

**HOUSING AUTHORITY OF  
CHAMPAIGN COUNTY  
FINANCIAL STATEMENTS  
AND  
REPORTS OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS  
FOR YEAR ENDED DECEMBER 31, 2017**

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
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FOR THE YEAR ENDED DECEMBER 31, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

### ***Independent Auditor's Report***

Board of Commissioners  
Housing Authority of Champaign County

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of the Housing Authority of Champaign County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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 basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the Housing Authority of Champaign County as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Housing Authority of Champaign County's basic financial statements. The Financial Data Schedule, required by Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule, and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2018 on our consideration of the Housing Authority of Champaign County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of Champaign County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive style with a vertical line separating the name from the company name.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
August 20, 2018

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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Our discussion and analysis of the Housing Authority of Champaign County's (the Authority) financial performance provides an overview of the Primary Government's financial activities for the year ended December 31, 2017. Please review it in conjunction with the Authority's basic financial statements, which begin on page 6.

**FINANCIAL HIGHLIGHTS**

- The Authority executed HAP contracts on an additional 42 units relating to Highland Green and the Manor at Prairie Crossing. Lease-up on these units began mid-year with all but 6 units leased as of December 31, 2017. As a result, HUD funding for HAP expense and Administrative Fees increased to account for the increased lease rate. The Authority's overall utilization rate is up to 86% for the year, an increase of 5% overall.
- The Authority entered into several new commitments to further its goal of expanding housing opportunities. Commitments include setting aside \$4,420,000 for the relocation and redevelopment of units formerly known as Skelton Place, \$1,500,000 for a future property to be known as Bristol Place, \$1,889,397 to complete renovations at the newly converted RAD properties and \$3,850,000 for development of additional projects in the City of Urbana.
- The Authority's basic financial statements reflect a current ratio, adjusted to remove restricted elements, of 10.5:1 in the current year, down slightly from 11.6:1 in the prior year. Current ratio measures an entity's liquidity and is computed by dividing current assets by current liabilities. A ratio of greater than one generally signifies a high performing entity as assets are available to pay liabilities. Expectations are for this ratio to continue to dip slightly as the Authority continues investing accumulated funding into various projects and anticipation of HUD implementation of cash management requirements for Moving-to-Work agencies (requiring use of current reserves over HUD held funding).
- The Authority's Change in Net Position increased \$2,825,144. The surplus relates to the use of multiple years of Capital Grant funding to support development activities which are held as either Capital Assets or predevelopment receivables. This represents a continuation from the previous year, as reserves had been accumulating in an effort to pool resources for various development projects.
- Grant revenues, primarily in the form of HUD grants, accounted for \$14.99 million or 88 percent of all revenues. Tenant Rental and Fees for Services accounted for \$824,461 or 8.8 percent of all revenues. This represents a decrease in dependence on government funding since MTW conversion, as the Authority was around 95% dependent prior to conversion, an indicator that the agency is making progress towards reducing its dependence on government grants to fund activities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows (on pages 6-9) provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Financial information by program is included in the supplemental information starting on page 21. This information tells how these services were financed in the short term as well as what remains for future spending. Program financial information also reports the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most financially significant programs.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**The Statements of Net Position and Revenues, Expenses and Changes in Net Position**

The Statements provide information about the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting that is used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them. The difference between assets and liabilities or net position is one way to measure the Authority's financial health. Over time, increases or decreases in the net position are one indicator of whether its financial position is improving or deteriorating.

The higher the net position figure is, generally, the better the financial position. However, this information does not reflect ongoing fluctuations in the economic climate, regulatory changes, or other external forces that impact an entity's financial position, but which may not be quantifiable as of the financial statement date.

The Authority's total net position was \$31,175,921 as of December 31, 2017.

**Table 1  
Statement of Net Position (in Thousands)**

	2017	2016	Change
Cash & Investments	\$ 6,524	\$ 5,444	\$ 1,080
Other Current Assets	394	2,031	(1,637)
Noncurrent Assets and Deferred Outflows	27,578	24,005	3,573
Total Assets and Deferred Outflows	34,496	31,480	3,016
Current Liabilities	640	1,446	(806)
Noncurrent Liabilities	2,680	1,683	997
Total Liabilities	3,320	3,129	191
Invested in Capital Assets	14,920	12,712	2,208
Restricted	858	581	277
Unrestricted	15,398	15,058	340
Total Net Position	<u>\$ 31,176</u>	<u>\$ 28,351</u>	<u>\$ 2,825</u>

The decrease in Current Assets of \$1,637 thousand relates to January 2017 HAP totaling \$808,717 paid early in the prior year (was in Prepaid Expense) and receipt of \$500K in additional HUD funds this year that were recorded in Accounts Receivable in the prior year. The \$500K receipt is also a factor relating to the increase in Cash & Investments of \$1,080 thousand.

The decrease in Current Liabilities of \$925 thousand primarily relates to January 2017 HUD funding totaling \$864,792 advanced in December 2016, reported as Unearned Revenue.

The increase in Noncurrent Liabilities of \$997 thousand relates to debt incurred to finance the construction of the Mahomet project.

The increase in Invested in Capital Assets of \$1,162 thousand relates to approximately \$3 million in capital asset purchases net of debt borrowings noted above and an allowance for depreciation.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

The decrease in Restricted Net Position primarily resulted from the use of the Deferred Outflow balance of \$799,263, which financed the Note receivables to Providence in the current year.

Table 2 compares the 2017 Change in Net Position to the 2016 Change in Net Position.

**Table 2  
Changes in Net Position (in Thousands)**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
Government Grants	\$ 14,987	\$ 14,774	\$ 213
Rental Income	894	790	104
General Revenue	<u>1,240</u>	<u>533</u>	<u>707</u>
Total Revenue	17,121	16,097	1,024
Expenses			
Administrative & Tenant Services	1,985	1,860	125
Maintenance	726	697	29
Utilities	389	365	24
General	612	682	(70)
Housing Assistance Payments	10,011	9,383	628
Financing	10	-	10
Depreciation	<u>563</u>	<u>870</u>	<u>(307)</u>
Total Expenses	14,296	13,857	439
Change in Net Position	<u>\$ 2,825</u>	<u>\$ 2,240</u>	<u>\$ 585</u>

The increase in Government Grants of \$3,842 million is primarily due to an increase in Housing Assistance Payment funding from HUD due to new PBV units leased (primarily the Providence Developments), plus a return to normal funding in the current, as the prior year included a large decrease in HAP funding (\$2 million), as HUD was requiring the agency to use its reserves on hand. This also relates to the increase of \$781 thousand in Housing Assistance Payments.

Prior year Financing expenses relate to borrowing costs of the Urban Park Place development and represent a one-time expense of that period.

General expenses increased \$52 thousand primarily relate to increased payments related to the Habitat for Humanity homeownership initiative, which serves to provide additional housing opportunities currently and in the near future.

All other expense changes represent normal fluctuations in the operating cycle.

The Financial Data Schedule beginning on page 21 presents a more detailed picture of the activity and balances of the various programs. The reasons for significant changes have been identified above.



**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2017, the Authority has \$17,265,542 invested in a broad range of capital assets, including land, buildings, furniture and equipment as follows:

**Table 3  
Capital Assets**

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u>
Nondepreciable Assets:				
Land	\$ 5,434,212	\$ 609,176	\$ (582,039)	\$ 5,461,349
Construction in Progress	741,409	3,794,283	(3,174,852)	1,360,840
Depreciable Assets:				
Buildings & Improvements	25,823,220	7,287,889	(16,808,353)	16,302,756
Dwelling Equipment	1,366,438	8,034	(333,593)	1,040,879
Administrative Equipment	737,565	85,520	(268,056)	555,029
Total	<u>34,102,844</u>	<u>11,784,902</u>	<u>(21,166,893)</u>	<u>24,720,853</u>
Less: Accumulated Depreciation	<u>(20,086,606)</u>	<u>(563,047)</u>	<u>13,194,342</u>	<u>(7,455,311)</u>
Net Book Value	<u>\$ 14,016,238</u>			<u>\$ 17,265,542</u>

The \$3,249,304 in net additions to Fixed Assets represent a significant increase in annual expenditures based on historical trends. Specifically, additions include \$2,478,750 spent to construct The Manor at Prairie Crossing and \$1,262,791 spent on renovations of the RAD Conversion properties. In addition, as a result of the RAD Conversion, all Capital assets were transferred to Maple Grove Development Corporation at the Authority's Net Book Value of approximately \$8 million.

**Long-Term Debt**

The Authority incurred a mortgage payable to IHDA to redevelop Urban Park Place totaling \$1,304,343. The debt does not require repayment and is forgivable upon maturity in 2046, provided there is no event of default as determined by IHDA. No event of default has occurred as of the date of the report. In addition, the Authority incurred an additional mortgage to assist funding the construction of the Mahomet development project which was placed in service in November 2017. Borrowings totaled approximately \$1 million and are payable from project sources over the next 5 years.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Significant economic factors affecting the Authority are as follows:

- Continued development activities including RAD Conversion of the former Skelton Place to a new Low Income Housing Tax Credit project to be known as Prospect Senior
- New development activities related to the purchase and development of two additional developments: Douglass Park and Highland Green.
- Staff restructuring following multiple positions vacated through attrition. In most cases, reassignment of duties instead of filling the vacated position.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONT'D)**

Significant economic factors affecting the Authority (Cont'd):

- Rental Assistance Demonstration (RAD) Program conversion completion for final two projects. RAD provides for the application of proven financing tools on at-risk public and assisted housing and is a central part of HUD's rental housing preservation strategy.
- Future congressional appropriation bills on MTW funding and impact of congressional sequestration federal funding cut backs.
- Increased participant and tenant turnover due to the ongoing estimated effects of complying with Local Self Sufficiency requirements.
- Local inflationary rates and employment are trending up which affect residents' income and therefore, rental income to the Authority.
- Inflationary rates will negatively impact utility rates, supplies and other costs of the Authority.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Authority's finance department at (217) 378-7100 or at 205 West Park Avenue, Champaign, Illinois 61820.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2017**

	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents - Unrestricted	\$ 5,589,109	\$ 90,373
Cash and Cash Equivalents - Restricted	857,799	28,666
Accounts Receivable		
Tenants, net of Allowances	27,447	8,218
Other	81,419	5,444
Investments - Unrestricted	-	-
Investments - Restricted	76,741	127,385
Inventory	112,376	-
Prepaid Expenses	172,510	4,284
<b>Total Current Assets</b>	<b>6,917,401</b>	<b>264,370</b>
<b>Noncurrent Assets</b>		
Capital Assets, Net of A/D		
Nondepreciable	6,822,189	213,186
Depreciable	10,443,353	3,540,326
Other Noncurrent Assets	10,312,432	-
<b>Total Noncurrent Assets</b>	<b>27,577,974</b>	<b>3,753,512</b>
<b>Total Assets</b>	<b>34,495,375</b>	<b>4,017,882</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Total Deferred Outflows of Resources</b>	-	-
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable - Vendors and Contractors	277,746	26,422
Accounts Payable - Other	169,399	-
Accrued Wages and Related Payables	40,069	-
Accrued Compensated Absences	11,149	-
Accrued Interest	-	4,580
Accrued Liabilities - Other	-	72,475
Tenant Security Deposits Payable	71,008	13,500
Current Portion of Mortgages Payable	23,629	21,903
Unearned Revenue	46,934	810
<b>Total Current Liabilities</b>	<b>639,934</b>	<b>139,690</b>
<b>Noncurrent Liabilities</b>		
Mortgages Payable	2,321,687	650,810
Notes Payable	-	5,481,323
Accrued Compensated Absences	173,833	-
Accrued Interest	-	271,958
Unearned Revenue	184,000	-
<b>Total Noncurrent Liabilities</b>	<b>2,679,520</b>	<b>6,404,091</b>
<b>Total Liabilities</b>	<b>3,319,454</b>	<b>6,543,781</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
<b>Total Deferred Inflows of Resources</b>	-	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	14,920,226	(2,672,482)
Restricted for:		
Modernization and Development	667,839	127,385
Housing Assistance Payments	165,691	-
Other	23,849	-
Unrestricted	15,398,316	19,198
<b>Total Net Position</b>	<b>\$ 31,175,921</b>	<b>\$ (2,525,899)</b>

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

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
<b>Operating Revenue</b>		
Rental Revenue	\$ 893,854	\$ 179,053
HUD Operating Grants	14,986,511	-
Fees for Other Services	616,366	-
Other Government Grants	-	272,760
Other Revenue	232,554	691
Total Operating Revenue	<u>16,729,285</u>	<u>452,504</u>
<b>Operating Expenses</b>		
Administrative & Tenant Services	2,000,303	110,720
Utilities	389,193	60,850
Ordinary Maintenance and Operations	705,326	82,321
Insurance Premiums	178,037	16,966
General	432,360	49,346
Housing Assistance Payments	10,011,483	-
Depreciation	563,047	158,814
Total Operating Expenses	<u>14,279,749</u>	<u>479,017</u>
<b>Operating Income (Loss)</b>	2,449,536	(26,513)
<b>Nonoperating Revenues (Expenses)</b>		
Nonroutine Maintenance and Replacement	-	(20,453)
Investment Income	339,422	141
Interest Expense	(10,258)	(334,610)
Gain (Loss) from Sale of Assets	46,444	-
Total Nonoperating Revenues (Expenses)	<u>375,608</u>	<u>(354,922)</u>
<b>Income (Loss) before Capital Contributions</b>	2,825,144	(381,435)
Capital Contributions	-	-
<b>Change in Net Position</b>	2,825,144	(381,435)
<b>Net Position, Beginning of Period</b>	<u>28,350,777</u>	<u>(2,144,464)</u>
<b>Net Position, End of Period</b>	<u>\$ 31,175,921</u>	<u>\$ (2,525,899)</u>

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

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Primary Government</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Operations	\$ 851,524
HUD Operating Grants	14,986,511
Payments to Landlords	(10,011,483)
Payments to Vendors	(1,650,492)
Payments to Employees	(1,256,742)
Other Receipts (Payments)	878,823
Net Cash Provided by (Used in) Operating Activities	3,798,141
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchases of Capital Assets	(3,765,905)
Capital Grants	-
Proceeds from Acquisition of Debt	1,040,973
Interest Payments on Debt	(10,258)
Net Cash Provided by (Used in) Capital Related Financing Activities	(2,735,190)
<b>Cash Flows from Investing Activities:</b>	
Proceeds from Redemption of Securities	1,578,085
Purchases of Securities	-
Net Investment Income (Loss)	509
Net Cash Provided by (Used in) Investing Activities	1,578,594
<b>Net Increase (Decrease) in Cash</b>	2,641,545
<b>Cash at the Beginning of the Period</b>	3,805,363
<b>Cash at the End of the Period</b>	\$ 6,446,908
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>	
Operating Income (Loss)	\$ 2,449,536
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:	
Depreciation Expense	563,047
Change in Operating Assets and Liabilities:	
Decrease (Increase) in Receivables	850,391
Decrease (Increase) in Inventory	(8,501)
Decrease (Increase) in Prepaid Expenses	795,003
Increase (Decrease) in Accounts Payable	31,653
Increase (Decrease) in Other Liabilities	(882,988)
Net Cash Provided by (Used in) Operating Activities	\$ 3,798,141
<b>Noncash Capital Related Financing and Investing Activities:</b>	<i>None</i>

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

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the Housing Authority of Champaign County (“the Authority”) is presented to assist in understanding the Authority’s financial statements. The financial statements and notes are representations of the Authority’s management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Reporting Entity**

The Authority was created in 1939 under the laws of the State of Illinois to administer the Public Housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the federal government through the U.S. Department of Housing and Urban Development (HUD), for financial assistance for low-income public housing pursuant to the United States Housing Act of 1937, as amended. As such, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (“HUD”) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The Authority’s combined financial statements include the accounts of all the Authority’s operations. The criteria for including organizations as component units within the reporting entity, as set forth in The Governmental Accounting Standards Board (GASB)’s Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization’s board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority’s Board of Commissioners or the component unit provides services entirely to the Authority. These component units’ funds are blended into those of the Authority’s by appropriate activity type to compose the primary government presentation.

Currently, the Authority has four component units that meet the criteria for blending.

Central Illinois Development Corporation of Champaign County (CIDC), Oak Grove Development Corporation (OGDC), Maple Grove Development Corporation (MGDC) and Sycamore Grove Development Corporation (SGDC) were created to own, develop and rehabilitate residential dwelling units to low and moderate-income families. The Authority maintains control of the entities primarily through its ability to elect and serve as the board of directors and officers. The entities serve as general partners or shareholders in various current and future mixed finance partnership structures as well as ownership of its current and former public housing stock undergoing conversion under HUD’s Rental Assistance Demonstration (RAD) initiative. Currently, the blended component unit’s significant activities include the operation of Urban Park Place, RAD renovation and operation of five former HUD public housing projects and various levels of ownership and control of multiple Low Income Housing Tax Credit partnerships from which no material reporting financial activity is included in the reporting entity, other than as reported below.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

The Authority controls the general partner of a Low Income Housing Tax Credit (LIHTC) limited partnership. The partnership's interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities which enable it to impose its will on the limited partnerships. Additionally, the Authority has a financial benefit and burden relationship as the Authority has assumed the obligation to provide financial support to the organization and has imposed its will over the entity. The partnership does not serve the primary government exclusively, or almost exclusively, and therefore, is shown as a discretely presented component unit.

Currently, the Authority has one component unit that meets the criteria for discrete presentation.

Oakwood Trace Townhomes, L.P, an Illinois limited partnership, was formed in March 2001, for the purpose of rehabilitation and operating a low-income housing project that qualifies for low-income housing credits under §42 of the Internal Revenue Code. The project consists of 50 units for rent to individuals and families of low and moderate income in Champaign, Illinois. The project entered into a ground lease with the Authority for land the Authority owns in Champaign, Illinois.

Complete financial statements of the discretely presented component unit may be obtained at the Authority's administrative office:

Housing Authority of Champaign County  
205 West Park Avenue  
Champaign, IL 61820

**Payments between the Authority and Component Units**

Resource flows between the primary government and blended component unit are typically reported as operating transfers and eliminated during consolidation. Such transactions include development advances and funding of RAD reserves which totaled \$5,648,925 during 2017. Additionally, certain transactions that are subject to regulatory oversight are reporting as external transactions (revenues and expenses) and eliminated during consolidation. Of which, balances and/or transactions between the blended component unit and the primary government provided during 2017 were: notes receivable and related interest incurred, rental subsidies provided through the HAP contract, operating funds provided per regulatory approved budgets and fees for services charged to the component unit, of which \$682,176, \$1,567,125, \$18,540 and \$176,821, which were eliminated during consolidation, respectively. Resource flows between the primary government and the discretely presented component unit are reported as external transactions (revenues and expenses). Transactions during 2017 consist of rental subsidies and fees for services totaling \$272,760 and \$22,360, respectively.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses used during the reporting period. Actual results could differ from those estimates. Significant estimates include the economic lives of capital assets.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The Authority's funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation are included on the Statement of Net Position.

Operating Revenue includes rental income, operating grants, management services income and all other revenue relating to the provision of safe, decent, and affordable housing that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation, and all other expenses relating to the provision of safe, decent, and affordable housing that do not result from transactions defined as capital and related financing, non-capital and related financing, or investing activities.

In addition, the Authority receives capital grants from HUD to be used for various purposes connected with the planning, modernization, and expansion of housing facilities and equipment. Receipts used for non-capitalizable costs are reported as operating revenue and receipts used for capitalization costs are reported as capital contributions.

The financial statements of the Authority are prepared in accordance with U.S. generally accepted accounting principles (GAAP). GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The financial statements include:

1. Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.
2. Financial statements prepared using full accrual accounting for all of the Authority's activities.

The Authority has elected to report as a single enterprise proprietary fund and its primary operations comprise of a number of housing and grant programs as follows:

- The ***Moving-To-Work (MTW) Demonstration Program*** provides the Authority authorization to develop policies outside certain HUD regulations and provisions of the U.S. Housing Act of 1937 in order to increase cost effectiveness, promote self-sufficiency and expand housing options for program participants. As such, the Authority provides rental housing assistance to serve up to the Authority's budget authority of 1,798 vouchers. Of which, the Authority administers 357 units under Project Based Voucher HAP contracts.
- The ***Housing Choice Voucher Program*** provides rental housing assistance to serve up to the Authority's non-MTW budget authority of 22 vouchers related to Veteran's Affairs Supportive Housing (VASH) and 23 Tenant Protection Vouchers (TPV) known as Lincolnshire. The purpose of the VASH program is to provide decent and affordable housing to low income veterans and their families wherein rental assistance is provided by HUD. The TPV units are provided for a specific development to ensure low income tenants retain quality affordable housing options, typically during redevelopment initiatives. The associated units are owned, maintained and managed by private landlords.



**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- The **Public Housing Program** operates under HUD’s Annual Contribution Contract and consists of the operations of low rent public housing properties totaling 92 units. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. Funding of the program is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition). All units have received reservations under HUD’s Rental Demonstration Program (RAD) whereby the units will be removed from the Public Housing Program and released from the ACC. Effective January 2017, 262 units were released from the program under a RAD PBV contract and are reported as a blended component unit.
- The **Moderate Rehab Section 8 Program** was established to account for pass-through project-based Section 8 funding from HUD for the Homestead Apartments project. As contract administrator, the Authority does not own or control the project, but has certain responsibilities relating to compliance monitoring.

**Cash and Cash Equivalents**

Cash and cash equivalents represent cash in checking accounts, demand deposits and money market funds or short-term investments with original maturities of three months or less.

**Investments**

The Authority has adopted certain Local Investment policies as a Move-to-Work agency. The Authority is authorized to undertake its own investment policy through its Moving to Work Agreement, Attachment C (B) (5). The Authority may invest Program Funds in any financial instrument authorized under the Illinois Public Funds Investment Act (30 ILCS 235/2). The Authority follows the provisions of GASB No. 31, “*Accounting and Financial Reporting for Certain Investments in a Governmental Entity*,” which requires all publicly traded debt and equity securities to be recorded at fair market value generally determined on the basis of quoted market values. Purchases and sales of securities are reflected in a trade-date basis. Realized gains and losses on sales of securities are based on average cost.

**Accounts Receivable**

Management periodically assesses the collectability of its receivables and establishes an allowance for uncollectible accounts for all accounts it deems uncollectible. Currently, the allowance established for tenant, fraud and interest receivables is \$-0-, \$1,239 and \$100,258, respectively.

**Inventory**

The Authority’s inventory consists of materials and supplies used to maintain its rental stock. The inventory is valued using the weighted average method and recorded at cost.

**Capital Assets**

Land, buildings, and equipment are stated at cost and depreciated over their estimated useful lives. The capitalization threshold is \$5,000. Donated assets are recorded at estimated market value as of the date of the donation. Construction in progress costs are not depreciated until the corresponding projects are completed. Depreciation has been provided over the following useful lives using the straight-line method of depreciation as follows:

Building and Improvements	10 to 40 years
Machinery and Equipment	5 to 15 years

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Operating Leases**

The Authority leases substantially all of its building and dwelling equipment to tenants for a period of one year, cancellable upon sufficient notice. As of December 31, 2017, the total cost of leased property was \$13,988,240 with accumulated depreciation of \$4,371,974, for a carrying value of \$9,616,266. In addition, the Authority leases a parcel of land with a carrying value of \$306,596. Land lease revenue over the next five years is \$8,000 per year.

**Compensated Absences**

Employees accumulate universal leave for subsequent use or payment upon termination. Compensated absences are accrued when incurred and reported as a liability until paid.

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position of fund balance that applies to future periods and will be recognized as revenue, or a reduction in expense, in future periods.

**Use of Restricted Funds**

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Equity Classifications**

Equity is classified as net position and displayed in three components in the Statement of Net Position.

**Net Investment in Capital Assets** consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority has no related debt.

**Restricted** consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation. The Authority's restricted net position consists of disposition proceeds held in escrow for use in future modernization projects as required by HUD, committed resources for development projects and unspent Housing Assistance Payments restricted from use by HUD.

**Unrestricted** consists of all other net position that does not meet the definition of Restricted or Net Investment in Capital Assets.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**Deposits**

The Authority maintains cash with FDIC depository banks. At times, these balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balances in excess of government provided insurance. In addition, uninsured balances are fully collateralized through agreements with the financial institution. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of December 31, 2017.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONT'D)**

**Investments**

The Authority's policy was adopted to address various risks relating to the Authority's investments. Credit Risk is the risk that an insured or other counterparty to an investment will not fulfill its obligations. Custodial Credit Risk is the risk that the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. Concentration of Credit Risk is an additional dimension of credit risk that relates to the amount invested in any one entity. Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

All of the Authority's investments are held and maintained in restricted reserves held by the respective property's lenders. The lenders control the investment of funds which are currently held in *2a7-like* pools and are therefore not subject to interest rate or custodial credit risk. The pool sponsors maintain policies to address the remaining risks, and as such, require no further risk disclosure. The pooled investments are accounted for on an amortized cost basis which approximates fair value.

Additional information on the Authority's investments is as follows:

	<u>Amortized Cost</u>	<u>Program</u>
<b>Primary Government</b>		
Lender-Held Reserve accounts	\$ 76,741	BCU - Maple Park Manor
Total	<u>\$ 76,741</u>	
<b>Discretely Presented Component Unit</b>		
Lender-Held Reserve accounts	<u>\$ 127,385</u>	Oakwood Trace

The breakdown of restricted deposits and investments reported as of December 31, 2017 is as follows:

<u>Restrictions on Deposits</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
Restricted Cash - Modernization & Development	\$ 621,100	\$ -
Restricted Cash - Housing Assistance Payments	165,691	-
Restricted Cash - Current Liability	-	14,850
Restricted Cash - Security Deposits	71,008	13,816
Total	<u>\$ 857,799</u>	<u>\$ 28,666</u>
<b><u>Restrictions on Investments</u></b>		
Restricted Investments - Replacement Reserves	\$ 46,739	\$ 70,214
Restricted Investments - Other Reserves	23,849	57,171
Restricted Investments - Current Liability	6,153	-
Total	<u>\$ 76,741</u>	<u>\$ 127,385</u>

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 4 – CAPITAL ASSETS**

The following is a summary of changes in Capital Assets during the year.

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending</u>
Nondepreciable Assets:				
Land	\$ 5,434,212	\$ 609,176	\$ (582,039)	\$ 5,461,349
Construction in Progress	741,409	3,794,283	(3,174,852)	1,360,840
Depreciable Assets:				
Buildings & Improvements	25,823,220	7,287,889	(16,808,353)	16,302,756
Dwelling Equipment	1,366,438	8,034	(333,593)	1,040,879
Administrative Equipment	737,565	85,520	(268,056)	555,029
Total	<u>34,102,844</u>	<u>11,784,902</u>	<u>(21,166,893)</u>	<u>24,720,853</u>
Less: Accumulated Depreciation	<u>(20,086,606)</u>	<u>(563,047)</u>	<u>13,194,342</u>	<u>(7,455,311)</u>
Net Book Value	<u>\$ 14,016,238</u>			<u>\$ 17,265,542</u>

**Significant Additions and Dispositions**

Significant additions include \$2,478,750 spent to construct The Manor at Prairie Crossing and \$1,262,791 spent on renovations of the RAD Conversion properties. In addition, as a result of the RAD Conversion, Capital assets with a carrying value of approximately \$8 million were transferred to Maple Grove Development Corporation. Accordingly, significant dispositions include the disposal and transfer of over \$21 million in Capital assets with accumulated depreciation totaling over \$13 million to its Blended Component Unit, MGDC.

**NOTE 5 – OTHER NONCURRENT ASSETS**

The Authority invests in current and future mixed finance projects primarily through funding development in the form of notes receivable from the related development. Notes receivable are recorded upon completion and are long-term in nature. Notes include certain funding provided to the Discretely Presented Component Unit, reported, and included as noncurrent liabilities in Note 7; all other balances are as follows:

**Providence Loan**

Funding provided to construct Providence at Sycamore and Providence at Thornberry totaling \$4,750,000. The projects are owned and operated by TBG Providence Champaign, LP, while the Authority has a minority ownership interest in the project. Loan terms include annual payments of principal and interest payable from Surplus Cash as defined in the partnership agreement. Interest accrues at a rate of 1% per year and matures on December 1, 2058. No surplus cash was available for payment.

**Hamilton Park Loan**

Funding provided to construct Hamilton on the Park totaling \$750,000. The project is owned and operated by TBG Hamilton on the Park, LP, while the Authority has a minority ownership interest in the project. Loan terms include annual payments of principal and interest payable from Surplus Cash as defined in the partnership agreement. Interest accrues at a rate of 2% per year and matures on June 1, 2059. No surplus cash was available for payment.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 5 – OTHER NONCURRENT ASSETS (CONT'D)**

**Investment in Douglass Park**

Initial payment for the purchase of General Partner interest in Douglass Park, LP to be finalized in 2018. Douglass Park is a LIHTC property in which the Authority provides PBV assistance. The interest would give the Authority control of this development.

A summary of noncurrent assets is as follows:

	Beginning	Additions	Deductions	Ending	Due Within One Year
Providence Loan	\$ 4,810,982	47,460	\$ -	\$ 4,858,442	\$ -
Hamilton Park Loan	775,127	14,500	-	789,627	-
HUD Loan (Note 7)	4,011,020	260,716	-	4,271,736	-
AHP Loan (Note 7)	305,722	-	-	305,722	-
HACC Loan (Note 7)	36,905	-	-	36,905	-
Investment in Douglass Park	50,000	-	-	50,000	-
	<u>\$ 9,989,756</u>	<u>\$ 322,676</u>	<u>\$ -</u>	<u>\$ 10,312,432</u>	<u>\$ -</u>
			Less: Current Portion	-	
			Noncurrent Portion	<u>\$ 10,312,432</u>	

**NOTE 6 – NONCURRENT LIABILITIES**

A summary of noncurrent liabilities is as follows:

	Beginning	Additions	Deductions	Ending	Due Within One Year
Mortgage Payable	\$ 1,304,343	\$ -	\$ -	\$ 1,304,343	\$ -
Construction Loan	-	1,046,672	(5,699)	1,040,973	23,629
Land Lease	200,000	-	(8,000)	192,000	8,000
Compensated Absences	187,188	155,823	(158,029)	184,982	11,149
Total	<u>\$ 1,691,531</u>	<u>\$ 1,202,495</u>	<u>\$ (171,728)</u>	<u>2,722,298</u>	<u>\$ 42,778</u>
			Less Current Portion:	(42,778)	
			Noncurrent Portion:	<u>\$ 2,679,520</u>	

**NOTE 7 – MORTGAGE AND NOTES PAYABLE**

**Primary Government**

Mortgage Payable

The Urban Park Place (UPP) mortgage is a non-recourse mortgage loan payable to IHDA, totaling \$1,304,343, collateralized by a deed of trust on buildings and improvements. The mortgage does not bear interest, and provided there is no event of a default, the balance due shall be forgiven on December 31, 2046. Loan documents require compliance with the regulatory agreement including an annual financial and compliance audit be conducted for UPP in accordance with IHDA requirements.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 7 – MORTGAGE AND NOTES PAYABLE (CONT'D)**

Construction Loan

Construction and permanent financing for the Manor at Prairie Crossings development is payable to Hickory Point Bank & Trust with a maximum amount of \$1,200,000. The mortgage bears interest at 3.9% and is currently in construction period with interest only payments due until March 2018, at which point, principal and interest installments of \$5,698 through January 2022 while a final balloon payment of \$1,115,247 due February 2022. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

2018	\$ 23,629
2019	29,224
2020	30,276
2021	31,586
2022	926,258
2023-2045	-
2046	1,304,343
	<u>\$ 2,345,316</u>

**Discretely Presented Component Unit:**

First Mortgage

The mortgage is held by Red Mortgage Capital, Inc. with an original balance totaling \$850,000 and bearing interest at the rate of 8.17% per annum. Principal and interest are due and payable in monthly installments of \$6,338 on the first of each month through September 1, 2033. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate. Accrued and unpaid interest as of December 31, 2017 totaled \$4,961.

City Loan

The Partnership has entered into a non-interest bearing mortgage loan totaling \$667,400 with the City of Champaign for a term of 35 years. The principal payments shall be deferred until March 31, 2021 and will then be payable in equal installments, as stated in the promissory note. The mortgage loan is nonrecourse debt subordinate to the first mortgage and secured by deeds of trust on the related real estate.

HOME Loan

The Partnership entered into a note payable in the amount of \$200,000 with the City of Champaign bearing interest at 5.58% for a term of 30 years from March 31 2001 to March 12, 2031. Payments of interest and principal shall be required only to the extent of available cash flow, as stated in the promissory note. The note is nonrecourse debt secured by real estate. As of December 31, 2017, accrued and unpaid interest totaled \$171,700.

HACC Loan

The Partnership has entered into a note payable totaling \$73,810 with the Housing Authority of Champaign County, an affiliate of the General Partner, and bearing interest at the rate of 5.58% per annum. Payment of principal and interest are deferred and shall be due and payable as the income and cash flow of the Partnership permits. A payment of \$36,905 was made during 2013 bringing the remaining balance to \$36,905. The entire unpaid principal balance and all accrued interest are due and payable on September 1, 2023. The note is nonrecourse debt secured by real estate. As of December 31, 2017, accrued and unpaid interest totaled \$100,258.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 – MORTGAGE AND NOTES PAYABLE (CONT'D)**

HUD Loan

The Partnership entered into a note payable totaling \$1,482,250 with Central Illinois Development Corporation of Champaign County, the General Partner, bearing a compound interest rate of 6.50% for a period of 30 years from the date of closing of permanent financing. Accrued interest shall be added to principal annually. The entire outstanding principal is due and payable at maturity on September 1, 2033. The note is nonrecourse debt secured by real estate. As of December 31, 2017, accrued and unpaid interest totaled \$2,789,486.

AHP Loan

The Partnership had entered into a non-interest bearing note payable totaling \$305,282 with Central Illinois Development Corporation of Champaign County, the General Partner. Payments of principal are deferred and shall be due and payable as the income and cash flow of the Partnership permits, as stated in the promissory note. The entire unpaid principal balance is due and payable on September 1, 2033. The note is nonrecourse debt secured by real estate.

**NOTE 8 – HOUSING CHOICE VOUCHER NET POSITION**

The summary of HCV program balances is as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning Net Position	\$ 38,337	\$ 77,136	\$ 115,473
Revenue			
HUD Operating Grants	18,593	272,302	290,895
Fraud Recovery	-	-	-
Total Revenue	<u>18,593</u>	<u>272,302</u>	<u>290,895</u>
Expenses			
Operating	(9,107)	-	(9,107)
Housing Assistance Payments	-	(183,747)	(183,747)
Total Expenses	<u>(9,107)</u>	<u>(183,747)</u>	<u>(192,854)</u>
Net Result	<u>9,486</u>	<u>88,555</u>	<u>98,041</u>
Ending Net Position	<u>\$ 47,823</u>	<u>\$ 165,691</u>	<u>\$ 213,514</u>

**NOTE 9 – HUD HELD RESERVES**

The Authority is appropriated HUD Move-to-Work funding for the Housing Choice Voucher program based on its 2011 baseline (adjusted for changes in units available). However, funding is calculated and disbursed by HUD based on the immediate needs of the Authority. As a result, the Authority has accumulated and is entitled to an additional \$8,713,069 currently held by HUD in the Authority's "HUD-Held Reserve" (HHR). The HHR funds have not been included in the Authority's financial statements due to the federal government's interpretation of cash management requirements and application of "immediate need". Funds are to be recognized when requirements, such as immediate need, are met.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 10 – HUD CAPITAL FUND PROGRAM**

The Authority is provided HUD development funds for modernization projects and replacement housing. Grant expenditures were audited in accordance with program requirements. The following completed grants have been fully expended, disbursed and liabilities fully paid as of December 31, 2017:

	IL06-P006		
	501-14	501-15	501-16
Funds Authorized	\$ 593,673	\$ 585,824	\$ 599,313
Funds Advanced	593,673	585,824	599,313
Less Project Expenditures	593,673	585,824	599,313
Excess(Deficiency) of Advances	\$ -	\$ -	\$ -

	IL06-R006		
	501-14	501-15	501-16
Funds Authorized	\$ 36,027	\$ 35,544	\$ 36,381
Funds Advanced	36,027	35,544	36,381
Less Project Expenditures	36,027	35,544	36,381
Excess(Deficiency) of Advances	\$ -	\$ -	\$ -

	IL06-R006		
	502-13	502-14	502-15
Funds Authorized	\$ 260,013	\$ 244,024	\$ 240,890
Funds Advanced	260,013	244,024	240,890
Less Project Expenditures	260,013	244,024	240,890
Excess(Deficiency) of Advances	\$ -	\$ -	\$ -

The following grants are open as of December 31, 2017:

	IL06-R006 502-16
Funds Authorized	\$ 145,221
Funds Advanced	104,008
Less Project Expenditures	104,008
Excess(Deficiency) of Advances	\$ -



**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 11 – RETIREMENT PLAN**

The Authority is a participating employer in the Government Agency Retirement Plan. The defined contribution pension plan is qualified under Section 401(a) of the Internal Revenue Code. The plan is administered by Benefit Planning Consultants, Inc. and became effective on June 1, 1951.

All employees who work at least 40 hours per week and have completed the six month waiting period are covered by this plan. The Authority pays 10% of each employee's gross salary into their plans. The employees are not required to contribute to their retirement fund. For the year ended December 31, 2017, the Authority recognized pension expense of \$89,216.

The employee's interest in the Authority's contributions vests over a five-year period from the date of participation in the plan. The normal retirement age is 65 at which time the employee is 100% vested regardless of years of service to the Authority. Non-vested Authority contributions are forfeited upon termination of employment. Total forfeitures were \$13,326 during the year ended December 31, 2017.

As of December 31, 2017, the Authority's liability related to the plan was \$11,083.

**NOTE 12 – COMMITMENTS**

The Authority has entered into the following commitments for various current and future developments and projects as follows:

<u>Development</u>	<u>Balance</u>	<u>Net Position</u>
RAD Transfer of Assistance (Skelton Place)	\$ 4,420,000	Unrestricted
Bristol Place Redevelopment	1,500,000	Unrestricted
RAD Conversion Rehabilitation	1,889,397	Unrestricted
Total	<u>\$ 7,809,397</u>	

**NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Authority receives a substantial portion of revenue from the Department of Housing and Urban Development (HUD). The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost to comply with the change.

**NOTE 14 – MANAGEMENT'S REVIEW**

Events that occur after the balance sheet 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 balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through August 20, 2018, 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 statements.

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$75,003				\$40,695
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					\$165,691
114 Cash - Tenant Security Deposits	\$17,394				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$92,397	\$0	\$0	\$0	\$206,386
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					\$7,391
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$9,688				
126.1 Allowance for Doubtful Accounts - Tenants	\$0				
126.2 Allowance for Doubtful Accounts - Other					\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,688	\$0	\$0	\$0	\$7,391
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$19,674				
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$121,759	\$0	\$0	\$0	\$213,777
161 Land	\$2,531,607				
162 Buildings	\$5,076,735				
163 Furniture, Equipment & Machinery - Dwellings	\$1,032,844				
164 Furniture, Equipment & Machinery - Administration	\$48,868				
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$5,338,211				
167 Construction in Progress	\$10,169				
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,362,012	\$0	\$0	\$0	\$0

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local
111 Cash - Unrestricted	\$158,976	\$90,373	\$3,411,646	\$134,046	\$95,876
112 Cash - Restricted - Modernization and Development			\$621,100		
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits		\$13,816	\$53,614		
115 Cash - Restricted for Payment of Current Liabilities		\$14,850			
100 Total Cash	\$158,976	\$119,039	\$4,086,360	\$134,046	\$95,876
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government		\$5,444			
125 Accounts Receivable - Miscellaneous			\$0	\$54,607	
126 Accounts Receivable - Tenants		\$37,612	\$17,759		
126.1 Allowance for Doubtful Accounts - Tenants		-\$29,394	\$0		
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery				\$997	
128.1 Allowance for Doubtful Accounts - Fraud				-\$1,239	
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$13,662	\$17,759	\$54,365	\$0
131 Investments - Unrestricted					
132 Investments - Restricted		\$127,385	\$70,588		
135 Investments - Restricted for Payment of Current Liability			\$6,153		
142 Prepaid Expenses and Other Assets		\$4,284	\$91,926	\$35,299	
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$158,976	\$264,370	\$4,272,786	\$223,710	\$95,876
161 Land		\$213,186	\$929,916		
162 Buildings		\$6,306,709	\$9,055,553		
163 Furniture, Equipment & Machinery - Dwellings		\$50,000	\$8,035		
164 Furniture, Equipment & Machinery - Administration			\$85,518	\$95,080	
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$2,816,383	-\$419,547	-\$60,060	
167 Construction in Progress			\$1,312,338	\$12,613	
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$3,753,512	\$10,971,813	\$47,633	\$0

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$808,842	\$864,025	\$5,749,482		\$5,679,482
112 Cash - Restricted - Modernization and Development			\$621,100		\$621,100
113 Cash - Other Restricted			\$165,691		\$165,691
114 Cash - Tenant Security Deposits			\$84,824		\$84,824
115 Cash - Restricted for Payment of Current Liabilities			\$14,850		\$14,850
100 Total Cash	\$808,842	\$864,025	\$6,565,947	\$0	\$6,565,947
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects			\$7,391		\$7,391
124 Accounts Receivable - Other Government			\$5,444		\$5,444
125 Accounts Receivable - Miscellaneous		\$19,663	\$74,270		\$74,270
126 Accounts Receivable - Tenants			\$65,059		\$65,059
126.1 Allowance for Doubtful Accounts - Tenants			-\$29,394		-\$29,394
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery			\$997		\$997
128.1 Allowance for Doubtful Accounts - Fraud			-\$1,239		-\$1,239
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$19,663	\$122,528	\$0	\$122,528
131 Investments - Unrestricted					
132 Investments - Restricted			\$197,973		\$197,973
135 Investments - Restricted for Payment of Current Liability			\$6,153		\$6,153
142 Prepaid Expenses and Other Assets	\$5,254	\$20,357	\$176,794		\$176,794
143 Inventories		\$112,376	\$112,376		\$112,376
143.1 Allowance for Obsolete Inventories		\$0	\$0		\$0
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$814,096	\$1,016,421	\$7,181,771	\$0	\$7,181,771
161 Land	\$1,749,436	\$250,390	\$5,674,535		\$5,674,535
162 Buildings		\$2,170,468	\$22,609,465		\$22,609,465
163 Furniture, Equipment & Machinery - Dwellings			\$1,090,879		\$1,090,879
164 Furniture, Equipment & Machinery - Administration		\$325,563	\$555,029		\$555,029
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$1,637,493	-\$10,271,694		-\$10,271,694
167 Construction in Progress	\$25,720		\$1,360,840		\$1,360,840
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,775,156	\$1,108,928	\$21,019,054	\$0	\$21,019,054

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$3,362,012	\$0	\$0	\$0	\$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$3,483,771	\$0	\$0	\$0	\$213,777
311 Bank Overdraft					
312 Accounts Payable <= 90 Days					
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$3,052				
322 Accrued Compensated Absences - Current Portion	\$1,128				
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$17,394				
342 Unearned Revenue	\$779				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					\$263
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$22,353	\$0	\$0	\$0	\$263

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local
171 Notes, Loans and Mortgages Receivable - Non-Current			\$0		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$3,753,512	\$10,971,813	\$47,633	\$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$158,976	\$4,017,882	\$15,244,599	\$271,343	\$95,876
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$26,422	\$9,688		
313 Accounts Payable >90 Days Past Due				\$8,671	
321 Accrued Wage/Payroll Taxes Payable			\$8,037	\$12,986	
322 Accrued Compensated Absences - Current Portion			\$2,135	\$6,456	
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$4,580			
331 Accounts Payable - HUD PHA Programs	\$12,716			\$149,104	
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits		\$13,500	\$53,614		
342 Unearned Revenue		\$810	\$11,832		
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$21,903	\$23,629		
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities				\$5,340	
346 Accrued Liabilities - Other		\$72,475			
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$12,716	\$139,690	\$108,935	\$182,557	\$0

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	COCC	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	\$10,944,608		\$10,944,608	-\$682,176	\$10,262,432
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets	\$50,000		\$50,000		\$50,000
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$12,769,764	\$1,108,928	\$32,013,662	-\$682,176	\$31,331,486
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$13,583,860	\$2,125,349	\$39,195,433	-\$682,176	\$38,513,257
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$257,339	\$293,449		\$293,449
313 Accounts Payable >90 Days Past Due		\$2,048	\$10,719		\$10,719
321 Accrued Wage/Payroll Taxes Payable	\$4,363	\$11,631	\$40,069		\$40,069
322 Accrued Compensated Absences - Current Portion	\$1,317	\$113	\$11,149		\$11,149
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$4,580		\$4,580
331 Accounts Payable - HUD PHA Programs			\$161,820		\$161,820
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits			\$84,508		\$84,508
342 Unearned Revenue	\$34,323		\$47,744		\$47,744
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$45,532		\$45,532
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities		\$1,976	\$7,579		\$7,579
346 Accrued Liabilities - Other			\$72,475		\$72,475
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$40,003	\$273,107	\$779,624	\$0	\$779,624

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$21,341				
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$21,341	\$0	\$0	\$0	\$0
300 Total Liabilities	\$43,694	\$0	\$0	\$0	\$263
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$3,362,012				
511.4 Restricted Net Position					\$165,691
512.4 Unrestricted Net Position	\$78,065	\$0	\$0	\$0	\$47,823
513 Total Equity - Net Assets / Position	\$3,440,077	\$0	\$0	\$0	\$213,514
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,483,771	\$0	\$0	\$0	\$213,777



Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$6,404,091	\$3,003,863		
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current			\$49,340	\$46,214	
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$6,404,091	\$3,053,203	\$46,214	\$0
300 Total Liabilities	\$12,716	\$6,543,781	\$3,162,138	\$228,771	\$0
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets		-\$2,672,482	\$7,944,321	\$47,633	
511.4 Restricted Net Position		\$127,385	\$691,688		
512.4 Unrestricted Net Position	\$146,260	\$19,198	\$3,446,452	-\$5,061	\$95,876
513 Total Equity - Net Assets / Position	\$146,260	-\$2,525,899	\$12,082,461	\$42,572	\$95,876
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$158,976	\$4,017,882	\$15,244,599	\$271,343	\$95,876

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$9,407,954	-\$682,176	\$8,725,778
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	\$184,000		\$184,000		\$184,000
354 Accrued Compensated Absences - Non Current	\$26,385	\$30,553	\$173,833		\$173,833
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$210,385	\$30,553	\$9,765,787	-\$682,176	\$9,083,611
300 Total Liabilities	\$250,388	\$303,660	\$10,545,411	-\$682,176	\$9,863,235
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$1,775,156	\$1,108,928	\$11,565,568	\$682,176	\$12,247,744
511.4 Restricted Net Position			\$984,764		\$984,764
512.4 Unrestricted Net Position	\$11,558,316	\$712,761	\$16,099,690	-\$682,176	\$15,417,514
513 Total Equity - Net Assets / Position	\$13,333,472	\$1,821,689	\$28,650,022	\$0	\$28,650,022
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$13,583,860	\$2,125,349	\$39,195,433	-\$682,176	\$38,513,257

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers
70300 Net Tenant Rental Revenue	\$238,355				
70400 Tenant Revenue - Other	\$6,688				
70500 Total Tenant Revenue	\$245,043	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants		\$870,597	\$2,735,697	\$10,996,238	\$290,895
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$98				
71400 Fraud Recovery					
71500 Other Revenue	\$7,711				
71600 Gain or Loss on Sale of Capital Assets	\$13,501				
72000 Investment Income - Restricted					
70000 Total Revenue	\$266,353	\$870,597	\$2,735,697	\$10,996,238	\$290,895
91100 Administrative Salaries	\$35,584				
91200 Auditing Fees	\$2,867				
91300 Management Fee	\$82,428				\$5,604
91310 Book-keeping Fee	\$8,586				\$3,503
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$13,500				
91600 Office Expenses	\$14,742				
91700 Legal Expense	\$4,450				
91800 Travel	\$1,022				
91900 Other	\$4,101				
91000 Total Operating - Administrative	\$167,280	\$0	\$0	\$0	\$9,107

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local
70300 Net Tenant Rental Revenue		\$168,449	\$633,400		
70400 Tenant Revenue - Other		\$10,604	\$15,411		
70500 Total Tenant Revenue	\$0	\$179,053	\$648,811	\$0	\$0
70600 HUD PHA Operating Grants	\$93,084				
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants		\$272,760	\$1,409,113		
71100 Investment Income - Unrestricted	\$221	\$83	\$1,873	\$13,361	\$147
71400 Fraud Recovery				\$104	
71500 Other Revenue		\$691	\$18,009	\$4,009	
71600 Gain or Loss on Sale of Capital Assets			\$21,943	\$11,000	
72000 Investment Income - Restricted		\$58	\$274		
70000 Total Revenue	\$93,305	\$452,645	\$2,100,023	\$28,474	\$147
91100 Administrative Salaries		\$29,308	\$62,502	\$407,409	
91200 Auditing Fees	\$27	\$6,546	\$11,779	\$17,740	\$77
91300 Management Fee	\$3,168	\$22,360	\$182,587	\$258,660	
91310 Book-keeping Fee	\$1,980			\$161,663	
91400 Advertising and Marketing		\$1,001			
91500 Employee Benefit contributions - Administrative		\$22,527	\$15,051	\$122,065	
91600 Office Expenses	\$95	\$9,849	\$64,212	\$187,332	
91700 Legal Expense		\$348	\$8,961	\$35,478	
91800 Travel		\$730	\$1,807	\$25,289	
91900 Other	\$10	\$18,051	\$16,886	\$302,369	\$1,229
91000 Total Operating - Administrative	\$5,280	\$110,720	\$363,785	\$1,518,005	\$1,306

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$1,040,204		\$1,040,204
70400 Tenant Revenue - Other			\$32,703		\$32,703
70500 Total Tenant Revenue	\$0	\$0	\$1,072,907	\$0	\$1,072,907
70600 HUD PHA Operating Grants			\$14,986,511		\$14,986,511
70610 Capital Grants					
70710 Management Fee		\$355,626	\$355,626	-\$355,626	\$0
70720 Asset Management Fee		\$12,000	\$12,000	-\$12,000	\$0
70730 Book Keeping Fee		\$175,732	\$175,732	-\$175,732	\$0
70740 Front Line Service Fee		\$4,912	\$4,912	-\$4,912	\$0
70750 Other Fees	\$176,821		\$176,821	-\$176,821	\$0
70700 Total Fee Revenue		\$548,270	\$548,270	-\$725,091	-\$176,821
70800 Other Government Grants			\$1,681,873	-\$1,409,113	\$272,760
71100 Investment Income - Unrestricted	\$336,052	\$772	\$352,607	-\$13,376	\$339,231
71400 Fraud Recovery			\$104		\$104
71500 Other Revenue	\$677,701	\$141,386	\$849,507		\$849,507
71600 Gain or Loss on Sale of Capital Assets			\$46,444		\$46,444
72000 Investment Income - Restricted			\$332		\$332
70000 Total Revenue	\$1,190,574	\$690,428	\$19,715,376	-\$2,147,580	\$17,567,796
91100 Administrative Salaries	\$24,537	\$318,324	\$877,664		\$877,664
91200 Auditing Fees		\$3,761	\$42,797		\$42,797
91300 Management Fee			\$554,807	-\$532,447	\$22,360
91310 Book-keeping Fee			\$175,732	-\$175,732	\$0
91400 Advertising and Marketing			\$1,001		\$1,001
91500 Employee Benefit contributions - Administrative	\$4,243	\$107,417	\$284,803		\$284,803
91600 Office Expenses	\$4,675	\$49,416	\$330,321		\$330,321
91700 Legal Expense	\$256	\$32,107	\$81,600		\$81,600
91800 Travel		\$14,640	\$43,488		\$43,488
91900 Other	\$2,121	\$83,590	\$428,357	-\$4,912	\$423,445
91000 Total Operating - Administrative	\$35,832	\$609,255	\$2,820,570	-\$713,091	\$2,107,479

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers
92000 Asset Management Fee	\$12,000				
92400 Tenant Services - Other	\$1,652				
92500 Total Tenant Services	\$1,652	\$0	\$0	\$0	\$0
93100 Water	\$24,962				
93200 Electricity	\$21,452				
93300 Gas	\$30,825				
93600 Sewer	\$6,320				
93800 Other Utilities Expense	\$13,449				
93000 Total Utilities	\$97,008	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$81,797				
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,887				
94300 Ordinary Maintenance and Operations Contracts	\$79,132				
94500 Employee Benefit Contributions - Ordinary Maintenance	\$29,551				
94000 Total Maintenance	\$208,367	\$0	\$0	\$0	\$0
96110 Property Insurance	\$18,101				
96120 Liability Insurance	\$625				
96130 Workmen's Compensation	\$7,377				
96140 All Other Insurance	\$1,191				
96100 Total insurance Premiums	\$27,294	\$0	\$0	\$0	\$0
96200 Other General Expenses	\$3,334				
96210 Compensated Absences	\$18,925				
96300 Payments in Lieu of Taxes	\$11,718				
96400 Bad debt - Tenant Rents	\$2,192				
96600 Bad debt - Other					
96000 Total Other General Expenses	\$36,169	\$0	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$549,770	\$0	\$0	\$0	\$9,107

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local
92000 Asset Management Fee					
92400 Tenant Services - Other			\$1,200		
92500 Total Tenant Services	\$0	\$0	\$1,200	\$0	\$0
93100 Water		\$31,901	\$95,278	\$540	
93200 Electricity		\$2,752	\$64,196	\$9,660	
93300 Gas		\$2,155	\$38,698	\$3,754	
93600 Sewer		\$24,042	\$2,917		
93800 Other Utilities Expense			\$55,864	\$311	
93000 Total Utilities	\$0	\$60,850	\$256,953	\$14,265	\$0
94100 Ordinary Maintenance and Operations - Labor		\$32,693	\$150,349		
94200 Ordinary Maintenance and Operations - Materials and Other		\$7,367	\$33,582	\$916	
94300 Ordinary Maintenance and Operations Contracts		\$42,261	\$209,972	\$4,851	
94500 Employee Benefit Contributions - Ordinary Maintenance			\$38,933		
94000 Total Maintenance	\$0	\$82,321	\$432,836	\$5,767	\$0
96110 Property Insurance		\$16,966	\$55,174	\$1,271	
96120 Liability Insurance			\$20,135	\$2,824	
96130 Workmen's Compensation			\$9,911	\$28,722	
96140 All Other Insurance			\$1,601	\$1,836	
96100 Total insurance Premiums	\$0	\$16,966	\$86,821	\$34,653	\$0
96200 Other General Expenses			\$26,535	\$1,491,909	
96210 Compensated Absences			\$29,656	\$62,462	
96300 Payments in Lieu of Taxes		\$35,993	\$36,002		
96400 Bad debt - Tenant Rents		\$13,353	\$4,997		
96600 Bad debt - Other					
96000 Total Other General Expenses	\$0	\$49,346	\$97,190	\$1,554,371	\$0
96710 Interest of Mortgage (or Bonds) Payable		\$55,484	\$23,634		
96720 Interest on Notes Payable (Short and Long Term)		\$279,126			
96700 Total Interest Expense and Amortization Cost	\$0	\$334,610	\$23,634	\$0	\$0
96900 Total Operating Expenses	\$5,280	\$654,813	\$1,262,419	\$3,127,061	\$1,306

Housing Authority of Champaign County (IL006)  
CHAMPAIGN, IL  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	COCC	Subtotal	ELIM	Total
92000 Asset Management Fee			\$12,000	-\$12,000	\$0
92400 Tenant Services - Other		\$692	\$3,544		\$3,544
92500 Total Tenant Services	\$0	\$692	\$3,544	\$0	\$3,544
93100 Water		\$944	\$153,625		\$153,625
93200 Electricity		\$12,791	\$110,851		\$110,851
93300 Gas		\$5,651	\$81,083		\$81,083
93600 Sewer			\$33,279		\$33,279
93800 Other Utilities Expense		\$1,581	\$71,205		\$71,205
93000 Total Utilities	\$0	\$20,967	\$450,043	\$0	\$450,043
94100 Ordinary Maintenance and Operations - Labor		\$4,378	\$269,217		\$269,217
94200 Ordinary Maintenance and Operations - Materials and Other		\$6,559	\$66,311		\$66,311
94300 Ordinary Maintenance and Operations Contracts		\$47,419	\$383,635		\$383,635
94500 Employee Benefit Contributions - Ordinary Maintenance			\$68,484		\$68,484
94000 Total Maintenance	\$0	\$58,356	\$787,647	\$0	\$787,647
96110 Property Insurance		\$2,527	\$94,039		\$94,039
96120 Liability Insurance		\$2,271	\$25,855		\$25,855
96130 Workmen's Compensation		\$23,100	\$69,110		\$69,110
96140 All Other Insurance		\$1,371	\$5,999		\$5,999
96100 Total insurance Premiums	\$0	\$29,269	\$195,003	\$0	\$195,003
96200 Other General Expenses	\$619	\$14,588	\$1,536,985	-\$1,315,357	\$221,628
96210 Compensated Absences	\$3,396	\$41,384	\$155,823		\$155,823
96300 Payments in Lieu of Taxes			\$83,713		\$83,713
96400 Bad debt - Tenant Rents			\$20,542		\$20,542
96600 Bad debt - Other					
96000 Total Other General Expenses	\$4,015	\$55,972	\$1,797,063	-\$1,315,357	\$481,706
96710 Interest of Mortgage (or Bonds) Payable			\$79,118	-\$13,376	\$65,742
96720 Interest on Notes Payable (Short and Long Term)			\$279,126		\$279,126
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$358,244	-\$13,376	\$344,868
96900 Total Operating Expenses	\$39,847	\$774,511	\$6,424,114	-\$2,053,824	\$4,370,290



Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	Project Total	14.OPS MTW Demonstration Program for Low Rent	14.CFP MTW Demonstration Program for Capital Fund	14.HCV MTW Demonstration Program for HCV program	14.871 Housing Choice Vouchers
97000 Excess of Operating Revenue over Operating Expenses	-\$283,417	\$870,597	\$2,735,697	\$10,996,238	\$281,788
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					\$183,747
97350 HAP Portability-In					
97400 Depreciation Expense	\$133,256				
90000 Total Expenses	\$683,026	\$0	\$0	\$0	\$192,854
10010 Operating Transfer In	\$298,422				
10020 Operating transfer Out		-\$870,597	-\$2,735,697	-\$10,996,238	
10100 Total Other financing Sources (Uses)	\$298,422	-\$870,597	-\$2,735,697	-\$10,996,238	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$118,251	\$0	\$0	\$0	\$98,041
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$8,470,482	\$0	\$0	\$0	\$115,473
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$4,912,154				
11170 Administrative Fee Equity					\$47,823
11180 Housing Assistance Payments Equity					\$165,691
11190 Unit Months Available	1200				540
11210 Number of Unit Months Leased	1145				467
11270 Excess Cash	\$33,911				
11610 Land Purchases	\$0				
11620 Building Purchases	\$0				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$0				

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.881 Moving to Work Demonstration Program	2 State/Local
97000 Excess of Operating Revenue over Operating Expenses	\$88,025	-\$202,168	\$837,604	-\$3,098,587	-\$1,159
97100 Extraordinary Maintenance		\$20,453			
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$73,308			\$9,848,184	
97350 HAP Portability-In					
97400 Depreciation Expense		\$158,814	\$358,608	\$10,506	
90000 Total Expenses	\$78,588	\$834,080	\$1,621,027	\$12,985,751	\$1,306
10010 Operating Transfer In				\$14,602,532	
10020 Operating transfer Out				-\$298,422	
10100 Total Other financing Sources (Uses)	\$0	\$0	\$5,648,925	\$8,655,185	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$14,717	-\$381,435	\$6,127,921	-\$4,302,092	-\$1,159
11020 Required Annual Debt Principal Payments	\$0	\$20,191	\$0	\$0	\$0
11030 Beginning Equity	\$131,543	-\$2,144,464	\$105,105	\$4,839,695	\$97,035
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$5,849,435	-\$495,031	
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available		600	3048		
11210 Number of Unit Months Leased		581	3048		
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					

Housing Authority of Champaign County (IL006)  
 CHAMPAIGN, IL  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2017

	1 Business Activities	COCC	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$1,150,727	-\$84,083	\$13,291,262	-\$93,756	\$13,197,506
97100 Extraordinary Maintenance			\$20,453		\$20,453
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$10,105,239	-\$93,756	\$10,011,483
97350 HAP Portability-In					
97400 Depreciation Expense		\$60,677	\$721,861		\$721,861
90000 Total Expenses	\$39,847	\$835,188	\$17,271,667	-\$2,147,580	\$15,124,087
10010 Operating Transfer In			\$14,900,954	-\$14,900,954	\$0
10020 Operating transfer Out			-\$14,900,954	\$14,900,954	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,150,727	-\$144,760	\$2,443,709	\$0	\$2,443,709
11020 Required Annual Debt Principal Payments	\$0	\$0	\$20,191		\$20,191
11030 Beginning Equity	\$12,624,995	\$1,966,449	\$26,206,313		\$26,206,313
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$442,250		\$0		\$0
11170 Administrative Fee Equity			\$47,823		\$47,823
11180 Housing Assistance Payments Equity			\$165,691		\$165,691
11190 Unit Months Available			5388		5388
11210 Number of Unit Months Leased			5241		5241
11270 Excess Cash			\$33,911		\$33,911
11610 Land Purchases		\$0	\$0		\$0
11620 Building Purchases		\$6,510	\$6,510		\$6,510
11630 Furniture & Equipment - Dwelling Purchases		\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases		\$0	\$0		\$0
11650 Leasehold Improvements Purchases		\$0	\$0		\$0



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

**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***

The Governing Body  
Housing Authority of Champaign County

We have audited, 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, the financial statements of the business-type activities and the aggregate discretely presented component unit of the Housing Authority of Champaign County as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of Champaign County's basic financial statements, and have issued our report thereon dated August 20, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Housing Authority of Champaign 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Champaign County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Champaign County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Housing Authority of Champaign County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Maletta & Company". The signature is written in a cursive style with a vertical line separating the name from the company name.

Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
August 20, 2018



CERTIFIED PUBLIC ACCOUNTANTS

43 Enterprise Drive • Bristol, CT 06010-3990 • 860/582-6715 • Fax 860/585-6339

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

***Independent Auditor's Report***

Board of Commissioners  
Housing Authority of Champaign County

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

We have audited the Housing Authority of Champaign 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 Champaign County's major federal programs for the year ended December 31, 2017. The Housing Authority of Champaign 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Housing Authority of Champaign County'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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Champaign County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Housing Authority of Champaign 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 December 31, 2017.

## Report on Internal Control over Compliance

Management of the Housing Authority of Champaign 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 our audit of compliance, we considered the Housing Authority of Champaign County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Champaign County'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be significant deficiencies.

Housing Authority of Champaign County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Housing Authority of Champaign County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Maletta & Company  
Certified Public Accountants

Bristol, Connecticut  
August 20, 2018

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Contract / Pass-Through #</b>	<b>CFDA Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b><i>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i></b>				
<b>Direct Programs:</b>				
Section 8 Moderate Rehabilitation	C-7001	14.249	\$ 93,084	\$ 73,308
Section 8 Housing Choice Vouchers	C-992	14.871	290,895	-
Total Housing Voucher Cluster			<u>290,895</u>	<u>-</u>
Moving to Work Demonstration Program	IL 006	14.881	<u>14,602,532</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 14,986,511</u>	<u>\$ 73,308</u>

*See accompanying notes to  
Schedule of Expenditures of Federal Awards*



**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net positions, or cash flows of the Authority.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Authority has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – SUB-RECIPIENTS**

Of the federal expenditures presented in the schedule, the Authority provided federal awards to subrecipients as follows:

CFDA Number	Program Title/Sub-Recipient	Amount Provided
14.249	Section 8 - Moderate Rehabilitation/Homestead Corporation	\$ 73,308
		\$ 73,308

**NOTE D – PROGRAM COST**

The amounts presented as federal expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Authority's portion, may be more than is shown on the schedule.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**I. Financial Statements**

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified?	_____	Yes	_____	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____	X	No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified?	_____	X	Yes	_____	None Reported
Type of auditor's report issued on compliance for major federal programs:	<b>Unmodified</b>				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____	X	No

<u>Identification of major federal programs:</u>	
<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
14.871	Housing Voucher Cluster
14.881	Moving to Work Demonstration Program

Dollar threshold used to distinguish between type A and type B programs:	\$	_____	750,000		
Auditee qualified as a low-risk auditee?	_____	X	Yes	_____	No

**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

None Reported.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**III. Findings and Questioned Costs for Federal Awards**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**Significant Deficiency**

**2017-001 Eligibility**

**Moving to Work – CFDA# 14.881**

**Housing Choice Voucher – CFDA# 14.871**

<b>Condition and Criteria:</b>	Income calculations performed during examinations contained errors and documentation obtained to determine income was insufficient or incomplete. PHA's are required to determine income eligibility and calculate the tenant's rent payment using documentation from third-party verifications in accordance with its policies.
<b>Effect or Potential Effect:</b>	Overpayment of housing assistance due to incorrect income calculations or incorrect flat rent used.
<b>Cause:</b>	Staff turnover and training.
<b>Context:</b>	A sample of 45 files were selected for audit from a population of 1,718. The test found seven instances of late recertifications, four files with income calculation errors and three instances of incorrect flat rent chosen. All such errors were corrected during increased quality control review prior to audit testing. Our sample was a statistically valid sample.
<b>Questioned Costs:</b>	Annualized income calculation errors totaled \$4,635 in excess HAP paid to landlords.
<b>Auditor's Recommendation:</b>	We recommend the Authority continue with increased quality control reviews and periodically test system controls over the selection of flat rents.
<b>Views of Responsible Officials and Planned Corrective Action:</b>	Management agrees with the finding and corrective action has been completed.

**HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**SIGNIFICANT DEFICIENCY**

**2016-001 Eligibility  
Moving to Work – CFDA# 14.881**

**Condition and Criteria:** Income calculations performed during examinations contained errors and documentation obtained to determine annual income contained errors or was otherwise insufficient or incomplete. PHA's are required to determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification.

**Status:** Corrective Action taken, however see current year audit finding 2017-001.

**2016-002 Reporting  
Moving to Work – CFDA# 14.881**

**Condition and Criteria:** Recertifications were not completed or were not completed timely as required by HUD regulations and/or the MTW Agreement. The recertification process is critical to implementing, enforcing and reporting on various MTW activities.

**Status:** Corrective Action taken.