at 4.4% per annum, and maturing in October 2035, with payment due upon maturity. The second was a non-interest bearing note in an original amount of \$340,000, also maturing in October 2035. Because these notes are subordinate to several other loans, and eventual collectability is uncertain, an allowance for the full outstanding principal amount of \$443,030 has been recorded in the financial statements. The outstanding balance of this note at June 30, 2017 was \$492,855, which includes accrued interest of \$49,825.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE F - ACCOUNTS PAYABLE:**

Accounts payable at June 30, 2017, consisted of the following:

A/P – vendors and contractors	\$	34,460
A/P – other government		45,446
Tenant security deposits		<u>12,200</u>
	\$	<u>92,106</u>

**NOTE G - ACCRUED LIABILITIES & UNEARNED REVENUE:**

Accrued liabilities and unearned revenue at June 30, 2017, consisted of the following:

Accrued compensated absences – current portion	\$	8,081
Current portion of long-term debt		2,133
Tenant prepaid rents		6,565
Other accrued liabilities		<u>10,066</u>
	\$	<u>26,845</u>

**NOTE H - LONG-TERM DEBT:**

Mortgage notes payable at June 30, 2017, consisted of the following:

**117 N 17<sup>th</sup> Street** – On January 19, 2016 the Authority entered into a promissory note with the National Bank of Petersburg for \$134,400. Funds were used to cover costs associated with acquisition of 117 North Seventh Street to be used as the offices for the agency’s Housing Choice Voucher Program. This note carries an interest rate of 5.0% and matures on January 19, 2019. The Authority’s outstanding balance on this Note as of June 30, 2017 is \$131,556.

The amortization of this loan is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,133	\$ 6,528	\$ 8,661
2019	<u>129,423</u>	<u>3,264</u>	<u>132,687</u>
	<u>\$ 131,556</u>	<u>\$ 9,792</u>	<u>\$ 141,348</u>

Interest expense during the year on the above loan was \$6,670.



**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE I - OTHER LONG-TERM LIABILITIES:**

Non-current liabilities consisted of the following at June 30, 2017:

Accrued compensated absences – noncurrent portion	\$ 32,328
Long term debt – net of current portion	129,423
FSS escrow deposits	<u>7,314</u>
	<u>\$ 169,065</u>

	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017	Current Portion
Compensated absences	\$ 25,508	\$ 40,410	\$ (25,509)	\$ 40,409	\$ 8,081
FSS escrow deposits	8,146	0	(832)	7,314	0
Long-term debt	<u>133,547</u>	<u>(1,991)</u>	<u>0</u>	<u>131,556</u>	<u>2,133</u>
Total long-term liabilities	<u>\$ 167,201</u>	<u>\$ 38,419</u>	<u>\$ (26,341)</u>	<u>\$ 179,279</u>	<u>\$ 10,214</u>

Note: The above balance excludes \$14,000 of inter-company notes payable that have been eliminated as a result of financial statement consolidation.

**NOTE J - OTHER NOTE DISCLOSURES:**

**A. Annual Contributions by Federal Agencies:**

**Annual Contributions Contract C-987** - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget for the year ended June 30, 2017, which were \$324,593.

**Annual Contributions Contract C-1125** – The Section 8 program provides for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. The Authority is also eligible to receive reimbursement for preliminary expenses prior to lease up. HUD contributions for the year ended June 30, 2017, were \$2,506,408.

**B. Risk Management:**

The Authority is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2017, there were no liabilities to be reported.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE K - SUPPLEMENTAL INFORMATION – STATUTORY BASIS:**

Supplemental information has been prepared on the basis of accounting prescribed by HUD. This information is presented for use by HUD program personnel.

**NOTE L - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**Expenses over Budget:**

Total expenses in the Public Housing Program did not exceed the budgeted amounts during the June 30, 2017 fiscal year.

**NOTE M - ECONOMIC DEPENDENCY:**

The Authority owned Housing Program and Housing Choice Voucher Programs are economically dependent on annual contributions and grants from HUD. These programs operate at a loss prior to receiving the contributions and grants.

**NOTE N - DEFINED CONTRIBUTION PENSION PLAN:**

The Menard County Housing Authority pays 13.5% toward a pension plan that covers substantially all employees. The retirement benefits are guaranteed by the Principal Mutual Insurance Company. MCHA pension expense totaled \$43,812.91 for the year. There were no unfunded liabilities associated with this plan. Additional details on the plan can be obtained from Mutual of New York, 700 Commerce Suite 430 Oakbrook, IL. 60523.

**NOTE O - RELATED PARTY TRANSACTIONS:**

At June 30, 2017, there are investments in joint ventures as described in Note F totaling \$237,256. These relationships are described in the note on component units and balances are as follows:

Prairie Partners, Inc.	\$ 128,127
Parkside Homes Development Corp.	109,475
Central Illinois Services NFP	(272)
County Estates GP 2, Inc.	<u>(74)</u>
	<u>\$ 237,256</u>

Additionally, related party transactions are also disclosed in the Note C to the financial statements. These disclosures describe the amount of funds owed from various affiliates and entities in the form of both accounts receivable and notes receivable.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**  
(Continued)

**NOTE P - CONTINGENCIES:**

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

The Authority's component units participate in several different development partnerships as described in Note A(3). Arising from Central Illinois Services NFP's investment in County Estates, LP is a low-priority note receivable from the partnership in the amount of \$443,030. Additionally, in the event of a partnership default, Menard County Housing Authority is contingently liable for recourse debts in the amount of \$2,030,756 from obligations originating in the component units Central Illinois Services, NFP, Prairie Partners, Inc., County Estates GP 2, Inc. and Blue Sky Meadows, LLC. The collection of the note is uncertain and likelihood of partnership default is minimal. Consequently, these assets and liabilities have not been recorded on the financial statements.

**NOTE Q - IMPAIRMENT OF CAPITAL ASSETS:**

In accordance with financial reporting standards issued by the Government Accounting Standards Board, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. During the fiscal year ended June 30, 2017, the Authority experienced no asset impairments.

**NOTE R - SUBSEQUENT EVENTS:**

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through December 1, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**SINGLE AUDIT SECTION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**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**

*INDEPENDENT AUDITOR'S REPORT*

Board of Commissioners  
Menard County Housing Authority  
Petersburg, Illinois 30603

Chicago Regional Office  
Ralph Metcalfe Federal Building  
77 West Jackson Boulevard  
Chicago, Illinois 60604-3507

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 Menard County Housing Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Menard County Housing Authority's basic financial statements, and have issued our report thereon dated December 1, 2017.

**Internal Control Over Financial Reporting**

Management of the Menard County Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing 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 Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Menard County Housing Authority's financial statements are free of 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 the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rector, Reeder & Lofton, PC  
Certified Public Accountants

Lawrenceville, Georgia  
December 1, 2017





**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

*INDEPENDENT AUDITOR'S REPORT*

Board of Commissioners  
Menard County Housing Authority  
Petersburg, Illinois 30603

Chicago Regional Office  
Ralph Metcalfe Federal Building  
77 West Jackson Boulevard  
Chicago, Illinois 60604-3507

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

We have audited the Menard County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Menard County Housing Authority's major federal programs for the year ended June 30, 2017. The Menard County Housing 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 each of its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Menard County Housing 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 Menard County Housing 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 on the Menard County Housing Authority's compliance with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, the Menard County Housing Authority complied, in all material respects, with the 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, 2017.

## Report on Internal Control Over Compliance

The management of the Menard County Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Menard County Housing Authority'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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Housing 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Accordingly, this report is not suitable for any other purpose.



Rector, Reeder & Lofton, PC  
Certified Public Accountants

Lawrenceville, Georgia  
December 1, 2017



**MENARD COUNTY HOUSING AUTHORITY  
Petersburg, Illinois**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2016 contained no formal audit findings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section I – Summary of Auditor’s Results:**

***Financial Statements***

Type of report issued on the financial statements:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weaknesses?	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

***Federal Awards***

Internal controls over major programs:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weaknesses?	<b>None reported</b>

Type of report issued on the compliance for major programs:	<b>Unmodified</b>
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Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	<b>No</b>
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Identification of major programs:

-CFDA #14.871	Housing Choice Voucher Program (Type A)
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Dollar threshold used to distinguish between Type A and Type B programs:	<b>\$750,000</b>
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Did the Authority qualify as a low-risk auditee?	<b>Yes</b>
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**Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

NONE REPORTED

**Section III – Federal Award Findings and Questioned Costs for Federal Awards**

NONE REPORTED

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, IL**

**FINANCIAL DATA SUBMISSION SUMMARY**  
**NET POSITION ACCOUNTS**  
**JUNE 30, 2017**

<u>Account Description</u>	Public and Indian Housing 14.850	Section 8 Housing Choice Vouchers 14.871	Business Activities	Component Units	Eliminations	TOTAL
<b>ASSETS:</b>						
<b>CURRENT ASSETS:</b>						
Cash:						
Cash - unrestricted	\$ 30,842	\$ 25,978	\$ 3,055	\$ 334,197	\$ 0	\$ 394,072
Cash - other restricted	1,300	106,407	0	0	0	107,707
Cash - security deposits	12,200	0	0	0	0	12,200
<b>Total Cash</b>	<b>44,342</b>	<b>132,385</b>	<b>3,055</b>	<b>334,197</b>	<b>0</b>	<b>513,979</b>
Accounts and notes receivables:						
Accounts receivable - PHA projects	0	1,345	0	0	0	1,345
Accounts receivable - HUD other projects	0	0	0	0	0	0
Accounts receivable - miscellaneous	36,650	0	15,312	0	0	51,962
Accounts receivable - tenants - dwelling rents	5,728	0	0	0	0	5,728
Allowance for doubtful accounts	(1,225)	0	0	0	0	(1,225)
Accounts receivable - other government	0	0	0	0	0	0
Notes, loans & mortgages receivable - current	0	0	2,800	0	(2,800)	0
Fraud recovery	0	0	0	0	0	0
Allowance for doubtful accounts - fraud	0	0	0	0	0	0
Accrued interest	0	0	0	0	0	0
<b>Total receivables, net of allowances for uncollectibles</b>	<b>41,153</b>	<b>1,345</b>	<b>18,112</b>	<b>0</b>	<b>(2,800)</b>	<b>57,810</b>
Current investments:						
Investments - unrestricted	0	0	0	0	0	0
Investments - restricted	0	0	0	0	0	0
Prepaid expenses and other assets	0	0	0	0	0	0
Inventories - net	0	0	0	0	0	0
Interprogram due from	0	0	15,533	0	(15,533)	0
<b>TOTAL CURRENT ASSETS</b>	<b>85,495</b>	<b>133,730</b>	<b>36,700</b>	<b>334,197</b>	<b>(18,333)</b>	<b>571,789</b>
<b>NONCURRENT ASSETS:</b>						
Capital Assets:						
Land	1,154,215	0	0	58,287	0	1,212,502
Buildings	9,469,888	0	187,191	0	0	9,657,079
Furniture, equipment & mach. - dwellings	143,211	0	0	8,415	0	151,626
Furniture, equipment & mach. - admin.	211,328	17,900	10,500	0	0	239,728
Leasehold improvements	169,191	0	0	0	0	169,191
Accumulated depreciation	(6,367,889)	(8,460)	(6,682)	(8,415)	0	(6,391,446)
Construction in progress	0	0	0	0	0	0
<b>Total Capital Assets, net of accumulated depreciation</b>	<b>4,779,944</b>	<b>9,440</b>	<b>191,009</b>	<b>58,287</b>	<b>0</b>	<b>5,038,680</b>
Notes receivable - noncurrent (net of allowance)	0	0	11,200	49,825	(11,200)	49,825
Investments in Joint Ventures	0	0	0	237,256	0	237,256
<b>TOTAL NONCURRENT ASSETS</b>	<b>4,779,944</b>	<b>9,440</b>	<b>202,209</b>	<b>345,368</b>	<b>(11,200)</b>	<b>5,325,761</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,865,439</b>	<b>\$ 143,170</b>	<b>\$ 238,909</b>	<b>\$ 679,565</b>	<b>\$ (29,533)</b>	<b>\$ 5,897,550</b>

**MENARD COUNTY HOUSING AUTHORITY**  
Petersburg, IL

**FINANCIAL DATA SUBMISSION SUMMARY**  
**NET POSITION ACCOUNTS**  
**JUNE 30, 2017**

<u>Account Description</u>	Public and Indian Housing 14.850	Section 8 Housing Choice Vouchers 14.871	Business Activities	Component Units	Eliminations	TOTAL
<b>LIABILITIES AND NET POSITION:</b>						
<b>LIABILITIES:</b>						
<b>CURRENT LIABILITIES:</b>						
Bank overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Accounts payable < 90 days	5,731	0	28,729	0	0	34,460
Accrued wage/payroll taxes payable	0	0	0	0	0	0
Accrued compensated absences	4,001	2,438	1,642	0	0	8,081
Accounts payable - HUD PHA programs	0	0	0	0	0	0
Accounts payable - other gov.	45,446	0	0	0	0	45,446
Tenant security deposits	12,200	0	0	0	0	12,200
Unearned revenue	6,565	0	0	0	0	6,565
Other accrued liabilities	0	0	0	0	0	0
Current portion of long-term debt - capital projects	0	0	2,133	2,800	(2,800)	2,133
Other current liabilities	0	0	10,066	0	0	10,066
Accrued liabilities - other	0	0	0	0	0	0
Loan liability	0	0	0	0	0	0
Interprogram (due to)	0	15,533	0	0	(15,533)	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>73,943</b>	<b>17,971</b>	<b>42,570</b>	<b>2,800</b>	<b>(18,333)</b>	<b>118,951</b>
<b>NONCURRENT LIABILITIES:</b>						
Long-term debt-capital projects	0	0	129,423	11,200	(11,200)	129,423
Accrued compensated absences - noncurrent	16,004	9,756	6,568	0	0	32,328
Loan liability - noncurrent	0	0	0	0	0	0
Other noncurrent liabilities	1,300	6,014	0	0	0	7,314
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>17,304</b>	<b>15,770</b>	<b>135,991</b>	<b>11,200</b>	<b>(11,200)</b>	<b>169,065</b>
<b>TOTAL LIABILITIES</b>	<b>91,247</b>	<b>33,741</b>	<b>178,561</b>	<b>14,000</b>	<b>(29,533)</b>	<b>288,016</b>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	4,779,944	9,440	59,453	44,287	0	4,893,124
Restricted	0	100,393	0	0	0	100,393
Unrestricted	(5,752)	(404)	895	621,278	0	616,017
<b>TOTAL NET POSITION</b>	<b>4,774,192</b>	<b>109,429</b>	<b>60,348</b>	<b>665,565</b>	<b>0</b>	<b>5,609,534</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,865,439</b>	<b>\$ 143,170</b>	<b>\$ 238,909</b>	<b>\$ 679,565</b>	<b>\$ (29,533)</b>	<b>\$ 5,897,550</b>

**MENARD COUNTY HOUSING AUTHORITY**  
Petersburg, IL

**FINANCIAL DATA SUBMISSION SUMMARY**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u>Account Description</u>	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Section 8 Housing Choice Vouchers 14.871	Business Activities	Component Units	FSS Coordinator Grants 14.896	TOTAL
<b>REVENUES:</b>							
Net tenant rental revenue	\$ 279,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 279,336
Tenant revenue - other	34,159	0	0	0	0	0	34,159
Total tenant revenue	<u>313,495</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>313,495</u>
HUD PHA grants	324,593	140,000	2,506,408	0	0	28,674	2,999,675
Capital grants	0	0	0	0	0	0	0
Other government grants	0	0	0	15,133	0	0	15,133
Investment income - unrestricted	50	0	140	28	6,819	0	7,037
Other revenue	6,067	0	4,598	750,857	204,281	0	965,803
Fraud recovery	0	0	500	0	0	0	500
Investment income - restricted	0	0	0	0	0	0	0
Gain/(loss) on disposition	0	0	0	0	(7,348)	0	(7,348)
<b>TOTAL REVENUES</b>	<u>\$ 644,205</u>	<u>\$ 140,000</u>	<u>\$ 2,511,646</u>	<u>\$ 766,018</u>	<u>\$ 203,752</u>	<u>\$ 28,674</u>	<u>\$ 4,294,295</u>
<b>EXPENSES:</b>							
<b>Administrative</b>							
Administrative salaries	\$ 187,593	\$ 0	\$ 152,486	\$ 110,676	\$ 0	\$ 28,674	\$ 479,429
Auditing fees	2,550	0	8,093	3,257	4,700	0	18,600
Employee benefit contributions - administrative	62,530	0	33,905	47,305	0	0	143,740
Advertising & marketing	669	0	974	974	0	0	2,617
Office expenses	37,185	0	48,935	33,252	1,756	0	121,128
Legal	1,063	0	3,392	2,815	1,483	0	8,753
Travel	23,105	0	13,620	14,481	55	0	51,261
Other operating - administrative	1,764	0	0	390,060	2,432	0	394,256
Total Administrative Expense	<u>316,459</u>	<u>0</u>	<u>261,405</u>	<u>602,820</u>	<u>10,426</u>	<u>28,674</u>	<u>1,219,784</u>
<b>Resident Services</b>							
Resident Salaries	0	0	0	0	0	0	0
Resident services - other	12,456	0	0	0	0	0	12,456
Employee benefit contributions - resident services	0	0	0	0	0	0	0
Total Resident services expense	<u>12,456</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,456</u>
<b>Utilities</b>							
Water	8,666	0	146	73	0	0	8,885
Electricity	36,091	0	2,983	3,882	0	0	42,956
Gas	8,772	0	1,936	734	0	0	11,442
Sewer	4,238	0	105	50	0	0	4,393
Total Utilities Expense	<u>57,767</u>	<u>0</u>	<u>5,170</u>	<u>4,739</u>	<u>0</u>	<u>0</u>	<u>67,676</u>
<b>Ordinary Maintenance &amp; Operation</b>							
Ordinary maint. and oper. - labor	0	0	0	1,185	0	0	1,185
Ordinary maint. and oper. - materials & others	15,444	0	535	45,273	0	0	61,252
Contract costs - garbage & trash removal	26,129	0	0	229	0	0	26,358
Heating & Cooling Contracts	6,214	0	0	0	0	0	6,214
Elevator Maintenance Contracts	5,568	0	0	0	0	0	5,568
Landscape & Grounds Contracts	325	0	0	0	0	0	325
Unit Turnaround Contracts	365	0	0	0	0	0	365
Electrical Contracts	0	0	0	0	0	0	0
Plumbing Contracts	0	0	0	0	0	0	0
Extermination Contracts	3,219	0	0	595	0	0	3,814
Routine Maintenance Contracts	145,068	0	0	4,940	0	0	150,008
Contract costs - miscellaneous	0	0	5,536	0	0	0	5,536
Ordinary maint. and oper. - benefits	0	0	0	0	0	0	0
Total Ordinary Maintenance & Operation	<u>202,332</u>	<u>0</u>	<u>6,071</u>	<u>52,222</u>	<u>0</u>	<u>0</u>	<u>260,625</u>

**MENARD COUNTY HOUSING AUTHORITY**  
Petersburg, IL

**FINANCIAL DATA SUBMISSION SUMMARY**  
**REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u>Account Description</u>	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Section 8 Housing Choice Vouchers 14.871	Business Activities	Component Units	FSS Coordinator Grants 14.896	TOTAL
<b>Protective Services</b>							
Protective services - labor	0	0	0	0	0	0	0
Protective services - contracts	0	0	0	0	0	0	0
<b>Total Protective Services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Insurance Expenses</b>							
Property insurance	51,628	0	0	0	0	0	51,628
Liability insurance	0	0	0	0	544	0	544
Workmen's compensation	0	0	0	0	0	0	0
All other insurance	0	0	0	0	0	0	0
<b>Total Insurance Expenses</b>	<u>51,628</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>544</u>	<u>0</u>	<u>52,172</u>
<b>General Expenses</b>							
Other general expenses	30,543	0	22,381	64,617	58,419	0	175,960
Compensated absences	20,005	0	12,195	8,210	0	0	40,410
Payments in lieu of taxes	24,669	0	0	0	0	0	24,669
Bad debt - tenant rents	4,624	0	0	0	0	0	4,624
Bad debt - other	0	0	0	0	6,536	0	6,536
<b>Total General Expenses</b>	<u>79,841</u>	<u>0</u>	<u>34,576</u>	<u>72,827</u>	<u>64,955</u>	<u>0</u>	<u>252,199</u>
<b>Interest Expense and Amortization Cost</b>							
Interest on mortgage (or bonds) payable	0	0	0	6,670	0	0	6,670
Interest on notes payable (short and long term)	0	0	0	0	0	0	0
Amortization of bond issue costs	0	0	0	0	0	0	0
<b>Total Interest Expense and Amortization Cost</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,670</u>	<u>0</u>	<u>0</u>	<u>6,670</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>720,483</u>	<u>0</u>	<u>307,222</u>	<u>739,278</u>	<u>75,925</u>	<u>28,674</u>	<u>1,871,582</u>
<b>EXCESS OPERATING REVENUE OVER EXPENSE</b>	<u>(76,278)</u>	<u>140,000</u>	<u>2,204,424</u>	<u>26,740</u>	<u>127,827</u>	<u>0</u>	<u>2,422,713</u>
<b>Other Expenses</b>							
Extraordinary maintenance	0	0	0	0	0	0	0
Casualty loss	0	0	0	0	0	0	0
Housing Assistance Payments	0	0	2,137,880	0	0	0	2,137,880
Depreciation expense	293,859	0	3,175	4,757	0	0	301,791
<b>Total Other Expenses</b>	<u>293,859</u>	<u>0</u>	<u>2,141,055</u>	<u>4,757</u>	<u>0</u>	<u>0</u>	<u>2,439,671</u>
<b>TOTAL EXPENSES</b>	<u>1,014,342</u>	<u>0</u>	<u>2,448,277</u>	<u>744,035</u>	<u>75,925</u>	<u>28,674</u>	<u>4,311,253</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ (370,137)</u>	<u>\$ 140,000</u>	<u>\$ 63,369</u>	<u>\$ 21,983</u>	<u>\$ 127,827</u>	<u>\$ 0</u>	<u>\$ (16,958)</u>
Operating Transfer In	140,000	0	0	0	0	0	140,000
Operating Transfer Out	0	(140,000)	0	0	0	0	(140,000)
Special items, net gain/loss	0	0	0	0	0	0	0
Equity transfers	0	0	0	0	0	0	0
Prior year adjustments	0	0	0	0	0	0	0
Beginning Net Position	5,004,329	0	46,060	38,365	537,738	0	5,626,492
<b>Ending Net Position</b>	<u>\$ 4,774,192</u>	<u>\$ 0</u>	<u>\$ 109,429</u>	<u>\$ 60,348</u>	<u>\$ 665,565</u>	<u>\$ 0</u>	<u>\$ 5,609,534</u>
Housing Choice Voucher Equity	0	0	100,393	0	0	0	100,393
Administrative Fund Equity	0	0	9,036	0	0	0	9,036
Unit months available	1,512	0	8,052	0	0	0	9,564
Number of unit months leased	1,450	0	4,741	0	0	0	6,191

**MENARD COUNTY HOUSING AUTHORITY  
Petersburg, Illinois**

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>TYPE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM AMOUNT</u>
<b><u>FEDERAL GRANTOR</u></b>			
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>			
<b>Public Housing:</b>			
<b><u>Annual Contributions Contract C-987</u></b>			
Public and Indian Housing	B - Nonmajor	14.850	\$ 324,593
Public Housing Capital Fund	B - Nonmajor	14.872	140,000
Family Self-sufficiency Program	B - Nonmajor	14.896	28,674
<b>Other Programs:</b>			
<b><u>Annual Contributions Contract C-1125</u></b>			
Section 8 Housing Choice Vouchers	A - Major	14.871	<u>2,506,408</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ <u>2,999,675</u></b>
<b>Threshold for Type A &amp; Type B</b>			<b>\$ <u>750,000</u></b>

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Menard County Housing Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the 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).

**NOTE B - SUBRECIPIENTS:**

The Menard County Housing Authority provided no federal awards to sub-recipients during the fiscal year ending June 30, 2017.

**NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:**

- The Menard County Housing Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended June 30, 2017.
- The Menard County Housing Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended June 30, 2017.
- The Menard County Housing Authority maintains the following limits of insurance as of June 30, 2017:

Property	\$ 14,583,164
General Liability	\$ 1,000,000
Commercial Auto	\$ 1,000,000
Worker Compensation	Statutory
Directors of Officers Liability	\$ 1,000,000
Public Employee Dishonesty	\$ 300,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.



**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**SUPPLEMENTAL INFORMATION**  
**SPECIAL REPORTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**MENARD COUNTY HOUSING AUTHORITY**  
**Petersburg, Illinois**

**STATEMENT AND CERTIFICATION OF ACTUAL ROSS PROGRAM COSTS**  
**JUNE 30, 2017**

**PHASE IL028FSH224A015**

- 1 The Actual ROSS Family Self-Sufficiency Grant Program Costs of IL028FSH224A015 are as follows:

Funds Approved	\$	29,160
Funds Expended		<u>29,160</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	29,160
Funds Expended		<u>29,160</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 Audit period additions were audited by Rector, Reeder & Lofton, P.C. in the following periods:

FYE 06/30/2017	\$	14,580
FYE 06/30/2016		<u>14,580</u>
	\$	<u><u>29,160</u></u>

- 3 The costs as shown on the Final Federal Financial Report - SF 425 dated January 30, 2017, as submitted to HUD for approval, is in agreement with the PHA's records.
- 4 All Grant Program costs have been paid and all related liabilities have been discharged through payment.